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FAR EASTERN GROUP



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ASIA CEMENT CORPORATION

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ASIA CEMENT CORPORATION

2019 Annual Report

Notice to readers

This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.

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I Report to Shareholders

2019 Business Report

1. Review of the Year 2019

Review of the international economic situation in 2019

Looking back at the international economic situation in 2019, we found that, influenced by the unending trade disputes between the United States and China, rising geopolitical risks, and weak economic performance in emerging markets, the global economic growth momentum weakened, and international raw material prices generally slowed down. Meanwhile, the high comparative base period data has led to weak foreign trade data for major countries, conservative investment and operations by manufacturers and under-performance by the manufacturing sector in 2019. In Europe, uncertainty has risen because of the Brexit deadline and the ECB's halt to quantitative easing.

Observing the performance of major economies, it was found that China's economic growth slowed in 2019, mainly due to the U.S.-China trade conflict, government regulation of non-bank financial institutions to curb debt risk, and slowing labor force growth. Annual economic growth was 6.1%, 0.6% less than in 2018. In the United States, economic growth is slowing due to the diminishing effect of fiscal stimulus and the uncertainty of a trade war between the United States and China. In the Eurozone, however, the negative effects of export demand and supply interacted with each other, resulting in an annual decrease of 1.7% in industrial production, especially in Germany and Italy. Japan is one of the few countries with relatively significant economic growth, mainly due to slightly more vibrant private consumption and the government's expansion of fiscal spending, which offset the adverse impact of the consumption tax hike.

Review of the domestic economic situation in 2019

In 2019, the momentum of global economic growth was markedly weakened by the ongoing U.S.-China trade standoff and weak overseas demand. However, Taiwan has benefited from factors such as trade diversion effect, reinvestment by Taiwanese businessmen, and expansion of investment in semiconductor equipment, leading to growth in domestic demand, which has brought back consumption and increased investment.

As far as consumption is concerned, sales of automobiles and automobiles and other consumer goods increased. The turnover of the retail and catering industries hit new highs repeatedly, and the momentum of domestic demand grew. However, the wholesale industry was affected by trade frictions, so the demand slowed down and the sales force was reduced. Regarding investment, more investment in equipment from companies and the recent expansion of advanced manufacturing capacity in the semiconductor industry have helped lift economic growth. As for prices, Taiwan's consumer price index (CPI) rose by 0.56% in 2019, the lowest rate in nearly four years, due to continued weak prices in the international commodity market. Overall prices are moderate and stable. The wholesale price index (WPI) fell by 2.24% in 2019, mainly due to the falling prices of chemical materials and base metals.

According to Statistics from the Directorate-General of Budget, Accounting and Statistics under the Executive Yuan, the annual economic growth rate in 2019 was 2.71%, showing an increase of 0.08% compared with that in 2018.

The Company's business performance in 2019

- A. In 2019, the overall cement consumption in China amounted to about 2.33 billion MT, increasing 6.1% compared with 2018. In the same period, the clinker production volume of the Company in China is 24.84 million MT, increasing 0.17% compared with 2018. The total sales of cement, clinker and slag powder are 30.83 million MT, decreasing 0.39% compared with 2018.

In 2019, the net income of Asia Cement (China) Holdings Corp. is NT\$ 14,106,889 thousand. The Company and its subsidiaries recognized a total investment profit of NT\$ 10,156,960 thousand.

- B. For domestic cement industry, according to a statistics conducted by the Taiwan Cement Manufacturers' Association, the 2019 total cement production volume in Taiwan was 11,267,211 MT, increasing 3.00% compared with 2018. Among them, the domestic cement sales was 9,054,712 MT, and exported cement was 2,321,014 MT. Compared with those in 2018, domestic sales increased by 5.60%, exports decreased by 2.43%.

The total sales of cement in Taiwan of the Company was 2,564,176 MT which is equivalent to 28.32% of the total production volume in Taiwan, or 22.59% of the overall cement consumption in Taiwan. In 2019, the domestic real estate economy was stable, showing a slight increase in volume and stable in price compared with 2018. The cement consumption increased to 11,350,017 MT, by 6.53%. The 2019 per capita average cement consumption is about 482 kg, increased 10.80% from 435kg in 2018. The overall market is showing steady growth.

- C. The 2019 consolidated operating revenue of the Company is NT \$89,347,637 thousand, increased 7.98% from 2018. The consolidated profit from operations was NT \$22,063,176 thousand, increased 21.54% from 2018. From China Shanshui Cement, Far Eastern New Century Corp., and U-Ming Marine Transport Corp., the Company recognized NT \$5,490,375 thousand investment income from equity method. The consolidated net profit after tax reached NT \$22,243,953 thousand. The net profit rate after tax was 24.90%. Consolidated net profit attributable to the Company is \$17,459,673 thousand. The 12th meeting of the 26th Board of Directors proposed to distribute cash dividend NT \$3.0 per share.

2. Operating Performance of 2019

- A. Production:

Unit: 1000 MT

| Region \ Item | Cement | Difference Compared to 2018 | % | Clinker | Difference Compared to 2018 | % |
|---------------|--------|-----------------------------|------|---------|-----------------------------|------|
| ACC (Taiwan) | 3,536 | 76 | 2.20 | 3,386 | 69 | 2.08 |

* key performance indicator:

Actual aggregate cement output amounted to 3,536 thousand MT. Compared to estimated output 3,630 thousand MT, the achievement rate is 97.41%.

Actual aggregate clinker output amounted to 3,386 thousand MT. Compared to estimated output 3,549 thousand MT, the achievement rate is 95.41%.

Unit: 1000 MT

| Item Region | Cement | Difference Compared to 2018 | % | Clinker | Difference Compared to 2018 | % |
|----------------|--------|--------------------------------|--------|---------|--------------------------------|------|
| ACC (China) | 28,747 | (296) | (1.02) | 24,843 | 42 | 0.17 |

*** key performance indicator:**

Actual aggregate cement output amounted to 28,747 thousand MT. Compared to estimated output 28,624 thousand MT, the achievement rate is 100.43%.

Actual aggregate clinker output amounted to 24,843 thousand MT. Compared to estimated output 24,170 thousand MT, the achievement rate is 102.78%.

B. Sales

i. Taiwan area:

Unit: 1000 MT; NT\$1,000

| Volume & Value Product | 2019 | | | | Difference Compared to 2018 | | | |
|------------------------------|----------------|-----------|--------------|-----------|--------------------------------|------|---------|------|
| | Domestic Sales | | Export Sales | | | | | |
| | Volume | Value | Volume | Value | Volume | % | Value | % |
| Cement & Clinker | 2,608 | 5,792,210 | 1,039 | 1,835,779 | 135 | 3.84 | 391,991 | 5.42 |

*** Key Performance Indicator:**

Actual aggregate sales of cement and clinker produced by ACC amounted to 3,647 thousand MT. Compared to the estimated sales 3,800 thousand MT, the achievement rate is 95.97%.

ii. China area:

Unit: 1000 MT; NT\$1,000

| Volume & Value Product | 2019 | | | | Difference Compared to 2018 | | | |
|------------------------------|----------------|------------|--------------|--------|--------------------------------|--------|-----------|------|
| | Domestic Sales | | Export Sales | | | | | |
| | Volume | Value | Volume | Value | Volume | % | Value | % |
| Cement & Clinker | 30,781 | 49,729,598 | 57 | 64,312 | (57) | (0.18) | 2,748,606 | 5.84 |

*** Key Performance Indicator:**

Actual aggregate sales of cement and clinker produced by ACC (China) amounted to 30,838 thousand MT. Compared to the estimated sales 29,881 thousand MT, the achievement rate is 103.20%.

3. The Company's Layout Strategy in China

Asia Cement Corporation pioneered all domestic rivals to invest in cement business in China with Taiwan government's permission since 1997.

On May 20, 2008, the subsidiary of the Company, Asia Cement (China) Holdings

Corporation {ACC (China) thereafter} was listed on the main board of Hong Kong Exchanges and Clearing Limited. Total assets reach RMB 24 billion.

Currently, the investments of ACC (China) are mainly based along the Yangtze River in Jiangxi, Sichuan, Hubei, Yangzhou and Shanghai areas. The overall operating strategies are deployed through Jiangxi Yadong Cement (Southeast China), Sichuan Yadong Cement (Southwest China), Hubei Yadong Cement (Middle China), and Yangzhou Yadong Cement (East China) as core production bases. In addition to Sichuan Lanfeng Cement Corp., Huanggang Yadong Cement, and Wuhan Yaxin Cement, there are two grinding factories, five cement products companies, three transportation companies, Wuhan Asia Shipping Co., Ltd (joint-venture), Hubei Xinlongyuan Building Material Company(joint-venture), Hubei Zhongjian Yadong Concrete Company(joint-venture), Tai Zhou Oriental Construction Co., Ltd., Ruichang Yadong New Material Company, three terminals, and twelve sale offices. These constitute an efficient and solid network for production, transportation and sales.

4. Overview of The Company's Investments in China

A. Jiangxi Yadong Cement Co., Ltd

The company originally has six kilns with annual output of clinker 11 million MT of clinker, which can produce 14 million MT cement. Jiangxi Yadong has become one of the largest cement plants in China. The waste heat recycling generators can produce 338 million kWh electricity annually. This substantially reduces electricity costs and minimizes the dependence on external power supply.

B. Sichuan Yadong Cement Co., Ltd

The company has three kilns with annual output of clinker 4.95 million MT which can produce 6 million MT cement. In addition, the waste heat recycling generators can produce 145 million kWh electricity annually. This substantially reduces electricity costs and minimizes the dependence on external power supply.

The conveyor belt transporting the limestone from quarry directly to the plant enhance the transportation efficiency and lower raw-material cost and also completely prevent interfering with surrounding environments, roads, and living of residents.

C. Hubei Yadong Cement Co., Ltd

The company has two kilns with annual output of clinker 3.3 million MT which can produce 4 million MT cement. In addition, the waste heat recycling generators can produce 105 million kWh electricity annually. This substantially reduces electricity costs and minimizes the dependence on external power supply.

D. Huanggang Yadong Cement Co., Ltd

The company has one kiln. The annual output of clinker amounts to 1.65 million MT which can produce 2 million MT cement.

E. Wuhan Yaxin Cement Co., Ltd

To enhance the market position and market share of the "Skyscraper" cement in Wuhan areas, Hubei Yadong Cement Co., Ltd acquired Wuhan Xinlingyun Engineering Co., Ltd on July 2010. The annual output of cement amounts to 1.5 million MT.

F. Sichuan Lanfeng Cement Corp.

To enhance the market position and market share in Chengdu area, Sichuan Yadong Cement Co., Ltd in 2014 acquired 100% shares of Sichuan Lanfeng Cement Corp. Lanfeng located in Pengzhou City, Sichuan, China which owns two new dry process clinker production

lines with total annual cement production capacity of 5 million MT. The waste heat recycling generators can produce 130 million kWh electricity annually.

G. Yangzhou Yadong Cement Co., Ltd

The grinding factory can produce 3 million MT cement annually to supply the market in Yangzhou area. Besides, the mixer station can produce ready-mixed concrete for the market.

H. Wuhan Yadong Cement Co., Ltd

The company can produce 1.7 million MT cement and 0.6 million MT slag powder annually to supply the market in Wuhan area.

I. Nanchang Yadong Cement Co., Ltd

The company can produce 0.6 million MT slag powder and 1.2 million MT slag cement annually to supply the market in Nanchang area.

5. Prospects for the Economic Situations in 2020

A. Prospects for the international economic situation in 2020

Previously, the international economic outlook for 2020 was relatively flat, where the global economic outlook was fragile and unable to recover substantially. The novel coronavirus (COVID-19) epidemic in the beginning of the year had a significant impact on economic activities such as global production, consumption and trade. The momentum of global economic growth has slowed down even more, especially in the United States, which accounts for as much as one-third of global private consumption. The epidemic and epidemic control have dealt a double blow to both the supply and demand sides of the global economy. The global economic outlook is in jeopardy, and the market atmosphere has deteriorated sharply, resulting in significant volatility in international financial markets. Moreover, according to simulations of the International Labor Organization (ILO) in March 2020, it is known that even in the scenario with the smallest impact of the epidemic, the number of global unemployment would increase by 5.3 million, and at the peak of the impact, it would increase to 24.7 million, surpassing the number of global unemployment rate of 22 million during the financial crisis in 2008. The International Monetary Fund (IMF) released the latest World Economic Outlook on April 14, 2020, which predicts that global GDP will shrink by 3% in 2020 and will experience the worst economic recession since the Great Depression of 1930. Although global GDP is expected to rise to 5.8% next year, the international economic outlook will be affected by the follow-up development of trade disputes between the US and China, a faster-than-expected economic slowdown in China, the trend of international oil prices, financial market volatility, the US presidential election and the future economic and trade relations between the UK and the EU.

B. Prospects for the domestic economic situation in 2020

The novel coronavirus (covid-19) outbreak in 2020 has affected global economic growth, and Taiwan's domestic and external demand performance was also greatly affected. Taiwan's economic situation was originally weakened by a prolonged standoff in the trade dispute between China and the United States and weak overseas demand. However, at the same time, Taiwan also benefited from the trade diversion effect, repatriation of investment by Taiwan's merchants and expansion of investment in semiconductor equipment, which boosted domestic demand growth.

The economic situation evaluated by Academia Sinica is "cold outside and warm inside," with an economic growth rate of 2.58%. However, after the outbreak of COVID-19, although the export is facilitated by the reflow and expansion of production capacity of Taiwanese

merchants and the development of 5G, artificial intelligence and the Internet of things and other emerging applications, the expansion might be affected. The momentum of private investment in green energy such as semiconductors and offshore wind power continues. In addition, private investment is expected to continue to grow steadily as Taiwanese merchants return to Taiwan. Due to the impact of the epidemic, the growth of private consumption has slowed down significantly. Domestic tourism, catering and other outdoor activities have declined sharply. In addition, some enterprises closed their businesses or reduced their shifts, resulting in the loss of employees' income and the reduction of consumption expenditure. Fortunately, with the booming development of e-commerce and delivery platforms, the overall impact has been somewhat reduced. According to the latest assessment released by the Asian Development Bank in April 2020, Taiwan's economic growth rate is revised to 1.8% this year. Although it is revised down, it still performs relatively well among the four Asian dragons. Meanwhile, the forecast of the Chung-hua Institution for Economic Research at the same time is relatively optimistic, with the GDP growth rate of 1.03% in 2020, which is 1.68% lower than 2.71% in 2019. According to the Central Bank, the future uncertainties include the future development of COVID-19, the implementation of the China-U.S. trade agreements and the follow-up negotiations, international stock, foreign exchange and bond market fluctuations, the price trend of oil and other raw materials, and the impact of geopolitical situation on the global economy.

6. Prospects for the cement industry on both sides across the Taiwan Straits

A. Cement industry in China

In 2020, affected by covid-19, China suffered a 6.8% economic recession in Q1. However, China has put forward the "six guarantees"¹ policy and launched economic stimulus measures, and it is estimated that the annual economic growth will be between 2% and 3%. Compared with 2.33 billion MT in 2019, the cement demand is still expected to be in the range of 2.2 to 2.3 billion MT this year.

The coal market is expected to see a small price decline in 2020 as supply is eased; oil prices will remain low as demand for oil declines due to the widening of the global epidemic.

The operating outlook of the cement industry in China is as follows.

- a. COVID-19 epidemic has a far-reaching impact: The new trading mode will transform the existing pattern, and the networked, mobile and intelligent sales mode will become the new development direction. With a serious epidemic overseas and economic turmoil, investment, import and export will be curbed, and the pace of investment by Chinese enterprises overseas will slow down. Cement kilns are actively engaged in the coordinated disposal of medical waste, which will become a new growth point after the epidemic.
- b. The trend of continued tightening of supply in the sector remains unchanged:
 - i. Capacity replacement² is more stringent:

Capacity replacement activities will be strictly regulated, and companies will be prohibited from building new capacity or building more capacity than previously

¹ "Six guarantees" refer to ensuring employment of residents, basic livelihood, market players, food and energy security, industrial and supply chain stability, and community-level operation.

² "Capacity replacement" means the elimination of backward production capacity and the realization of industrial upgrading by means of marketization, so as to control the industrial capacity.

approved by the government. In 2020, some provinces and regions will directly stop the production capacity replacement of cement enterprises in any form.

ii. Improvement to the Staggered Peak Production policy:

The Staggered Peak Production policy continues to be refined and perfected, and the overall coverage is more extensive. By setting exemption thresholds for environmental protection emissions and safe production, the conditions for exemption from Staggered Peak Production³ will be more stringent, and the balance between supply and demand of cement will be more stable.

c. Economic Recovery: Infrastructure is the top priority, while the demand for cement shall be stabilized:

i. In order to reduce the impact of the COVID-19 epidemic on the economy, China's fiscal policy will be active in 2020, and the scale of the annual special bond issue will exceed RMB 4 trillion, with a new special bond amount of RMB 350 billion mainly deployed among new infrastructure projects concerning the 5G network, ultra-high voltage, intercity high-speed rail and intercity rail transportation, etc. to effectively stabilize cement demand.

ii. China is actively promoting regional strategies and city cluster construction in China, including transportation construction, Yangtze River Delta integration and the establishment of The Guangdong-Hong Kong-Macau Greater Bay Area and Xiongan New Area. At the same time, China has further expanded its inland liberalization efforts with the establishment of the Jiangxi Inland Open Economic Experimental Zone, bringing incremental demand for cement in the region.

d. Coordination among enterprises for increased concentration: During the epidemic, the coordination, linkage and joint anti-risk capabilities of large enterprises have become prominent, and the advantages of market coordination have gradually emerged. In response to the new changes in the post-epidemic era, large cement groups will initiate a new round of industry mergers and acquisitions in the future to centralize their resource advantages and take the initiative to grasp the market.

e. The era of smart factory is approaching: In 2019, in the cement industry, there are intelligent cement production lines with intelligent production as the core, where operation and maintenance can provide protection and intelligent management can promote operation.

As a result, the cement industry has achieved the results of factory operation automation, management visualization, fault pre-control, all-factor coordination and decision-making intelligence, leading the industry to a new direction of development, and it has become a trend for the industry as a whole to use new technology to upgrade smart factories.

f. The e-commerce platform and green logistics have become the standard: We will create and explore new paths for the development of production and marketing, closely connect with each other electronically, develop online e-commerce platforms, and use big data to form a close and efficient Internet development system. The stringent ban on overloading and more stringent environmental requirements for water and land transport have placed higher demands on industry transport. The automated and customized self-owned e-commerce platform and the green logistics system will become the new standard of the industry.

³ "Exemption from Staggered Peak Production" means refers to the situation where cement companies that meet certain specific conditions to be exempt from performing staggered peak production.

g. Extending the industrial chain with resource advantages: Under the normal environmental protection control, resource development pays more attention to ecological protection and promotes the construction of green mines. Restrictions on river sand mining and sand and gravel shortages will prompt the sand and gravel industry to accelerate its transformation and upgrading. Cement giants have been investing in the sand and gravel aggregates industry to speed up the integration of resources, which will become a new profit growth point for the industry in the future.

B. Cement industry in Taiwan

In 2020, the novel coronavirus (COVID-19) epidemic spread from Asia to other parts of the world, and the international oil price collapsed at the beginning of the year, which made the global financial market volatile and Taiwan's economic growth performance facing severe challenges. In order to revive the domestic market, the government will accelerate the implementation of various public construction projects and tenders to expand domestic demand, and set a target of 95% success rate for this year's public construction projects. In addition, the total budget for 2020 includes \$164.6 billion for public works projects, \$100.5 billion as the special budget for forward-looking infrastructure projects, and \$201.9 billion for operating and non-operating special funds, which is \$467 billion in total, showing an increase of \$81.8 billion or 21.3% compared to that in 2019.

In terms of real estate, the Ministry of the Interior announced that the number of Taiwan's total number of traded and transferred buildings in 2019 was 302,275, showing an annual increase of 8%. It was the first time in five years that the number reached 300,000, and the third consecutive year since its expansion and growth in 2017. The fundamentals of the housing market in 2020 remain solidly structured in terms of demand for owner-occupied housing, but the impact of the novel coronavirus (COVID-19) epidemic will cast a variable on the growth of the housing market.

Overall, due to the impact of COVID-19, the economic situation in 2020 is full of uncertainty. However, driven by the government's accelerated implementation of public works, the total demand for cement in Taiwan is still expected to be the same as last year.

7. Business Outlook of the Company in 2020

In 2020, Taiwan's cement industry is still in an environment of oversupply and fierce competition. Regarding novel coronavirus (COVID-19) outbreaks, the Taiwanese government has been well advised to prevent them, and its epidemic control effect is world-renowned as all people follow the government's instructions. Therefore, the impact of the epidemic on the cement industry is relatively limited. It is expected that the company's performance this year will be like that of last year, and it will still be in a state of surplus.

As for China, owing the impact of the novel coronavirus (COVID-19) epidemic, the country's policy of extensive city closures has led to widespread work stoppages, which has led to a setback for Asia Cement (China)'s operations in the first four months of the year. But after May, the cement market in China entered its peak period in the first half of the year. In addition, stocks of cement companies in most regions have fallen to moderate or low levels due to the concentrated release of backlogged demand from the epidemic, which has caused cement prices to start rising. It can be expected that the overall profitability of Asia Cement (China) will stabilize quarter-on-quarter and is expected to continue to maintain the high prices of cement and profitability levels in 2019 as the market fully returns to normal.

Regardless of the business environment, we will do our best to stick to the established production and marketing strategy and consistently adhere to the policy of "high quality, high efficiency, high environmental protection and low cost."

In 2020, total domestic clinker production is expected to be 3,572 thousand MT, total cement production is expected to be 3,576 thousand MT and sales of self-produced cement and clinker are expected to be 3,822 thousand metric tons. In China, the production of clinker and cement is expected to reach 24,684 MT and 28,748 MT, with 30,100 MT of self-produced cement and clinker as the sales volume.

8. The Company's Operating Status in the First Quarter of 2020

For the first quarter of 2020, the Company's consolidated operating income was \$13,138,882 thousand, which was 32% less than \$19,385,675 thousand for the same period in 2019. The consolidated net income after tax was \$1,130,599 thousand, which was 70% less than \$3,810,086 thousand in the same period in 2019. The net after-tax profit attributable to the owner of the Company was \$743,772 thousand.

II Company Profile

2.1 Date of Incorporation: March 21, 1957.

Paid-in Capital: NT\$ 33,614,471,980.

Scope of Business:

- | | |
|--|---|
| 01. C901030 Cement manufacturing | 11. H701010 Developing, leasing, and selling residential and business buildings |
| 02. C901040 Ready-mixed concrete manufacturing | 12. H701020 Developing, leasing, and selling industrial factories |
| 03. B601010 Quarrying | 13. H703100 Real estate rental & leasing |
| 04. C901050 Cement and ready-mixed concrete products | 14. H703090 Real estate sale & purchase |
| 05. C901990 Non-metallic mineral products | 15. JE01010 Rental and leasing |
| 06. F111090 Whole sale of building materials | 16. G202010 Parking-lot business |
| 07. F211010 Retail sale of building materials | 17. G801010 Warehousing |
| 08. F401010 International trade | 18. I103060 Business management consultation services |
| 09. IZ06010 Tally and packing | 19. J101040 Waste treatment |
| 10. A201010 Afforestation business | |

In addition to permitted scope of business, the Company can broaden its business not prohibited or restricted by laws.

2.2 Company History

Responding to the Taiwan government's second four-year economic development plan, Asia Cement Corporation (ACC) was founded on March 21, 1957 by Mr. Y.Z. Hsu and others. It built its first manufacturing plant in Hengshan Township, Hsinchu County. In 1973, in response to the government's call to develop eastern Taiwan, the Company established its second plant in Hsincheng Township, Hualien County. Asia Cement and its "Skyscraper" brand cement have always occupied the core position in Taiwan's cement business. For now, these two plants can produce 5 million MT of clinker annually.

Asia Cement uses the most modern rotary kilns and introduces waste-heat recycling generators to transform waste heat and hot air into electricity. In addition, for lower cement transportation costs, Asia Cement established storage and transportation facilities in the Keelung, Taichung, Kaohsiung, and Hualien harbor. It also invested in the Group's U-Ming Marine Transport Co., Ltd., and began using U-Ming's bulk carriers to transport cement around Taiwan. The Company's "Three Highs and One Low" strategy, high quality, high efficiency, high environmental protection, and low cost, along with its management capability, have given the Company the competitive edge to efficiently face challenges in the market.

Asia Cement believes that economic growth and environmental protection can be achieved in parallel. Asia Cement introduces the most advanced dust collection equipment to effectively control the dust fall, keeping it far below the national standard. We are also dedicated to making our plant areas like a park especially with the Hualien plant spending tremendous manpower and

resources to establish the greenhouse seedling system for cultivation of all kinds of indigenous plants and transplantation in the remaining walls of the mined areas of the quarry, which has brought excellent greening results acclaimed by various awards. In addition to being among the first receivers of ISO-14001 environmental management system certification, the Company has won the Enterprise Environmental Protection Award for 3 years. The Portland cement produced by the Hualien plant has also won international recognition this year by receiving the ISO-14067:2018 (Greenhouse Gases Carbon Footprints of Products), the ISO 14046: 2014 (Greenhouse Gases Water Footprints of Products), and the optimizing level of the BS 8001: 2017 for circular economy model maturity through SGS certification, making Asia Cement the first cement producer to receive the certification for circular economy standard, carbon footprint and water footprint at the same time in the world. In recent years, we have built a butterfly ecological park based on the existing beautified environment of the Hualien plant, luring thousands of visitors to experience the beauty of nature and receiving high recognition from the general public.

Besides establishing its core business, the Company also diversifies its investment by establishing Ya Tung Ready Mixed Concrete Co., Ltd. and Ya Li Precast & Prestressed Concrete Industries Ltd. Together with Far Eastern Construction Co., Ltd. and Far Eastern General Contractor Co., Inc., Asia Cement completed its vertical integration.

ACC's diversification strategic layout for the world not only includes the complete production and sales channels in Taiwan, it also has representative offices in Hong Kong and Singapore. Furthermore, it is also expanding into the world market, exporting cement to Southeast Asia, North America, Africa, and the Middle East Asia. Meanwhile, Asia Cement began to invest in China from 1994. Currently, with the production and sale bases in Jiangxi, Sichuan, Hubei, Yangzhou, and Shanghai, the total cement production capacity in China reaches 36 million MT. Asia Cement (China) Holdings Corporation has listed on the Main Board of the Hong Kong Stock Exchange in 2008. Asia Cement (China) Holdings Corporation will continue expand capacity through strategy cooperation, or merger & acquisition.

In the future, Asia Cement will keep maintaining its deep roots in Taiwan and continue moving forward by expanding in China and worldwide.

Major events in recent 6 years are shown as the following table:

| Year | Major Events |
|-------------|--|
| Feb. 2015 | The Company received "Golden Vessel Awards" in honor of our contribution in environment protection, Taiwan International Ports Corporation. |
| Apr. 2015 | The Company received A++ ranking award in the 12 th "Information Transparency and Disclosure Ranking System", Securities and Futures Institute. |
| May 2015 | The Company was ranked top 5% in "the 1 st Corporate Governance Evaluation" by the TWSE. |
| June 2015 | The Company is listed in "TWSE Corporate Governance 100 Index" |
| Aug. 2015 | The Company is ranked 39 th in Commonwealth Magazine's Corporate Citizenship Awards. |
| Nov. 2015 | The Hualien Plant was awarded "2015 Excellent Company for Voluntary Reduction of Greenhouse Gas Emissions" by the Industrial Development Bureau, MOEA. |

| | |
|-----------|---|
| Nov. 2015 | The Company's CSR Report was awarded "Top 50 Corporate Sustainability Report-Gold Award", TCSA. |
| Jan. 2016 | The Company received 2015 GHG reduction award, EPA. |
| Apr. 2016 | The Company was ranked top 6%~20% in "the 2 nd Corporate Governance Evaluation" by the TWSE. |
| Apr. 2016 | Sichuan Yadong Cement Co., Ltd completed second conveyor belt transporting the limestone from quarry directly to the plant on April 2016. |
| Apr. 2016 | Jiangxi Yadong Cement Co. was awarded the "Energy Management System Certification". |
| Jun. 2016 | Huanggang Yadong Cement Co. was awarded the honorary certification of "Hubei Famous Brand". |
| Sep. 2016 | Sichuan Lanfeng Cement Co. was awarded 2016 "Chengdu manufacturing top hundred" and "Chengdu private enterprises top hundred". |
| Nov. 2016 | The Hualien Plant was awarded "2016 Excellent Company for Voluntary Reduction of Greenhouse Gas Emissions" by the Industrial Development Bureau, MOEA. |
| Dec. 2016 | Jiangxi Yadong was awarded the "3 rd Mayor Quality Award" certification, in recognition of the company's outstanding contribution to the quality of the city's construction. |
| Dec. 2016 | The Hualien plant obtained ISO 50001: 2011 energy management system certification in which Hsinchenshan Mine is also the first quarry in Taiwan obtained this certification. |
| Mar. 2017 | The Hsinchenshan mining right of the Hualien plant of the Company is allowed to extent for 20 years to November 22, 2037. |
| Mar. 2017 | Cement.com announced the 2016 top 10 ranking of cement and clinker production capacity in China. ACC (China) ranked the 10th and won a top ten trophy. |
| Apr. 2017 | The Company was ranked top 6%~20% in "the 3 rd Corporate Governance Evaluation" by the TWSE. |
| Jun. 2017 | The Hualien plant obtained ISO 14001:2015, the latest version of the environmental management system certification. |
| Jun. 2017 | The Hualien plant obtained ISO 9001:2015, the latest version of the quality management system certification |
| Oct. 2017 | Huanggang Yadong was awarded the "National Excellent Quality Unit for Cement Quality Inspection in 2017" by the National Cement Quality Supervision and Inspection Center. |
| Nov. 2017 | The Hualien Plant was awarded "2017 Excellent Company for Voluntary Reduction of Greenhouse Gas Emissions" by the Industrial Development Bureau, MOEA. |
| Apr. 2018 | Jiangxi Yadong was awarded "Advanced Unit for Safe Production Goal Management in 2017 in Jiujiang". |
| Apr. 2018 | The Company was ranked top 6%~20% in "the 4 th Corporate Governance Evaluation" by the TWSE. |
| May 2018 | Huanggang Yadong participated in the First "China Green Mining Development Conference" and won the third-class technical certificate. |

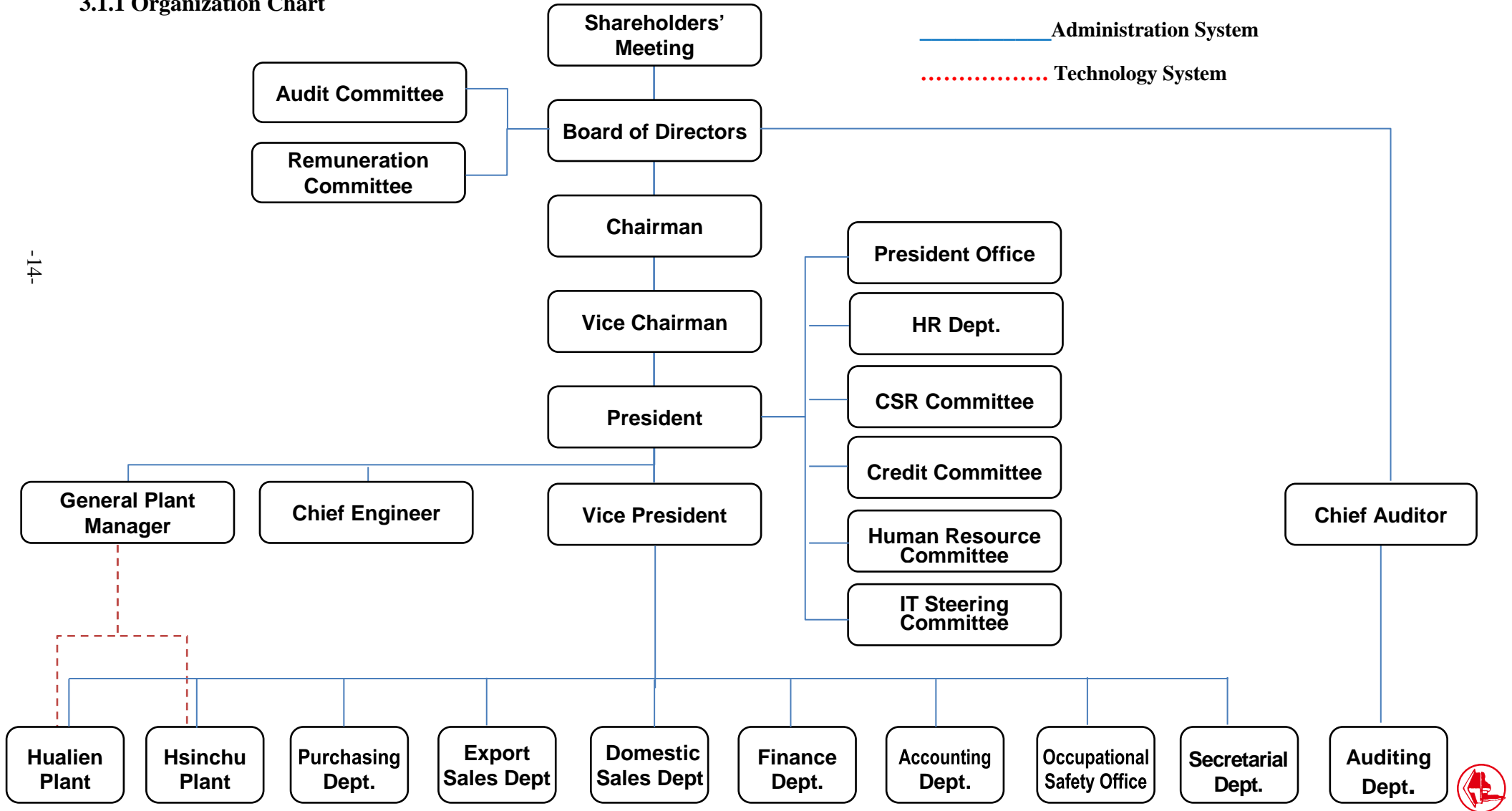
| | |
|-----------|--|
| Jul. 2018 | Sichuan Yadong Phase II and Phase III independent environmental protection acceptance project has been approved by the construction project environmental impact assessment information platform. |
| Sep. 2018 | In order to benefit the long-term development and in response to rapid changes in China, Asia Cement (China) has adjusted human resource deployed in headquarters and each business area. |
| Nov. 2018 | Huanggang Yadong passed four certifications including the new ISO management system (quality, environment, occupational health and safety, energy management). |
| Nov. 2018 | The Hualien plant was awarded the "International Health and Safety Management System " award. |
| Mar. 2019 | The first phase of elite training classes of Asia Cement (China) ended in Hubei Yadong with 40 training successors. |
| Apr. 2019 | The Company was ranked top 6%~20% in “the 5 th Corporate Governance Evaluation” by the TWSE. |
| Apr. 2019 | Jiangxi Yadong was awarded the annual advanced production safety management unit by the Ruichang City Government. |
| May 2019 | Jiangxi Yadong was awarded the medal of "Excellent Enterprise of 2018" in Ruichang City. |
| May 2019 | The Company is the first in Taiwan to win the "Asia Responsible Enterprise Awards" for two consecutive years (2018-2019). |
| Jun. 2019 | Sichuan Yadong was granted the "Road Portland Cement Production License" issued by State Administration for Market Regulation, and obtained the production qualification of special cement for airport runways. |
| Oct. 2019 | Sichuan Yadong and Huanggang Yadong won the "National Excellence Award" in the 17th National Cement Quality Index Inspection Competition of the "Gezhouba Cement Cup" in 2019. |
| Dec. 2019 | Hualien Plant won the 2018 Far Eastern Spirit Award. |
| Dec. 2019 | Huanggang Yadong was selected as the "2019 Green Factory List in Hubei Province". |
| Jan.2020 | Four mines of ACC (China) were selected by the Ministry of Natural Resources as 2019 Green Mines List. |
| Mar. 2020 | The China Cement Association announced the ranking of the top 50 companies in the country's cement clinker production capacity in 2020, and Asia Cement (China) ranked 10th. |
| Apr. 2020 | The Company is ranked top 20% of the 6th Corporate Governance Evaluation of listed companies. |
| May 2020 | Hualien Plant obtained ISO 14067: 2018 product carbon footprint standard, ISO 14046: 2014 product water footprint standard, BS 8001: 2017 the highest maturity level of circular economy, and was the first cement plant to obtain 3 verifications at the same time. |

During the most recent fiscal year and the current fiscal year up to the date of printing of the annual report, there are no important events listed below impacting on the shareholders' equity of the Company: 1. Mergers and acquisitions. 2. To restructure affiliate companies. 3. Large volume shares transferred or changed by directors, supervisors, or major shareholders who own more than 10% shareholding. 4. Changes in the Company's management. 5. Significant changes in business modes or business scope.

III Corporate Governance Report

3.1 Organization

3.1.1 Organization Chart



3.1.2 Major Corporate Functions

Company Organization with Functions of Risk Management

| Department | Primary Functions |
|--------------------------------|---|
| Auditing Dept. | Directly report to the Board of Directors. Major duties: 1.Fair presentation of the financial reports, 2.The hiring (and dismissal), independence, and performance of CPA, 3.The effective implementation of the internal control system, 4.Compliance with relevant laws and regulations, and 5.Management of the existing or potential risks. |
| Remuneration Committee | Directly report to the Board of Directors. Prescribe and periodically review the performance and remuneration policy for directors and managerial officers. |
| President Office | Assist ACC President to deal with daily affairs, plan operation strategies, and review the middle-term and long-term investment to reduce the risks resulting from improper decisions. |
| HR Dept. | Plan and implement HR policies to reduce relevant risks. HR Department is also responsible for promoting ethical management of the Company. |
| CSR Committee | Responsible for investigating and identifying corporate sustainability issues and to respond major considerations of stakeholders in order to implement the goal of sustainable development. |
| Credit Committee | Execute “Regulations for Managing Client’s Credit” enacted by the Company and take charge of risk control of account receivable. |
| Human Resource Committee | Review and advice to modify the Company’s organization structure, rules of personnel management, and other important human resource matters. |
| IT Steering Committee | Review all affairs relating to information operation system, office automation, internal and external website applications and information security to the needs of operation, management and provide strategy to prevent the risk of information security and its efficiency. |
| Secretarial Dept. | Handle the affairs of general services, secretary, legal affairs, public relations, etc. Reinforce legal sense of employees to decrease the risks of violating law. |
| Occupational Safety Office | Responsible for occupational safety and health management, formulating policies and supervising related affairs to ensure safety of workers and reduce the risk and loss of occupational hazards. |
| Accounting Dept. | Handle all accounting matters including the costs, accounts, taxation to ensure management efficiency of the Company’s operation, the reliability of financial report, and the adherence of related accounting regulations to reduce company operation risks. |
| Finance Dept. | Responsible for financial operation strategy, investment strategy, financial management, and dividend strategy, as well as investor relationship in order to minimize financial exposure, uphold financial opportunity and maximize shareholders’ best interest. |
| Domestic Sales Dept. | Plan and implement domestic marketing strategy, credit customers, and identify market trends to achieve business goals and reduce relevant risks. |
| Export Sales Dept. | Plan and implement oversea marketing strategy, credit customers, and identify market trends to achieve business goals and reduce relevant risks. |
| Purchasing Dept. | Handle all purchasing and contract issuing matters, setting up hedging mechanism to cope with changes in raw materials prices and shortage of raw materials supply. |
| Hsinchu Plant Hualien Plant | Take charge of R&D, production technology, quality control, planning production policies in collaboration with sales strategies to reduce production risks. |

The Company has established an information security risk management framework:

An IT Steering Committee was established to review internal information application systems, office automation, network information, and information security protection measures on a quarterly basis, and to provide tools for operations, management, and decision-making to reduce information security and benefit management risks. We have established “Asia Cement Personal Data Protection Management Measures” and “Asia Cement Computerized Information System Processing” in accordance with Articles 8 and 9 of the Regulations Governing Establishment of Internal Control Systems by Public Companies; in addition, the “Information and Communication Security Inspection Audit” has been incorporated into our 2019 and 2020 annual audit plans. The aforesaid measures have all been submitted to and approved by the Board of Directors.

Information security policy:

Our "Computerized Information System Processing" regulates the management system for various types of IT data and information in the process of output, use, and preservation. Besides, the "Regulations for Use of IT Equipment and Information Software by Employees", regulates various information security behaviors that employees must observe in carrying out their business.

Specific management plan:

A total of 20 inspections were carried out in 2019, including the "Information Security Audit" (once) "Information System Internal Control Self-assessment" (twice), "SAP Sensitive Permission Authorization and Function Conflict Anomaly Check" (quarterly) and "SAP Super User Sensitive Transaction Check" (monthly) performed each by an external unit and an internal audit unit.

3.2 Directors, Supervisors and Management Team

3.2.1 Directors and Supervisors

| Title Name | Elected Date | Term (Years) | Date First Elected | Shareholding when Elected | | Current Shareholding | | Spouse & Minor Shareholding | | Experience (Education) | Other Position | Executives, Directors or Supervisors who are spouses or within two degrees of kinship | | |
|-------------------------------|--------------|--------------|--------------------|---------------------------|------------------|--------------------------|------------------|-----------------------------|-------|---|--|---|---|---|
| | | | | Shares | % | Shares | % | Shares | % | | | Title | Name | Relation |
| Chairman Douglas Tong Hsu | 2017.06.27 | 3 | 1975.04.28 | 23,278,334 | 0.69% | 23,278,334 | 0.69% | 6,352,467 | 0.19% | Honorary Doctor, Chiao Tung University Master of Notre Dame, Master of Economics, Columbia University | Chairman, Far Eastern New Century Corp. Chairman, Far Eastone Telecommunications Co., Ltd Chairman, Far Eastern Department Stores Ltd. | Director Director Director | Connie Hsu Peter Hsu Johnny Shih | Sibling Sibling relatives by marriage |
| Director Tsai Hsiung Chang | 2017.06.27 | 3 | 1981.04.24 | 459,350 *750,511,324 | 0.01% *22.33% | 459,350 *750,511,324 | 0.01% *22.33% | 110,877 | 0.00% | Mechanical Technology Section, National Central Industrial College (Chongqing) | Senior Advisor, Asia Cement (China) Holdings Corp. Director, U-Ming Marine Transport Corp. Director, Yuan Ze Uni. | - - - | - - - | - - - |
| Director Johnny Shih | 2017.06.27 | 3 | 1984.04.25 | 453,745 *750,511,324 | 0.01% *22.33% | 453,745 *750,511,324 | 0.01% *22.33% | 7,225,993 | 0.21% | Master of Computer, Columbia University | Vice Chairman, Far Eastern New Century Corp. Vice Chairman, Oriental Union Chemical Corp. | Chairman Director Director | Douglas Tong Hsu Connie Hsu Peter Hsu | relatives by marriage relatives by marriage relatives by marriage |
| Director C.V. Chen | 2017.06.27 | 3 | 1987.04.16 | 338,429 *750,511,324 | 0.01% *22.33% | 338,429 *750,511,324 | 0.01% *22.33% | 0 | 0% | S.J.D., Harvard University | Senior Partner, Lee and Li Attorneys-At-Law Chairman, Taipei European School | - - | - - | - - |
| Director Chin-Der Ou | 2017.06.27 | 3 | 2005.06.09 | 0 *3,849,468 | 0% *0.11% | 0 *3,849,468 | 0% *0.11% | 0 | 0% | Ph.D., Case Western Reserve University | Director, Taiwan Construction Research Institute | - - | - - | - - |
| Director Kun Yen Lee | 2017.06.27 | 3 | 2005.06.09 | 2,361,557 *1,895,136 | 0.07% *0.06% | 2,361,557 *1,895,136 | 0.07% *0.06% | 0 | 0% | Yi-Lan Elementary School | President, Asia Cement Corp. Director, U-Ming Marine Transport Corp. | - - | - - | - - |
| Director Peter Hsu | 2017.06.27 | 3 | 2002.06.07 | 13,454,981 *4,819,800 | 0.40% *0.14% | 13,454,981 *6,218,800 | 0.40% *0.19% | 0 | 0% | Master of Operations Research, Stanford University Master of | Vice Chairman, Far Eastern New Century Corp. Director, Far Eastone Telecommunications Co., Ltd | Chairman Director Director | Douglas Tong Hsu Connie Hsu Johnny Shih | Sibling Sibling relatives by marriage |

| | | | | | | | | | | | | | | |
|--|------------|---|------------|--------------------------|-----------------|-------------------------|-----------------|--------|-------|--|---|----------------------------------|---|----------------------------------|
| | | | | | | | | | | Information Science, UCLA | | | | |
| Director Chen Kun Chang | 2017.06.27 | 3 | 2011.06.22 | 29,745 *4,819,800 | 0.00% *0.14% | 29,745 * 6,218,800 | 0.00% *0.19% | 5,358 | 0.00% | Mechanical Section, National Taipei Institute of Technology | Vice CEO, Asia Cement (China) Holdings Corp. President, Jiangxi Yadong Cement Corp. | - | - | - |
| Director Connie Hsu | 2017.06.27 | 3 | 1990.04.12 | 14,264,734 *4,837,436 | 0.42% *0.14% | 5,264,734 *4,837,436 | 0.16% *0.14% | 0 | 0% | Bachelor of Biology, California State University | Director, Oriental Institute of Technology Director, Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation | Chairman Director Director | Douglas Tong Hsu Peter Hsu Johnny Shih | Sibling relatives by marriage |
| Director Ruey Long Chen | 2017.06.27 | 3 | 2011.06.22 | 0 *1,560,068 | 0% *0.05% | 0 *1,560,068 | 0% *0.05% | 0 | 0% | Bachelor of Economics, National Chung Hsing University | Chairman, China Petrochemical Industry Development Co., Ltd. Chairman, Sinocon Industrial Standards Foundation Chairman, Powerchip Technology Corp. Secretary General, Cross-Strait Entrepreneur Summit | - | - | - |
| Director Champion Lee | 2017.06.27 | 3 | 2002.06.07 | 0 *181,566,797 | 0% 5.40% | 0 *181,566,797 | 0% 5.40% | 0 | 0% | Master of Business Administration, Texas A&I University | Director, Far Eastern New Century Corp. Director, U-Ming Marine Transport Corp. | - | - | - |
| Director Kwan-Tao Li | 2017.06.27 | 3 | 2002.06.07 | 642,963 *1,505,585 | 0.02% 0.04% | 642,963 *1,505,585 | 0.02% 0.04% | 0 | 0% | Master, New York University | Chief Counselor, Lee and Li Attorneys-At-Law Director, Far Eastern New Century Corp. Director, Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation: | - | - | - |
| Independent Director Ta-Chou Huang | 2017.06.27 | 3 | 2014.06.16 | 0 | 0% | 0 | 0% | 0 | 0% | PhD. in Agriculture, Cornell University Former Taipei City Mayor | Honorary Professor, National Taiwan University Chairman, The Association of Parks And Open Space | - | - | - |
| Independent Director Chi Schive | 2017.06.27 | 3 | 2014.06.16 | 0 | 0% | 20,000 | 0% | 10,000 | 0% | PhD. in Economics, Case Western Reserve University Former | Chair Professor, Soochou University | - | - | - |

| | | | | | | | | | | | | | | | | | |
|--|------------|---|------------|---|----|---|----|---|----|--|---------------------------------------|---|--|---|---|---|--|
| Independent Director Gordon S. Chen | 2017.06.27 | 3 | 2014.06.16 | | | | | | | | Chairman, Taiwan Stock Exchange | PhD. in Business Administration, National Taiwan University Former Chairman, Financial Supervisory Commission | Chairman , Central Investment Corp. | - | - | - | |
| | | | | 0 | 0% | 0 | 0% | 0 | 0% | | | | | | | | |

Note 1: Information on Directors that are Representatives of Institutional Investors:

| | |
|---|--|
| Representatives of Far Eastern New Century Corp.: | Director Tsai Hsiung Chang, Johnny Shih, C.V. Chen |
| Representative of Bai-Yang Investment Holdings Corp.: | Director Chin-Der Ou |
| Representative of Yue Ding Industry Co., Ltd.: | Director Kun Yen Lee |
| Representatives of Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation: | Director Peter Hsu, Chen Kun Chang |
| Representative of Huey Kang Investment Corp.: | Director Connie Hsu (passed away on May 13, 2020) |
| Representative of Ta Chu Chemical Fiber Co., Ltd: | Director Ruey Long Chen |
| Representative of Far Eastern Medical Foundation: | Director Champion Lee |
| Representative of U-Ming Corp.: | Director Kwan-Tao Li |

Note 2: "*" indicates the number of shares held by Institutional Investors respectively represented by directors listed above.

Note 3: The shareholding excludes the shareholding that the trustor retains the power to decide the allocation of the trust fund.

Note 4: There is no director holding shares in the name of other person.

Note 5: All Directors are Taiwanese Citizens. Director Connie Hsu is female while other Directors are male.

The First and Most Recent Date for Institutional Investors Elected as Directors

| Title | Name of the Institutional Investors | First Date Elected | Most Recent Date Elected |
|-----------|---|--------------------|--------------------------|
| Directors | Far Eastern New Century Corp | 1987.04.16 | 2017.06.27 |
| | Bai-Yang Investment Holdings Corp. | 2001.05.16 | 2017.06.27 |
| | Yue Ding Industry Co., Ltd. | 2005.06.09 | 2017.06.27 |
| | Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation | 2005.06.09 | 2017.06.27 |
| | Huey Kang Investment Corp. | 2008.06.17 | 2017.06.27 |
| | Ta Chu Chemical Fiber Co., Ltd. | 2011.06.22 | 2017.06.27 |
| | Far Eastern Medical Foundation | 1987.04.16 | 2017.06.27 |
| | U-Ming Corp. | 1993.05.07 | 2017.06.27 |

Note: The first date elected as directors is based on the annual reports of the Company.

3.2.2 Major Shareholders of the Institutional Shareholders

| Name of Institutional Shareholder | Major Shareholder of the Institutional Shareholders | % |
|--|--|--------|
| Far Eastern New Century Corporation | Asia Cement Corporation | 23.77 |
| | Oriental Institute of Technology | 4.81 |
| | Far Eastern Medical Foundation | 3.61 |
| | Far Eastern Memorial Foundation | 3.42 |
| | Nan Shan Life Insurance Co. , Ltd. | 2.89 |
| | Yuan-Ze University | 2.74 |
| | China Life Insurance Co., Ltd. | 1.85 |
| | Douglas Tong Hsu | 1.71 |
| | Der Ching Investment Corp. | 1.55 |
| | ChungHwa Post Co., Ltd. | 1.38 |
| Far Eastern Medical Foundation | Y. Z. Hsu | 76.90 |
| | He Zongyan | 2.31 |
| | Wang Shu-peng | 2.31 |
| | Hsu Wei Yuan | 2.31 |
| | Huang Ying Chung | 2.31 |
| | Douglas Tong Hsu | 2.31 |
| | Laurence M. Yang | 2.31 |
| | John Hsu | 2.31 |
| | Johnny Shih | 2.31 |
| | S.S. Hsu | 2.31 |
| | Yu Wei San | 2.31 |
| Far Eastern Y. Z. Hsu Science and Technology Memorial Foundation | Far Eastern International Bank | 25.00 |
| | Far Eastern New Century Corporation (Original from Far Eastern Textile Ltd.) | 23.00 |
| | Asia Cement Corporation | 18.00 |
| | Far East Tone Telecommunications Co., Ltd | 8.00 |
| | Far Eastern Department Stores Co.,Ltd. | 8.00 |
| | U-Ming Marine Transport Corp. | 4.00 |
| | Oriental Union Chemical Corp. | 4.00 |
| | Yuan Ding Investment Company | 2.00 |
| | Oriental Securities Co., Ltd. | 2.00 |
| Huey Kang Investment Corp. | Connie Hsu | 50.58 |
| | H.G. Yang | 24.71 |
| | H.M. Yang | 24.71 |
| Bai Yang Investment Corp. | Far Eastern Department Stores Co., Ltd. | 100.00 |
| U-Ming Corp. | Far Eastern Department Stores Co., Ltd. | 100.00 |
| Yue Ding Industry Co.,Ltd. | Fu Da Transportation Co., Ltd. | 26.95 |
| | Yue-Tung Investment Corp. | 25.36 |
| | An Ho Garment Co., Ltd. | 15.66 |
| | Ding Yuan International Investment Corp. | 13.20 |
| | Ton Fu Investment Corp. | 4.61 |
| | Ta Chu Chemical Fiber Co., Ltd. | 3.89 |
| | Ya Li Precast Prestressed Concrete Industries Corp. | 3.89 |

| Name of Institutional Shareholder | Major Shareholder of the Institutional Shareholders | % |
|--|--|----------|
| | Yuan Ding Co., Ltd. | 2.59 |
| | Bai Ding Investment Co., Ltd. | 2.31 |
| | Yu Ming Co., Ltd. | 1.53 |
| Ta Chu Chemical Fiber Co.,Ltd. | Yuan Ding Investment Company | 41.86 |
| | Yue Ding Industry Co., Ltd. | 38.76 |
| | Yue-Lee Investment Company | 19.38 |

3.2.3 Major Shareholders of the Major Shareholders That Are Juridical Persons

| Name of Juridical Persons | Major Shareholder of the Juridical Persons | % |
|------------------------------------|--|----------|
| Asia Cement Corporation | Far Eastern New Century Corporation | 22.33 |
| | Far Eastern Medical Foundation | 5.40 |
| | Labor Pension Fund Committee of Far Eastern New Century Corporation | 1.55 |
| | Yuan Ding Investment Company | 1.53 |
| | Yuanta/P-shares Taiwan Dividend Plus ETF | 1.51 |
| | Far Eastern Department Stores Co., Ltd. | 1.49 |
| | Yuan-Ze University | 1.41 |
| | Far Eastern Memorial Foundation | 1.31 |
| | Yu Yuan Investment Co., Ltd | 1.29 |
| | Yu Chang Investment Company | 1.26 |
| Oriental Institute of Technology | Asia Cement Corporation | 50.00 |
| | Far Eastern New Century Corporation (Original from Far Eastern Textile Ltd.) | 50.00 |
| Far Eastern Medical Foundation | Y. Z. Hsu | 76.90 |
| | He Zongyan | 2.31 |
| | Wang Shu-peng | 2.31 |
| | Hsu Wei Yuan | 2.31 |
| | Huang Ying Chung | 2.31 |
| | Douglas Tong Hsu | 2.31 |
| | Laurence M. Yang | 2.31 |
| | John Hsu | 2.31 |
| | Johnny Shih | 2.31 |
| | S.S. Hsu | 2.31 |
| | Yu Wei San | 2.31 |
| Far Eastern Memorial Foundation | Y. Z. Hsu | 50.00 |
| | Hsu Yi Chu | 50.00 |
| Nan Shan Life Insurance Co. , Ltd. | First Commercial Bank Trustee Account For Representative of Ruen Chen Investment Holding Co., Ltd. | 60.01 |
| | Ruen Chen Investment Holding Co., Ltd. | 29.54 |
| | Y. T. Du | 2.90 |
| | Ruen Tai Shing Co., Ltd. | 0.30 |
| | Ruen Hua Dyeing & Weaving Co., Ltd. | 0.27 |
| | Ruentex Development Co., Ltd. | 0.23 |

| Name of Juridical Persons | Major Shareholder of the Juridical Persons | % | |
|--------------------------------|---|-------------------------|-------|
| | Ruentex Industries Ltd. | 0.21 | |
| | Taishin International Bank Trust Account of Nan Shan Life Insurance Co., Ltd. | 0.21 | |
| | Yen Sin Corporation | 0.16 | |
| | Ruentex Leasing Co., Ltd. | 0.13 | |
| | U-Ming Marine Transport Corp. | 55.21 | |
| Yuan-Ze University | Far Eastern Medical Foundation | 26.05 | |
| | Far Eastern New Century Corporation (Original from Far Eastern Textile Ltd.) | 5.52 | |
| | Fu Ming Transportation Co., Ltd. | 5.25 | |
| | Far Eastern Memorial Foundation | 4.91 | |
| | Asia Cement Corporation | 2.76 | |
| | Connie Hsu | 0.28 | |
| | Y. Z. Hsu | 0.01 | |
| | Yu Chao-Chung | 0.01 | |
| | China Development Financial Holding Corp. | 26.16 | |
| China Life Insurance Co., Ltd. | KGI Securities Co., Ltd | 8.66 | |
| | Cathay Life Insurance Co. , Ltd. | 3.04 | |
| | Videoland Inc. | 2.42 | |
| | Labor Pension Fund (the New Fund) | 1.61 | |
| | Linglang Zhan | 1.24 | |
| | PGIA Comprehensive International Stock Index Fund Dedicated Account, managed by PGIA, under custody of JP Morgan, Taipei Branch. | 1.21 | |
| | Citi as Trustee For The Government of Singapore Investment Corp. | 1.17 | |
| | The Norwegian Central Bank Investment Dedicated Account, under custody of CITI Bank | 1.12 | |
| | Labor Insurance Fund | 1.03 | |
| | Der Ching Investment Corp. | Asia Cement Corporation | 99.99 |
| | | Asia Investment Corp. | 0.01 |
| ChungHwa Post Co., Ltd. | Ministry of Transportation and Communications | 100.00 | |
| Far Eastern International Bank | Yu Yuan Investment Co., Ltd. | 4.95 | |
| | Yue Li Investment Corp. | 4.39 | |
| | Asia Investment Corp. | 4.03 | |
| | Der Ching Investment Corp. | 4.03 | |
| | Yue-Tung Investment Corp. | 3.89 | |
| | Yuan Ding Investment Co., Ltd. | 3.56 | |
| | Kai Yuan International Investment Co., Ltd. | 3.21 | |
| | Yuan Tong Investment Co., Ltd. | 3.20 | |
| | Special Account for trust property of Far Eastern International Bank employee in custody of FEIB | 3.10 | |

| Name of Juridical Persons | Major Shareholder of the Juridical Persons | % |
|---|---|----------|
| | Ding Yuan International Investment Corp. | 2.64 |
| Far Eastern New Century Corporation | Asia Cement Corporation | 23.77 |
| | Oriental Institute of Technology | 4.81 |
| | Far Eastern Medical Foundation | 3.61 |
| | Far Eastern Memorial Foundation | 3.42 |
| | Nan Shan Life Insurance Co. , Ltd. | 2.89 |
| | Yuan-Ze University | 2.74 |
| | China Life Insurance Co., Ltd. | 1.85 |
| | Douglas Tong Hsu | 1.71 |
| | Der Ching Investment Corp. | 1.55 |
| | ChungHwa Post Co., Ltd. | 1.38 |
| Far EasTone Telecommunications Co., Ltd | Yuan Ding Investment Co., Ltd. | 32.73 |
| | Shin Kong Life Insurance Co., Ltd. | 9.70 |
| | Cathay Life Insurance Co., Ltd. | 6.89 |
| | NTT DOCOMO Inc. | 4.71 |
| | ChungHwa Post Co., Ltd. | 3.24 |
| | Yuan Tong Investment Co., Ltd. | 3.08 |
| | Fubon Life Insurance Co., Ltd. | 1.92 |
| | Nan Shan Life Insurance Co., Ltd. | 1.82 |
| | An Ho Garment Co., Ltd. | 1.25 |
| | Taiwan Life Insurance Co, Ltd. | 1.17 |
| Far Eastern Department Stores Co.,Ltd. | Far Eastern New Century Corporation | 17.06 |
| | PJ Asset Management Co., Ltd. | 7.75 |
| | Asia Cement Corporation | 5.65 |
| | Yuan Ding Investment Co., Ltd. | 5.33 |
| | Chia Yuan Investment Company | 5.05 |
| | Yuan-Ze University | 4.75 |
| | Yuan Tong Investment Co., Ltd | 3.61 |
| | The Norwegian Central Bank Investment Dedicated Account, under custody of CITI Bank | 2.26 |
| | The committee of Employee Pension Fund of Far Eastern Department Stores Co., Ltd. | 2.11 |
| | Yu Yuan Investment Co., Ltd | 2.06 |
| U-Ming Marine Transport Corp. | Asia Cement Corporation | 39.25 |
| | Public Service Pension Fund Management Board | 2.08 |
| | Cathay Life Insurance Co., Ltd. | 1.60 |
| | Yuan Ding Investment Co., Ltd. | 1.05 |
| | Fubon Life Insurance Co., Ltd. | 1.04 |

| Name of Juridical Persons | Major Shareholder of the Juridical Persons | % |
|--|---|----------|
| | Cape Ann Global Developing Markets Fund Investment Dedicated Account, under custody of Bank of Taiwan | 1.00 |
| | Yu Yuan Investment Co., Ltd | 0.94 |
| | Ding Shen Investment Co., Ltd. | 0.94 |
| | TransGlobe Life Insurance Co., Ltd. | 0.93 |
| | Asia Investment Co., Ltd. | 0.92 |
| Oriental Union Chemical Corp. | Far Eastern New Century Corporation | 9.17 |
| | Yuan Ding Investment Company | 8.00 |
| | Asia Cement Corporation | 7.20 |
| | Yuan Tong Investment Co., Ltd | 5.61 |
| | Yu Yuan Investment Co., Ltd | 3.75 |
| | Kai Yuan International Investment Co., Ltd. | 3.67 |
| | Ding Yuan International Investment Co., Ltd. | 3.09 |
| | Fubon Life Insurance Co., Ltd. | 2.80 |
| | Cathay Life Insurance Co., Ltd. | 2.47 |
| | Ton Fu Investment Corp. | 1.55 |
| Yuan Ding Investment Company | Far Eastern New Century Corporation | 99.40 |
| | An Ho Garment Co.,Ltd. | 0.30 |
| | Ta Chu Chemical Fiber Co.,Ltd. | 0.30 |
| Oriental Securities Co., Ltd. | Yuan Ding Investment Company | 25.96 |
| | Far Eastern Department Stores Co.,Ltd. | 19.66 |
| | Far Eastern New Century Corporation | 19.65 |
| | Asia Cement Corporation | 18.93 |
| | Bai Ding Investment Co., Ltd. | 13.61 |
| | An Ho Garment Co.,Ltd. | 1.17 |
| | Ta Chu Chemical Fiber Co.,Ltd. | 0.51 |
| | Douglas Tong Hsu | 0.09 |
| | Shaw Y. Wang | 0.07 |
| | Fan Yu Chen | 0.03 |
| Fu Da Transportation Co., Ltd. | Fu Ming Transportation Co., Ltd. | 99.87 |
| | Asia Investment Corp. | 0.03 |
| Yue-Tung Investment Corp. | U-Ming Marine Transport Corp. | 73.54 |
| | U-Ming Marine Transport (Singapore) Private Ltd. | 26.46 |
| An Ho Garment Co., Ltd. | Far Eastern New Century Corporation | 100.0 |
| Ding Yuan International Investment Corp. | Far Eastern New Century Corporation | 100.0 |
| Ton Fu Investment Corp. | Oriental Union Chemical Corp. | 100.0 |
| Ta Chu Chemical Fiber Co., Ltd. | Yuan Ding Investment Company | 41.86 |
| | Yue Ding Industry Co., Ltd. | 38.76 |

| Name of Juridical Persons | Major Shareholder of the Juridical Persons | % |
|---|---|----------|
| | Yue-Lee Investment Company | 19.38 |
| Ya Li Precast Prestressed Concrete Industries Corp. | Asia Cement Corporation | 83.81 |
| | Far-Eastern Construction Engineering Co.,Ltd. | 16.03 |
| Yuan Ding Co.,Ltd. | Far Eastern New Century Corporation | 37.13 |
| | Asia Cement Corporation | 35.50 |
| | Der Ching Investment Corp. | 14.50 |
| | Yuan Ding Investment Company | 12.86 |
| | Yu Ming Trading Corp. | 0.002 |
| | Far Eastern Department Stores Co., Ltd. | 0.001 |
| Bai Ding Investment Corp. | Far Eastern Department Stores Co., Ltd. | 66.66 |
| | Bai Yang Investment Corp. | 33.34 |
| Yu Ming Trading Corp. | Bai Ding Investment Co., Ltd | 47.00 |
| | Yuan Ding Investment Company | 45.50 |
| | Yue Ding Industry Co., Ltd. | 5.00 |
| | Yuan Ding Co., Ltd. | 1.00 |
| | Ding & Ding Management Consultants Co., Ltd | 1.00 |
| | Yuan Ding Leasing Corp. | 0.50 |
| Yue Ding Industry Co.,Ltd. | Fu Da Transportation Co., Ltd. | 26.95 |
| | Yue-Tung Investment Corp. | 25.36 |
| | An Ho Garment Co., Ltd. | 15.66 |
| | Ding Yuan International Investment Corp. | 13.20 |
| | Ton Fu Investment Corp. | 4.61 |
| | Ta Chu Chemical Fiber Co., Ltd. | 3.89 |
| | Ya Li Precast Prestressed Concrete Industries Corp. | 3.89 |
| | Yuan Ding Co., Ltd. | 2.59 |
| | Bai Ding Investment Co., Ltd. | 2.31 |
| | Yu Ming Trading Corp. | 1.53 |
| Yue-Lee Investment Company | U-Ming Marine Transport Corp. | 68.18 |
| | U-Ming Marine Transport (Singapore) Private Ltd. | 31.82 |

3.2.4 Professional Qualifications and Independence Analysis of Directors

| Criteria Name | Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience | | | Independence Criteria (Note) | | | | | | | | | | | | Number of Other Public Companies in Which the Individual is Concurrently Serving as an 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 Junior College, College or University | A Judge, Public Prosecutor, Attorney, Certified Public Accountant, 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 | |
| Douglas Tong Hsu | | | ✓ | | | ✓ | | | | | | ✓ | | ✓ | ✓ | 0 |
| Tsai Hsiung Chang | | | ✓ | | | ✓ | ✓ | | | | | ✓ | ✓ | ✓ | | 0 |
| Johnny Shih | | | ✓ | | | ✓ | | | | | | ✓ | | ✓ | | 0 |
| C.V. Chen | ✓ | | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ | | 1 |
| Kun Yen Lee | | | ✓ | | | ✓ | ✓ | ✓ | | | | ✓ | ✓ | ✓ | | 0 |
| Peter Hsu | | | ✓ | | | ✓ | | | | ✓ | | ✓ | | | | 0 |
| Chen Kun Chang | | | ✓ | | | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | | | | 0 |
| Connie Hsu | | | ✓ | ✓ | | ✓ | | ✓ | ✓ | ✓ | | ✓ | | | | 0 |
| Ruey Long Chen | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | | 2 |
| Champion Lee | | | ✓ | | | ✓ | ✓ | | | ✓ | ✓ | ✓ | | | | 0 |
| Chin-Der Ou | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | | 1 |
| Kwan-Tao Li | ✓ | | ✓ | ✓ | | ✓ | ✓ | | ✓ | | ✓ | ✓ | | | | 0 |
| Ta-Chou Huang | ✓ | | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | | 0 |
| Chi Schive | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | | 3 |
| Gordon S. Chen | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | | 2 |

Note: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

1. Not an employee of the company or any of its affiliates.

2. Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and

regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

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 of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: **not** a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: **not** a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.
9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
11. Not been a person of any conditions defined in Article 30 of the Company Law.
12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

*** The Company elected 3 independent directors, Ta-Chou Huang, Chi Schive, and Gordon S. Chen on the Shareholders' Meeting on June 27, 2017.**

3.2.5 Management Team

As of Mar. 31, 2019

| Title | Name | Gender | Effective Date | Shareholding | | Spouse & Minor Shareholding | | Experience(Education) | Other Title |
|---------------------------------------|--------------|--------|----------------|--------------|--------|-----------------------------|--------|---|---|
| | | | | Shares | % | Shares | % | | |
| President | Kun Yen Lee | Male | 2000.08.01 | 2,361,557 | 0.0703 | 0 | 0 | Chairman of Ya Tung Ready-Mixed Concrete Co., LTD | Director, U-Ming Marine Transport Corp. |
| Chief Executive Vice President | Y.F. Chang | Male | 2000.08.01 | 811 | 0.0000 | 0 | 0 | Bachelor degree in Chemical, Tunghai University | Director, China Hi-Ment Corporation |
| Executive Vice President | Doris Wu | Female | 2016.04.01 | 0 | 0 | 0 | 0 | Bachelor degree in Accounting, California State University | Supervisor, Oriental Union Chemical Corp. |
| Vice President | C.M. Chen | Male | 2007.07.01 | 39,801 | 0.0012 | 68,596 | 0.0020 | Bachelor degree in International Trade, Tamkang University | Director, Ya Tung Ready-Mixed Concrete Co., LTD |
| Vice President | W.K. Chou | Male | 2007.07.01 | 4,962 | 0.0001 | 4,962 | 0.0001 | Bachelor degree in Law, Soochow University | Supervisor, Pan Asia Corporation |
| General Plant Manager | Z.P. Chang | Male | 2009.07.01 | 33,999 | 0.0010 | 53,588 | 0.0016 | Bachelor degree in Electrical Engineering, National Taiwan University | Supervisor, U-Ming Marine Transport Corp |
| Vice President | T.L. Yu | Male | 2019.01.01 | 122,202 | 0.0036 | 98 | 0.0000 | Bachelor degree in Business Administration, University of the Philippines | Director, Yu Yuan Investment Co., Ltd |
| Deputy Chief Auditor | W.H. Yeh | Male | 2013.10.16 | 0 | 0 | 0 | 0 | Bachelor degree in Accounting, Soochow University | Supervisor, Nan Hwa Cement Corp. |
| Special Assistant of President Office | T.M. Chen | Male | 2011.01.01 | 147,268 | 0.0044 | 0 | 0 | Bachelor degree in sociology, National Taiwan University | Director, Yu Yuan Investment Co., Ltd |
| Manager of Secretarial Dept. | Manfred Wang | Male | 2012.10.01 | 888 | 0 | 0 | 0 | Bachelor degree in Law, Soochow University | Director, Fu Shan Mineral Stone Co., Ltd. |

| Title | Name | Gender | Effective Date | Shareholding | | Spouse & Minor Shareholding | | Experience(Education) | Other Title |
|---|------------|--------|----------------|--------------|--------|-----------------------------|---|--|---|
| | | | | Shares | % | Shares | % | | |
| Assistant Vice President | H.Y. Kao | Female | 2013.10.16 | 832 | 0 | 467 | 0 | Bachelor degree in Accounting, Soochow University | Director, Der Ching Investment Corp. |
| Assistant Vice President of Finance Dept. | Dana Lee | Female | 2019.03.01 | 8,971 | 0.0002 | 0 | 0 | Master degree in Business Administration,, Soochow University | Supervisor, Ya Li Transportation Corp. |
| Assistant Vice President of Finance Dept. | Karen Yang | Female | 2019.03.01 | 0 | 0 | 0 | 0 | Master degree in Business Administration, Pace University USA | Supervisor, Der Ching Investment Corp. |
| Manager of Domestic Sales Dept. | C.H. Chung | Male | 2018.09.01 | 0 | 0 | 0 | 0 | Master degree in International Business Administration, Da Yeh University | Director, China Hi-Ment Corporation |
| Manager of Export Sales Dept. | Gary Lee | Male | 2018.09.01 | 0 | 0 | 0 | 0 | Master degree in International business, Soochow University | Director, Ya Li Precast Concrete India Pvt. Ltd |
| Manager of the Hsinchu Plant | C.H Chuang | Male | 2019.01.08 | 0 | 0 | 0 | 0 | Bachelor degree in Mechanical Engineering, National Taiwan Institute of Technology | - |

* Manfred Wang retired on Mar. 5, 2020.

* There is no manager holding shares in the name of any other person.

* Managers are spouse or within second- degree of consanguinity to each other: None.

* All managers are Taiwanese citizens.

3.2.6 Remuneration of Directors, Supervisors, President, and Vice Presidents

1. Remuneration of Directors

| Title | Name | Remuneration | | | | | | | | Ratio of Total Remuneration (A+B+C+D) to Net Income (%) | | Relevant Remuneration Received by Directors Who are Also Employees | | | | | | Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) | | Remuneration from ventures other than subsidiaries or from the parent company (Note 1) |
|----------|--|-----------------------|--|-------------------|--|---------------------------|--|----------------|--|---|--|--|--|-------------------|--|---------------------------|--|---|--|--|
| | | Base Compensation (A) | | Severance Pay (B) | | Directors Compensation(C) | | Allowances (D) | | | | Salary, Bonuses, and Allowances (E) | | Severance Pay (F) | | Employee Compensation (G) | | | | |
| | | The company | All companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | The company | Companies in the consolidated financial statements | |
| Chairman | Douglas Tong Hsu | | | | | | | | | | | | | | | | | | | |
| Director | Far Eastern New Century Corp. Representatives: Tsai Hsiung Chang | | | | | | | | | | | | | | | | | | | |
| Director | Johnny Shih | | | | | | | | | | | | | | | | | | | |
| Director | C.V. Chen | | | | | | | | | | | | | | | | | | | |
| Director | Yue Ding Industry Co., Ltd. Representative: Kun Yen Lee | | | | | | | | | | | | | | | | | | | |
| Director | Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation Representatives: Peter Hsu | 14,511 | 16,340 | 0 | 0 | 223,896 | 226,220 | 1,056 | 6,596 | 1.371% | 1.427% | 7,083 | 11,680 | 216 | 216 | 6,600 | 6,600 | 1.451% | 1.533% | 216,084 |
| Director | Chen Kun Chang | | | | | | | | | | | | | | | | | | | |
| Director | Ta Chu Chemical Fiber Co.,Ltd Representative: Ruey Long Chen | | | | | | | | | | | | | | | | | | | |
| Director | Huey Kang Investment Corp. Representative: Connie Hsu | | | | | | | | | | | | | | | | | | | |
| Director | Far Eastern Medical Foundation Representative: Champion Lee | | | | | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | | | | | | |
|----------------------|---|---|---|---|---|-------|-------|-----|-----|--------|--------|---|---|---|---|---|---|--------|--------|---|
| Director | Bai-Yang Investment Holdings Corp Representative: Chin-Der Ou | | | | | | | | | | | | | | | | | | | |
| Director | U-Ming Corp Representative: Kwan-Tao Li | | | | | | | | | | | | | | | | | | | |
| Independent Director | Ta-Chou Huang Chi Schive Gordon S. Chen | 0 | 0 | 0 | 0 | 6,400 | 6,400 | 360 | 360 | 0.039% | 0.039% | 0 | 0 | 0 | 0 | 0 | 0 | 0.039% | 0.039% | 0 |

* In addition to the above remuneration, director remuneration received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent contractors: None.

* Please refer to Consolidated Operational Report for the list of All Companies.

* Pensions funded according to applicable laws.

* No stock bonus, warrant, or restricted stock awards for employees have been distributed from ACC and all companies listed in consolidated operational report.

* Director Tsai Hsiung Chang is assigned one vehicle. The monthly rental is NT\$ 46,200, and the annual remuneration of the driver is about NT\$ 700,000.

* Director and President Kun Yen Lee is assigned one vehicle. The monthly rental is NT\$ 77,800, and the annual remuneration of driver is about NT\$ 700,000.

* Within recent two fiscal years, all ACC directors' remuneration accounted for 2.219% and 1.490% of ACC net income. Total directors' remuneration paid by all companies listed in consolidated operational report accounted for 2.350% 及 1.572% of net income received from those companies.

| Classification of Remuneration Paid to ACC Directors | Name of Directors | | | |
|--|---|---|---|---|
| | A+B+C+D (Please refer to listed information above) | | A+B+C+D+E+F+G (Please refer to listed information above) | |
| | ACC | All companies listed in Consolidated Operational Report | ACC | All companies listed in Consolidated Operational Report |
| Under NT\$1,000,000 | Connie Hsu, Yue Ding Industry Co., Ltd. | Connie Hsu, Yue Ding Industry Co., Ltd. | Connie Hsu, Yue Ding Industry Co., Ltd. | Connie Hsu, Yue Ding Industry Co., Ltd. |
| NT\$1,000,000~NT\$2,000,000 | C.V. Chen, Chen Kun Chang, Ruey Long Chen, Champion Lee, Chin-Der Ou, Kwan-Tao Li | C.V. Chen, Ruey Long Chen, Champion Lee, Chin-Der Ou, Kwan-Tao Li | C.V. Chen, Chen Kun Chang, Ruey Long Chen, Champion Lee, Chin-Der Ou, Kwan-Tao Li | C.V. Chen, Ruey Long Chen, Chin-Der Ou |
| NT\$2,000,000~NT\$3,500,000 | Ta-Chou Huang, Chi Schive, Gordon S. Chen | Chen Kun Chang, Ta-Chou Huang, Chi Schive, Gordon S. Chen | Ta-Chou Huang, Chi Schive, Gordon S. Chen | Kwan-Tao Li, Ta-Chou Huang, Chi Schive, Gordon S. Chen |
| NT\$3,500,000~NT\$5,000,000 | - | - | - | - |
| NT\$5,000,000~NT\$10,000,000 | Tsai Hsiung Chang, Bai-Yang Investment Holdings Corp, | Bai-Yang Investment Holdings Corp, | Bai-Yang Investment Holdings Corp, | Chen Kun Chang, Champion Lee, Bai-Yang Investment |

| | | | | |
|--------------------------------|---|---|---|--|
| | Huey Kang Investment Corp, Ta Chu Chemical Fiber Co.,Ltd, Far Eastern Y.Z.Hsu Science and Technology Memorial Foundation, U-Ming Corp, Far Eastern Medical Foundation | Huey Kang Investment Corp, Ta Chu Chemical Fiber Co.,Ltd, Far Eastern Y.Z.Hsu Science and Technology Memorial Foundation, U-Ming Corp, Far Eastern Medical Foundation | Huey Kang Investment Corp, Ta Chu Chemical Fiber Co.,Ltd, Far Eastern Y.Z.Hsu Science and Technology Memorial Foundation, U-Ming Corp, Far Eastern Medical Foundation | Holdings Corp, Huey Kang Investment Corp, Ta Chu Chemical Fiber Co.,Ltd, Far Eastern Y.Z.Hsu Science and Technology Memorial Foundation, U-Ming Corp, Far Eastern Medical Foundation |
| NT\$10,000,000~NT\$15,000,000 | Johnny Shih, Kun Yen Lee, Peter Hsu, | Kun Yen Lee, Tsai Hsiung Chang, Peter Hsu, | Johnny Shih, Peter Hsu, Tsai Hsiung Chang, | - |
| NT\$15,000,000~NT\$30,000,000 | Far Eastern New Century Corp. | Far Eastern New Century Corp., Johnny Shih, | Far Eastern New Century Corp., Kun Yen Lee | Far Eastern New Century Corp., Kun Yen Lee, Tsai Hsiung Chang, |
| NT\$30,000,000~NT\$50,000,000 | Douglas Tong Hsu | Douglas Tong Hsu | Douglas Tong Hsu | Johnny Shih |
| NT\$50,000,000~NT\$100,000,000 | - | - | | Peter Hsu, |
| Over NT\$100,000,000 | - | - | | Douglas Tong Hsu |
| Total | 23 | 23 | 23 | 23 |

2. The link between performance evaluation and remuneration of directors and managers:

A. the link between director performance evaluation and remuneration:

- a. Executive directors may be paid according to the Article 20 of AOI, and shall be approved by the Board of Directors with reference to industry and peer standards. Every year, the annual performance evaluation is made based on individual performance and company performance similar with senior managers.
- b. Attendance fee paid to independent directors serving as members and convener of the Remuneration Committee and Audit committee is in the same standards of affiliated companies.
- c. Article 25 of the AOI stipulates that the remuneration for directors is not more than 2.5% of profit of the current year. The directors' remuneration shall be distributed according to the following principles after the Board of Directors has considered the Company's operating performance and passed the distribution ratio amount:
 - (a) The remuneration of directors is allocated first to the legal person. The legal person is then redistributed based on the director's role and performance to the directors.
 - (b) For a director who is a natural person, his contribution and professional field to the BOD, Remuneration Committee and Audit Committee would be the reference standard of payment.

d. Performance evaluation and remuneration are reviewed by the Remuneration Committee and the Board of Directors, and are reviewed at any time depending on actual operating conditions, industrial operating risks, trends, and laws.

C. the link between manager performance evaluation and remuneration:

- a. Article 25 of the AOI stipulates that if a profit is made in the year, 1.0% to 4% shall be set aside for employee compensation.
- b. The performance evaluation of managers will affect their employee compensation.

*** The succession planning of the Company's Board of Directors and important managers**

Member of the Board of Directors:

1. In 2017, the Shareholders' meeting amended the "Director Election Rules" which stipulates the director diversity policy in article 3.
2. The Company complies with the Company's AOI and the board of directors adopts the nomination system for candidates. In addition to assessing the academic experience of each candidate, and referring to the opinions of stakeholders, abide by the "Director Election Rules" and "Corporate Governance Code" to ensure the diversity and independence of directors.
3. 15 directors of the Company's 26th Board of Directors, including 3 independent directors, professional knowledge includes leadership, management, crisis management, industrial knowledge and international outlook, public welfare, legal affairs, legal compliance, economics, administration, finance , Agriculture, etc.
4. The succession of directors is partly from the senior executives of the company, but most of them still have to be promoted from the talent pool of the national society, especially independent directors who emphasize independence.
5. The Far Eastern Group to which the company belongs has a corporate culture that values corporate governance and talents. Due to the long-term succession planning, there are many companies with professional managers as general managers, vice chairman and chairman of the group.

Important managers:

1. The Company has cooperated with Yuanzhi University to set up a "training class" for corporate elites. Course training, followed by 30 high-level conference internships and 30 special seminars, the training has achieved good results. At present, more than 90% of the trainees have been promoted. In addition, trainees need to receive about 12 hours of back-training courses every year in order to continue to grow and improve.
2. Due to the effectiveness of the training, this training plan model has been copied to all subsidiaries of ACC (China).

3. Remuneration of President and Vice Presidents

Unit: NT \$ 1000

| Title | Name | Salary(A) | | Pensions(B) | | Reward and Allowance etc. (C) | | Employees bonus from Distributable Earnings (D) | | Total Amount (A+B+C+D)/Net Income | | Other remuneration from investment business except subsidiary |
|--------------------------------|-------------|-----------|----------------|-------------|----------------|-------------------------------|----------------|---|----------------|-----------------------------------|----------------|---|
| | | ACC | All companies* | ACC | All companies* | ACC | All companies* | ACC | All companies* | ACC | All companies* | |
| | | | | | | | | Cash Bonus | Cash Bonus | | | |
| President | Kun Yen Lee | 19,257 | 20,647 | 756 | 756 | 3,863 | 4,069 | 23,769 | 23,769 | 0.273% | 0.282% | 1,010 |
| Chief Executive Vice President | Y.F. Chang | | | | | | | | | | | |
| Executive Vice President | Doris Wu | | | | | | | | | | | |
| Vice President | C.M. Chen | | | | | | | | | | | |
| Vice President | W.K. Chou | | | | | | | | | | | |
| Vice President | T.L. Yu | | | | | | | | | | | |
| General Plant Manager | Z.P. Chang | | | | | | | | | | | |

* Please refer to Consolidated Operational Report for the list of All Companies.

* Pensions funded according to applicable law.

* No stock bonus, warrant, or restricted stock awards for employees have been distributed from ACC and all companies listed in consolidated operational report.

* The chief executive vice president of the Company, Y.F. Chang is assigned one vehicle. The monthly rental is NT \$ 33,500.

* Within recent two fiscal years, total remuneration of the President and Vice Presidents accounted for 0.278% and 0.249% of ACC net income. Total amount of President and Vice Presidents' remuneration paid by all companies listed in consolidated operational report accounted for 0.284% 及 0.258% of net income received from those companies.

| Classification of Remuneration Paid to ACC President and Vice Presidents | Name of President and Vice Presidents | |
|--|--|--|
| | ACC | All companies listed in Consolidated Operational Report |
| NT\$2,000,000~NT\$3,500,000 | - | - |
| NT\$3,500,000~NT\$5,000,000 | - | - |
| NT\$5,000,000~NT\$10,000,000 | Kun Yen Lee, Y.F. Chang, Doris Wu, C.M. Chen, W.K. Chou, T.L. Yu, Z.P. Chang | Kun Yen Lee, Y.F. Chang, Doris Wu, C.M. Chen, W.K. Chou, T.L. Yu, Z.P. Chang |
| Total | 7 | 7 |

* The remuneration of President and Vice Presidents is divided into two parts:

1. Monthly salary based on fixed salary rank.

2. Based on ACC's bonus system, bonus and compensation are distributed mainly in consideration of the Company's operating performance and individual annual performance.

* The Remuneration Committee has approved current remuneration system for the President and Vice Presidents.

3.2.7 Employees Remuneration to Management Team

| | Title | Name | Stock Bonus | Cash Bonus | Total Amount | Total Amount/Net Income |
|--------------------|---------------------------------------|-------------|-------------|------------|--------------|-------------------------|
| Executive Officers | President | Kun Yen Lee | 0 | 34,379 | 34,379 | 0.197% |
| | Chief Executive Vice President | Y.F. Chang | | | | |
| | Executive Vice President | Doris Wu | | | | |
| | Vice President | C.M. Chen | | | | |
| | Vice President | W.K. Chou | | | | |
| | General Plant Manager | Z.P. Chang | | | | |
| | Senior Assistant Vice President | T.L. Yu | | | | |
| | Deputy Chief Auditor | W.H. Yeh | | | | |
| | Special Assistant of President Office | T.M. Chen | | | | |
| | Manager of Accounting Dept. | H.Y. Kao | | | | |
| | Assistant Vice President | Dana Lee | | | | |
| | Assistant Vice President | Karen Yang | | | | |

* The 2020 managers' remunerations have been approved by the BOD and will be reported to 2020 Shareholders' Meeting.

3.2.8 Name and Title of the Top 10 Employees Who Were Distributed Employees Remuneration

Unit: NT \$ 1000

| Rank | Title | Name | Stock Bonus | Cash Bonus | Total Amount |
|------|---------------------------------------|-------------|-------------|------------|--------------|
| 1 | President | Kun Yen Lee | 0 | 30,397 | 30,397 |
| 2 | Executive Vice President | Doris Wu | | | |
| 3 | Chief Executive Vice President | Y.F. Chang | | | |
| 4 | General Plant Manager | Z.P. Chang | | | |
| 5 | Vice President | T.L. Yu | | | |
| 6 | Vice President | C.M. Chen | | | |
| 7 | Vice President | W.K. Chou | | | |
| 8 | Deputy Chief Auditor | W.H. Yeh | | | |
| 9 | Special Assistant of President Office | T.M. Chen | | | |
| 10 | Manager of Accounting Dept. | H.Y. Kao | | | |

* The employees' remuneration comes from the profits of 2019.

* Doris Wu and T.L. Yu are also responsible for ACC (China) affairs.

3.3 Implementation of Corporate Governance

3.3.1 Board of Directors

There are 6 meetings of the Board of Directors held in the period from January 1, 2019 to May 12, 2020. Directors' attendance condition was as follows:

| Title | Name | Attendance in Person | By Proxy | Attendance Rate | Notes | |
|----------------------|--|----------------------|----------|-----------------|----------------------------|----------------------------|
| Chairman | Douglas Tong Hsu | 6 | 0 | 100% | Reappointment Jun.27, 2017 | |
| Director | Representatives of Far Eastern New Century Corp. | Tsai Hsiung Chang | 6 | 0 | 100% | Reappointment Jun.27, 2017 |
| | | Johnny Shih | 6 | 0 | 100% | Reappointment Jun.27, 2017 |
| | | C.V. Chen | 6 | 0 | 100% | Reappointment Jun.27, 2017 |
| Director | Representative of Yue Ding Industry Co., Ltd. | Kun Yen Lee | 6 | 0 | 100% | Reappointment Jun.27, 2017 |
| Director | Representatives of Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation | Peter Hsu | 5 | 1 | 83% | Reappointment Jun.27, 2017 |
| | | Chen Kun Chang | 6 | 0 | 100% | Reappointment Jun.27, 2017 |
| Director | Representative of Ta Chu Chemical Fiber Co.,Ltd | Ruey Long Chen | 5 | 1 | 83% | Reappointment Jun.27, 2017 |
| Director | Representative of Huey Kang Investment Corp. | Connie Hsu | 6 | 0 | 100% | Reappointment Jun.27, 2017 |
| Director | Far Eastern Medical Foundation | Champion Lee | 6 | 0 | 100% | Newly-elected Jun.27, 2017 |
| Director | Bai-Yang Investment Holdings Corp. | Chin-Der Ou | 6 | 0 | 100% | Newly-elected Jun.27, 2017 |
| Director | U-Ming Corp. | Kwan-Tao Li | 6 | 0 | 100% | Newly-elected Jun.27, 2017 |
| Independent Director | Ta-Chou Huang | | 5 | 1 | 83% | Reappointment Jun.27, 2017 |
| | Chi Schive | | 6 | 0 | 100% | Reappointment Jun.27, 2017 |
| | Gordon S. Chen | | 6 | 0 | 100% | Reappointment Jun.27, 2017 |

* Each Board of Directors Meeting has at least 2 independent director who attended the meeting in person, which meets the requirements of Article 7 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies

3.3.2 Other mentionable items:

1. Board of Directors

A. Items listed in the Article 14-3 of the Securities Exchange Act: Please refer to 3.3.12 Major Resolutions of Shareholders' Meeting and Board Meetings

B. Except for the above matters, the three independent directors of the Company gave us valuable opinions with no objections or reservations on all discussed matters. The directors' statements were all set out in the minutes of the board meeting.

2. If there is Directors' avoidance of motions in conflict of interest, the Directors' names, contents of motions, causes for avoidance and voting should be specified: None for the period from 2019.01.01.~2020.05.12.

3. The implementation of the Board evaluation:

| Evaluation frequency | Evaluated period | Evaluation scope | Evaluation method |
|--|---------------------------|--------------------------|-------------------|
| Every year | 2019.01.01~ 2019.12.13 | The Board and members | Self-evaluation |
| Evaluation content: ①mission and goal, ②internal control and risks, ③management of internal relations, ④management of external relations, ⑤the composition and capabilities of the BOD, ⑥board culture, ⑦the operation of the BOD, ⑧evaluation by the chairman, ⑨directors' self-evaluation. | | | |

4. Measures taken to strengthen the function of the Board:

Goals:

To enhance corporate governance and the function of the Board by enacting "the Procedures for Evaluating the Board of Directors' Performance"

Implementation Status and Assessment:

A. The Board enacted "the Procedures for Evaluating the Board of Directors' Performance" on May 13, 2015 and disclosed on the Company's website.

B. Secretarial Department reviewed the Self-Assessment Questionnaire of the Board and calculated a weighted average score, and reported to the Board on May 12, 2020. The 2019 performance evaluation score was 96 points. The slight difference with past years is determined by the number of board meetings.

C. The score of 2019 evaluation falls between 3.40~3.73, compared to 4 points as full score indicating good performance.

D. In the past years, the score of evaluation has remained on high level, which is due to the fact that members of the board of directors attach importance to assessment indicators and assessment standards and cooperate with implementation. It is helpful to further implement the Company's corporate governance and enhance the board's functions.

E. The Corporate Governance Officer and Secretarial Department faithfully plays the role of reminding directors to follow regulations and is respected by the directors.

3.3.3 Annual priorities of Audit committee

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

The annual priorities reviewed by the Audit Committee mainly include: financial statements; 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; derivative products and cash investments; compliance;

potential conflicts of interest for managers and directors; complaint report; fraud prevention and fraud investigation report; information security; company risk management; CPA independence and performance evaluation; appointment, dismissal or remuneration of CPA; appointment and dismissal of financial, accounting or internal audit managers; and other major matters prescribed by laws and regulations.

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

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 of the Company.

3.3.4 Attendance of Audit committee

There are 6 meetings of the Audit committee held in the period from January 1, 2019 to May 11, 2020. Independent directors' attendance condition was as follows:

| Title | Name | Attendance in Person | By Proxy | Attendance Rate | Notes |
|----------|----------------|----------------------|----------|-----------------|-------|
| Convener | Ta-Chou Huang | 6 | 0 | 100.00% | - |
| Member | Chi Schive | 6 | 0 | 100.00% | - |
| Member | Gordon S. Chen | 6 | 0 | 100.00% | - |

Other mentionable items:

1. Items listed in Article 14-5 of the Securities Exchange Act:

| Meeting date | Items | Items listed in Article 14-5 of the Securities Exchange Act: | The resolution of the audit committee's and the Company's handling |
|--------------|--|--|--|
| 2019/03/19 | Audit report of 2018 Q4. | V | All members present at the meeting agreed to pass the items and submitted it to the board of directors in which all attended |
| | Cross Currency Swap (CCS) Report | V | |
| | Acquisition and disposal of fixed assets | V | |
| | Report of endorsements / guarantees with affiliates | V | |
| | In order to raise working capital, the Company applied for credit from financial institutions. | V | |
| | 2018 consolidated financial report and individual financial report | V | |
| | 2018 dividend distribution | V | |
| | Appointment of accountants auditing the financial statements for 2019 and their service fee | V | |

| | | | |
|------------|---|---|---|
| | Approval to 2018 "Internal Control System Statement" | V | directors the approved without objection. |
| | To amend Internal Control System | V | |
| | To amend Accounting System | V | |
| | Issuance of Long-term Commercial paper | V | |
| | Proposed to issue medium and long-term unsecured commercial paper with total amount not exceeding NT\$10 billion in order to repay the loan, enrich the medium and long-term working capital, and strengthen the financial structure. | V | |
| | Proposed to issue unsecured corporate bonds in once or in a batch with total amount not exceeding NT\$10 billion in order to repay the loan, enrich the medium and long-term working capital, and strengthen the financial structure. | V | |
| | To issue a letter of support for the Company's subsidiary, Chiahui Power Corp., for 20-year-term NT\$10.5 billion syndicated loan. | V | |
| | To amend "Procedure for Acquisition and Disposal of Assets" | V | |
| | To amend "Procedure for Making Endorsements and Guarantees". | V | |
| | To amend "Procedure for Loan to Others". | V | |
| 2019/05/10 | Audit report of 2019 Q1 | V | |
| | Consolidated financial report of 2019 Q1 | V | |
| | Acquisition and disposal of fixed assets | V | |
| | Report of endorsements / guarantees with affiliates | V | |
| | In order to raise working capital, the Company applied for credit from financial institutions. | V | |
| | Report the Company's issued 2019 corporation bond | V | |
| | Report the Company's 2018 annual business report | V | |
| 2019/08/01 | Audit report of 2019 Q2 | V | |
| | Acquisition and disposal of real estate, equipment or right-of-use assets | V | |
| | Report of endorsements / guarantees with affiliates | V | |
| | Revision of the Company's "Internal Control System" and "Internal Audit System and Implementation Rules" | V | |
| 2019/11/06 | Audit report of 2019Q3 | V | |
| | Consolidated financial report of 2019 Q3 | V | |
| | Acquisition and disposal of real estate, equipment or right-of-use assets | V | |
| | Report of endorsements / guarantees with affiliates | V | |
| | The implementation report of the Company's second unsecured corporate bond in 2019 | V | |
| | 2019 audit plan | V | |
| | Revision of the Company's "Internal Control System" and "Internal Audit System and Implementation Rules" | V | |

| | | | |
|---|---|---|--|
| | Proposed to issue unsecured corporate bonds in once or in a batch with total amount not exceeding NT\$10 billion in order to repay the loan, enrich the medium and long-term working capital, and strengthen the financial structure. | V | |
| 2019/03/25 | Audit report of 2019 Q4. | V | |
| | The company reiterates its ability to prepare its own financial reports | V | |
| | Acquisition and disposal of real estate, equipment or right-of-use assets | V | |
| | Report of endorsements / guarantees with affiliates | V | |
| | Acquisition and disposal of securities. | | |
| | In order to raise working capital, the Company applied for credit from financial institutions. | V | |
| | 2019 consolidated financial report and individual financial report | V | |
| | 2019 dividend distribution | V | |
| | Appointment of accountants auditing the financial statements for 2019 | V | |
| | Approval to 2019 "Internal Control System Statement" | V | |
| | To amend the 2019 audit plan | V | |
| | Proposed to issue medium and long-term unsecured commercial paper with total amount not exceeding NT\$20 billion in order to repay the loan, enrich the medium and long-term working capital, and strengthen the financial structure. | V | |
| | To amend "Articles of Incorporation of Asia Cement Corporation" | V | |
| | To amend "Meeting Rules for Shareholders' Meeting" | V | |
| | To amend "Meeting Rules for Board of Directors' Meeting" | V | |
| To amend "Principles for Ethical Management of Asia Cement Corporation" | V | | |
| 2020/05/11 | Audit report of 2020 Q1 | V | |
| | Consolidated financial report of 2020 Q1 | | |
| | Acquisition and disposal of real estate, equipment or right-of-use assets | V | |
| | Report of endorsements / guarantees with affiliates | V | |
| | In order to raise working capital, the Company applied for credit from financial institutions. | V | |
| | The implementation report of the Company's first unsecured corporate bond in 2020 | V | |
| | Report the company's 2019 annual business report | V | |

There are no other matters that did not pass the audit committee and agreed by more than two-thirds of all directors.

2. If there is Independent Directors' avoidance of motions in conflict of interest, the Independent Directors' names, contents of motions, causes for avoidance and voting should be specified:

None.

3. Communications with internal audit manager and CPA:

(1) Internal audit manager reports the plans and execution of audit works to Independent Directors every quarter and implement the instructions and follow-up of each independent director.

(2) CPA and accounting manager report financial and operation business to Independent Directors every quarter

| Meeting date | Items discussed with internal auditor | Items discussed with CPA |
|--------------|---|---|
| 2019/03/19 | <ol style="list-style-type: none"> 1. Audit report of 2018 Q4. 2. Approval to 2018 "Internal Control System Statement" 3. To amend the 2018 audit plan | <ol style="list-style-type: none"> 1. The 2018 individual and consolidated financial statements 2. Assessment of accounting professional judgment, accounting policies and estimation changes. 3. Communication of key check matters. 4. The impact of the new laws and accounting standards on the Company. 5. Other. |
| 2019/05/10 | Audit report of 2019 Q1 | <ol style="list-style-type: none"> 1. The results of 2019 Q1 consolidated financial statements. 2. The impact of the new accounting standards on the Company. 3. Regulations update. |
| 2019/08/01 | Audit report of 2019 Q2 | <ol style="list-style-type: none"> 1. The results of 2019 H1 consolidated financial statements. 2. Other communication matters. 3. Regulations update. |
| 2019/11/05 | Audit report of 2019 Q3 | <ol style="list-style-type: none"> 1. Declaration of independence. 2. The scope and method of review. 3. Group review. 4. Major accounting policies, major accounting estimates, major events, and major transactions 5. Other communication matters. 6. Annual auditing plan (key audit items, significant risks). |
| 2019/03/23 | Audit report of 2019 Q4 | <ol style="list-style-type: none"> 1. Declaration of independence. 2. The scope and method of review. 3. Group review. 4. Major accounting policies, major accounting estimates, |

| Meeting date | Items discussed with internal auditor | Items discussed with CPA |
|--------------|---------------------------------------|--|
| | | major events, and major transactions 5. Key reviewing matters. 6. Other communication matters. |
| 2020/05/11 | Audit report of 2020 Q1 | 1. Declaration of independence. 2. The scope and method of review. 3. Group review. 4. Major accounting policies, major accounting estimates, major events, and major transactions 5. Other communication matters. |

The three independent directors of the Company gave us valuable opinions with no objections or reservations on all discussed matters. The directors' statements were all set out in the minutes of the Audit Committee meeting.

3.3.5 Corporate Governance Execution Status and Deviations from “Corporate Governance Best-Practice Principles for TWSE/ TPEX Listed Companies”

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|---|--|
| | Yes | No | Abstract Illustration | |
| 1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”? | V | | The Company has established the Corporate Governance Codes with reference to “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” on Nov. 11, 2014. The information has been disclosed on MOPS and the Company’s website. | None |
| 2. Shareholding structure & shareholders’ rights | | | | |
| (1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure? | V | | The Company has appointed spokesman or his deputy as well as stock agency, Oriental Security Corporation, to handle these issues. If involved in litigation matters, the spokesman will handle that with the Secretarial Department, and legal staff. If significant event happens, legal consultants, Lee and Li, and accounting consultants, Deloitte & Touche, will help deal with the matter. This complies with our internal operating procedures. | None |
| (2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares? | V | | The Company keeps tracking the list of shareholders and follows the Article 3 of Market Information Post Regulation Reporting by Listed Companies to post related information before 31th July. | None |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|---|--|
| | Yes | No | Abstract Illustration | |
| (3) Does the company establish and execute the risk management and firewall system within its conglomerate structure? | V | | <p>In addition to enacting “Regulations for Monitoring Subsidiaries” as the risk management mechanism for its subsidiaries, the Company has also enacted “Regulations for Managing Client’s Credit” and assigned the Credit Committee to be responsible for risk control of accounts receivable. Meanwhile, to establish risk management and firewall, we have signed up with affiliates for “Procedures of Assets Acquisition and Disposal”, “Procedures for Loaning of funds to Others”, “Procedures for Endorsement and Guarantee,” and “Rules on the Management of Related Party Transaction.”</p> <p>The Auditing Department will report regularly to the Board of Directors and Audit Committee about any abnormal conditions and their improvements. The Auditing Department will also report to the Financial Supervisory Commission and other government agencies in accordance with relevant regulations.</p> | None |
| (4) Does the company establish internal rules against insiders trading with undisclosed information? | V | | <p>The Board of Director approved “the Procedure Dealing with Internal Material Information of Asia Cement Corporation” on Dec. 21, 2009, and revised it on Aug. 10, 2017. It states that “directors, supervisors, managers and other employees shall not disclose internal material information to others, nor involve in any transaction of the Company’s stock or any other</p> | None |

| Evaluation Item | Implementation Status | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|--|
| | Yes | No | |
| | | | forms of security.” The Procedure has been post on the Company’s website and internal bulletin board. |
| <p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Does the Board develop and implement a diversified policy for the composition of its members?</p> | V | | None |

| Evaluation Item | Implementation Status | | Abstract Illustration | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|----|---|--|
| | Yes | No | | |
| (2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee? | V | | <p>Ta-Chou Huang Chi Schive, and Gordon S. Chen, they are expert in administrative management and financial matters. It is also mentionable that Ta-Chou Huang had served in agriculture affair for the government. He gave us many advices in green vegetation and environmental protection of plants and mines. In summary, the present members of the Board do have diversity.</p> <p>The diversified policy for the composition of the Board of Directors has been disclosed on the Company’s website and MOPS.</p> <p>The Company has established Remuneration Committee and Audit Committee pursuant to government regulations.</p> <p>Other voluntarily established functional committees are:</p> <p><u>Human Resource Committee:</u> Review and advice to modify the Company’s organization structure, rules of personnel management, and other important human resource matters with reference to the Universal Declaration of Human Rights and International Labor Conventions.</p> <p><u>Credit Committee:</u> Execute “Regulations for Managing Client’s Credit” enacted by the Company and take charge of risk control of account receivable.</p> | None |

| Evaluation Item | Implementation Status | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|---|-----------------------|---|--|
| | Yes | No | |
| (3) Does the company establish a standard to measure the performance of the Board, and implement it annually? | V | <p><u>CSR Committee:</u> Responsible for investigating and identifying corporate sustainability issues and to respond major considerations of stakeholders in order to implement the goal of sustainable development.</p> <p><u>IT Steering Committee:</u> Review all affairs relating to information operation system, office automation, internal and external website applications and information security to the needs of operation, management and provide strategy to prevent the risk of information security and its efficiency.</p> <p>The company enacted “Procedures for Evaluating the Board’s Performance” on May 13, 2015 and conducts it annually.</p> <p><u>Evaluation methods:</u></p> <ol style="list-style-type: none"> 1. Self-assessment of Board members Board members fill in the” Self-Assessment Questionnaire for Board Members” at the end of each year. 2. Assessment by Secretarial Department: Secretarial Department will evaluate evaluation items at the end of each year and modify evaluation items if needed. 3. Procedures: <ol style="list-style-type: none"> a. regularly review the effectiveness of the evaluation. b. at the end of each year, Secretarial | None |

| Evaluation Item | Implementation Status | | Abstract Illustration | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|-----------------|-----------------------|----|---|--|
| | Yes | No | | |
| | | | <p>Department will review the Self-Assessment Questionnaire and evaluation items, calculate a weighted average score, and report to the Board of Directors.</p> <p>4. Implementation: At the beginning of each year, Secretarial Department will remind every Board’s member about items in the Self-Assessment Questionnaire and other issues, such as “recognition and discussion issues of the Board in accordance with law, "Quarterly meeting requirement of the Board", "rules regarding to conflicts of interests of Directors", "the minimum annual training hour of directors", and “to enhance attendance rate of board of directors and shareholders meeting”.</p> <p>5. Secretarial Department reviewed the Self-Assessment Questionnaire of the Board and calculated a weighted average score, and reported to the Board on May 12, 2020. The Company's corporate governance department is studying whether the board's performance evaluation to be evaluated externally.</p> <p>6. Although the results of performance evaluation will not affect the remuneration of individual directors, it will be used as a</p> | |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----------------------|----|---|--|
| | Yes | No | Abstract Illustration | |
| (4) Does the company regularly assess the independence of accountants? | | | <p>reference for nomination renewal, especially the attendance rate</p> <p>7. The Procedures for Evaluating the Board of Directors’ Performance has been disclosed on the Company’s website.</p> <p>1. The Company appointed Li Wen Kuo and Yu Wei Fan of Deloitte & Touche to audit 2018 financial statements. The independence assessment of these two CPAs was based on Article 47 of the Accountants Law and related regulations. The result has been approved on March 19, 2018 and Marh 23, 2018 by the Audit Committee and Board of Directors.</p> <p>2. In 2019, due to internal function adjustments in Deloitte & Touche-Taiwan, it adjusted the Company’s CPA to Xin Wei Tai and You Wei Fan. The independent assessment and qualifications of the CPA have been submitted to the Audit Committee on March 19, 2019 and the Board of Directors on March 20.</p> <p>3. The Audit Committee and the Board of Directors meeting will regularly in March each year to assess the independence of CPAs.</p> | None |
| 4. Does the company establish specialized units or dedicated members and personnel responsible for corporate governance affairs, as well as carrying out key actions and reporting statuses (e.g. : including but not limited to provide the | V | | <p>1. On May 10, 2019, the Board of Directors appoints Vice President, Wei Kun Chou of the Secretarial Dept. as the Corporate Governance Officer. The secretarial Dept. serves as the secretary of the board of directors to promote</p> | None |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----------------------|----|--|--|
| | Yes | No | Abstract Illustration | |
| information that board directors and supervisors request to perform their duties, ensuring the general affairs of board meetings and shareholders’ meetings are held in accordance with regulations, applying and changing of company registration, and taking meeting minutes for board meetings and shareholders’ meetings.) | | | <p>corporate governance. Each member of the Secretarial Dept. has more than 20 years' working experience in the management of legal affairs and board affairs.</p> <p>2. 2. The main responsibilities are as follows:</p> <ul style="list-style-type: none"> • Convene internal corporate governance regulations seminars twice a year. • Develop company and organizational structure to promote the independence of the board of directors, transparency, corporate governance, and internal control. • Plan to convene the Board of Directors and Audit Committee and their agenda at least prior 7 days before the meetings with sufficient meeting information to facilitate the directors to understand the contents of the relevant issues and conflict of interests in advance. • To registry the date of the shareholders' meeting every year, and to issue the meeting notice, annual report and handbook in both English and Chinese. The relevant documents shall be approved by the vice president and president. • To survey the Board’s performance evaluation and report to the board of directors annually. <p>3. Training hours for Corporate Governance Officer have been declared to MOPS</p> | |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----------------------|----|---|--|
| | Yes | No | Abstract Illustration | |
| | | | according to the regulations. | |
| 5. Does the company establish a communication channel and build a designated section on its website for stakeholders, as well as handle all the issues they care for in terms of corporate social responsibilities? | V | | The Company provides “Stakeholder Area” section of the Company’s website for the communication channel with shareholders and stakeholders with respect to any CSR issues. http://www.acc.com.tw/ | None |
| 6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs? | V | | The Company designates stock agency, Oriental Security Corporation, to deal with shareholder affairs. | None |
| 7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance? | V | | The Company has set up a Chinese/English website (www.acc.com.tw) to disclose information regarding the Company’s financials, business and corporate governance status. | None |
| (2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? | V | | The Company has assigned a spokesman or his deputy to handle information collection and disclosure. The Company will also convene the institutional investors’ conference upon request and post relevant information on MOPS and ACC website. Please refer to Section 3.3.5 8(2) Investor Relations of this Annual Report. | 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 stakeholders, | V | | (1) Status of employee rights and employee wellness: Please refer to the “Section 5.5 Labor Relation” of this Annual Report. (2) Investor Relations: | None |

| Evaluation Item | Implementation Status | | Abstract Illustration | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----------------------|----|---|--|
| | Yes | No | | |
| directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)? | | | <p>For the efficient communication between investors and the Company, in addition to the spokesman or his deputy, the Company specifies its Finance Department to serve as investor relation contact. Moreover, the Company will attend or hold investor conference if necessary. In order to ensure the information symmetry of disclosure, the Company will post relevant information and materials to MOPS and the Company's website.</p> <p>(3) Supplier relations: The Company regards our suppliers as partners. Except requiring good service, high quality, and reasonable prices to our suppliers, the Company also brings our construction contractors into its safety management system, and set up safety regulations for contractors, such as access control and issuing construction permission, and holds training courses to help contractors fulfill safety requirements.</p> <p>(4) Stakeholders’ Rights: For the transparency and timely disclosure of the Company, the information of finance, business, and corporate governance could be accessed on the Company’s website and MOPS in both Chinese and English.</p> <p>(5) The training for directors:</p> | |

| Evaluation Item | Implementation Status | | Abstract Illustration | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|-----------------|-----------------------|----|---|--|
| | Yes | No | | |
| | | | <p>Please refer to section 3.3.8 for detail.</p> <p>(6) Risk managements and assessments: Based on the principles of “protecting assets, promote interests, reducing damages and ensuring sustainable development” of the Company, the Company forms its company organization with functions of risk management. Please refer to section 3.1.2 for detail. Besides of routine business goals, each departments of the Company would timely adjust to rapidly-changing world for risk management.</p> <p>(7) Customer policy: The Company serves its customers with the principles of “good service, high quality, and reasonable prices, and customer-oriented”. The Company will also meet all customers’ need by stringent quality control.</p> <p>(8) Responsibility insurance purchase for directors and supervisors: On November 8, 2019, the Board of Directors agreed to renew the liability insurance for directors, and supervisors, and important employees of the Company and affiliates in the consolidated financial statements, and it took effect on December 1, 2019.</p> | |

| Evaluation Item | Implementation Status | | | Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----------------------|----|---|--|
| | Yes | No | Abstract Illustration | |
| 9. Base on the result of ”Corporate governance Evaluation” announced by TWSE (Taiwan Stock Exchange Corporation) in a recent year to illustrate the status of matters have been already improved and priority measures to reinforce matters haven’t been improved : | V | | The Company was ranked 6%~20% in “the 2019 Corporate Governance Evaluation” by the TWSE. This year will focus on improving non-scored items: whether the company website or annual report exposes the integrity management policy, as well as the specific practices and prevention of dishonesty. Improvement: The Board of Directors has amended the company's code of integrity management on March 25, 2020, and instructed Corporate Governance Officer and HR Dept. to report to the BOD regularly with education and training issues. | None |

3.3.6 The Composition, Duty, and Implementation Status of the Remuneration Committee

1. Professional Qualifications and Independence Analysis of Members of the Remuneration Committee

| Position ¹ | Criteria Name | Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience | | | Independence Criteria ² | | | | | | | | | | Number of Other Public Companies in Which the Individual is Concurrently Serving as an Members of the Remuneration Committee | Note ³ | | |
|-----------------------|------------------|--|---|--|------------------------------------|---|---|---|---|---|---|---|---|----|--|-------------------|---|-----|
| | | 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 Junior College, College or University | A Judge, Public Prosecutor, Attorney, Certified Public Accountant, 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 | Chi Schive | v | | v | v | v | v | v | v | v | v | v | v | v | v | v | 1 | Yes |
| Independent Director | Ta-Chou Huang | v | | v | v | v | v | v | v | v | v | v | v | v | v | v | 1 | |
| Other | M.X. Lin | | | v | v | v | v | v | v | v | v | v | v | v | v | v | 1 | - |

* The term of the Remuneration Committee started on June 27, 2017.

* According to Art. 12 of Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers, the number of remuneration committees shall not be less than three, and more than half of the members shall be independent directors. The Board of Directors changed the members of the Remuneration Committee on May 10, 2019. The current remuneration committee is composed of two independent directors, Chi Schive and Ta-Chou Huang.

Note1: Please specify the members' position: director, independence director or others.

Note2: Please tick the corresponding boxes if each member has been any of the following during the two years prior to being elected or during the term of office.

1. Not an employee of the company or any of its affiliates.
2. Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
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 of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors

appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.
9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
10. Not been a person of any conditions defined in Article 30 of the Company Law.

Note3: If the member is a director, please specify whether he/she fulfills the qualification set in the paragraph 5, Article 6 of the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded over the Counter.”

2. Implementation Status of the Remuneration Committee

There are 3 members of the Remuneration Committee. Their terms of office start from June 27, 2017 to June 26, 2020. Totally, 2 meetings of the Remuneration Committee were held in the latest year. Members' attendance condition was as follows:

| Position | Name | Attendance in Person | Attendance in Proxy | Attendance rate | Notes |
|----------|---------------|----------------------|---------------------|-----------------|-----------|
| Convener | Chi Schive | 2 | 0 | 100 | Incumbent |
| Member | Ta-Chou Huang | 2 | 0 | 100 | Incumbent |
| Member | M.X. Lin | 2 | 0 | 100 | Incumbent |

Other mentionable items:

1. If the board of directors declined to adopt, or modified a recommendation of the Remuneration Committee, please specify the date, term, content, resolution, and the Company's processing situations for Remuneration Committee's resolution: None.

| Meeting Date | Discussion item | Approve | Opinion processing situations |
|--------------|---|---------|--|
| 2019/03/18 | President and vice president's 2018 performance evaluation | V | All members present at the meeting agreed to pass the items without objection. |
| | 2018 directors' and employees' remuneration | V | |
| | President and vice president's 2019 performance evaluation items | V | |
| 2019/11/05 | 2018 directors', president's, and vice presidents' remuneration, and the situation of the cement industry | V | . |

2. If any objections or reservations expressed by any committee member in record or in written to Remuneration Committee's resolution, please specify the date, term, content, and the committee's processing situations for objections or reservations: None.

3.3.7 Corporate Social Responsibility

| Evaluation Item | Implementation Status | | | Deviations from “the CSR Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons |
|--|-----------------------|----|--|---|
| | Yes | No | Abstract Explanation | |
| 1. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies? | V | | <p>The Company enacted “Corporate Social Responsibility Policy” on Nov. 11, 2014 and published first CSR report on Dec. 2014. These have been disclosed on the Company’s website.</p> <p>The CSR Committee (operated by the Secretarial Department) will report to the Board on May and November about the implement status and review of the CSR policy. The Company also briefed to the shareholders' meeting held on June 26, 2018 on the CSR implement plans and its results which is disclosed in the Company's website and CSR Report.</p> <p>The Company's corporate social responsibility policy and CSR report have been disclosed on the Company's website.</p> <p>After the mining rights extension of the Hualien Plant was approved, it caused dissatisfaction of environmental groups and misunderstandings of the indigenous tribes. After 3 years of communication, there has been a goodwill feedback on "home security" and "truth investigation".</p> | None |
| 2. The company establishes exclusively (or concurrently) dedicated units to be in charge of proposing and enforcing the corporate social responsibility policies. | V | | <p>CSR Committee established on Nov. 11, 2014 and is responsible for investigating and identifying CSR issues (operated by the Secretarial Department).</p> <p>The CSR Committee will report to the Board on May and November about the implement status and review of the CSR policy. The Secretarial Department will report the effectiveness about CSR activity twice a year.</p> | None |
| 3. Fostering a Sustainable Environment (1)The company establishes proper environmental management systems based | V | | <p>In November 1996, the Hualien plant of the Company became one of the first organizations in Taiwan to receive ISO-14001 certification. This management system was completed by the Hualien plant personnel itself based on the</p> | None |

| | | | | |
|---|---|--|---|------|
| on the characteristics of their industries. | | | Plant's good practice on environmental protection, and this has turned the Plant into a role model of Eco-friendly cement manufacturer. | |
| (2)The company endeavors to utilize all resources more efficiently and uses renewable materials which have a low impact on the environment. | V | | For many years, the Company is devoted to enhance its utilization efficiency of resources and to use renewable materials, such as slag and gypsum from steelworks and power plants. This can greatly reduce the need for natural resources. | None |
| (3)The company establishes dedicated units or assigns dedicated personnel for environment management to maintain the environment. | V | | The Hualien plant was the pioneer for implement ISO 14064-1 greenhouse air emission inspection since 2003. The Plant was awarded "Excellent Company for Voluntary Reduction of Greenhouse Gas Emissions" in 2009, 2011, 2013, 2015, 2016, and 2017 by the Industrial Development Bureau, MOEA. Please refer to our CSR report for more information. | None |
| (4)The company monitors the impact of climate change on its operations and should establish company strategies for energy conservation and carbon and greenhouse gas reduction. | V | | Please refer to our CSR report for more information. | None |
| 4. Social issues (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights? | V | | The Company complies with all national regulations and international labor human rights norms, including international labor conventions, the UN Universal Declaration of Human Rights and other norms. The Company also formulates policies that are in line with business ethics, environmental, social issues, human rights and other public policy. Implements status is disclosed in annual reports, CSR report, or the Company's website. 1. The Company fully complies with Labor Standards Law and other regulations, emphasizes the balance between working, family and leisure life, and prohibits child labor and all other forms of forced labor and discrimination. 2. In order to establish a gender equality workplace, the Company provides | None |

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|--|---|--|------|
| | | <p>childcare leave, family care leave, physiology leave, maternity leave, paternity leave, and breastfeeding room.</p> <p>3. Every year, the Company arranges employee health examinations, holds health seminars, and promotes the employee assistance program (EAP). For details, please refer to the 5.5 Labor Relations and the CSR Report.</p> <p>4. Human Resource Committee of the Company follows the provisions of Article 18, Item 2 of the Code of Practice for Corporate Social Responsibility, formulates the human rights policy of the Company, and regularly evaluates the impact of the Company's operating activities and internal management on human rights, and has corresponding procedures.</p> <p>5. Specific management plan: The Company provided training on human-rights related issues in 2019 (including corporate social responsibility in human rights practice, cross-cultural communication and understanding, labor education, health management and mental health related courses) with total 55 courses for 120 hours and 1,410 trainees.</p> | |
| (2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries? | V | <p>Article 25 of the Company's AOI stipulates that: if the Company makes a profit in the year, it shall allocate 1.0% to 4.0% as employee remuneration. The remuneration policy clearly states that employee remuneration includes performance bonuses, and the calculation of the bonus is based on the Company's operating performance for the year.</p> <p>1. When formulating the remuneration system, the Company will be equal regardless of gender, age, race, socioeconomic class, religion, and marital and family status, except for education level, work experience, license and professional skills.</p> <p>2. In order to plan a fair and reasonable remuneration system, the Company also participates in market salary surveys every year to ensure that the Company's employees are ranked among the best in the industry.</p> <p>※ In 2019, the Company was renewed as a constituent stock of the "Taiwan High Salary 100 Index" by the stock exchange.</p> <p>3. Thanks to the rational participation of the labor unions of Hsinchu and Hualien plant for years in achieving the Company's remuneration policy. The Company and the Unions were awarded the "2013 Signed Group Agreement Outstanding Unit" issued by the Ministry of Labor</p> | None |

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| | | <p>4. Employee performance, training and volunteer services are all included in the performance assessment of the "employee work rules", and there is a clear reward and punishment system. Please refer to the CSR report for a description of sustainable and happy workplace.</p> <p>5. The company will consider the company's profitability every year, and make salary adjustments or promotions based on individual performance results. The average salary adjustment range is 1% to 3%.</p> | |
| (3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis? | V | Please refer to Section 5.5 "Labor Relation" for detail. | None |
| (4) Does the company provide its employees with career development and training sessions? | V | <p>For employees' career development and training sessions, in addition to relevant management skills, the Company provides systematic training courses to strengthen the employees' abilities and enhance the competitiveness of both employees and corporation.</p> <p>Recently, the Company cooperates with Yuan Ze University to conduct employee career development training programs for a 2-years period.</p> <p>Please refer to our CSR report for more information.</p> | None |
| (5) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented? | V | <p>The Company has set up a standard operation procedure dealing with customers' complaint and protects consumers' health and safety. Besides, the Company will keep the transparency of information to meet customers' need while consumers' personal information will be kept security according to Personal Information Protection Act.</p> <p>All products and services of the Company are advertised and labeled according to relevant regulations and international standards.</p> <p>Asia Cement received CNS Mark for Portland Cement (Type 1) since Sep. 22, 1961. Thus, the Company received "Special Honor for CNS Mark" for using CNS Mark more than 50 years on Oct. 2011.</p> <p>The trademark of "Skyscraper Cement" of the Company is registered pursuant to the Trademark Law.</p> | None |

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|--|---|--|-------|
| | | <p>All authorized uses of “Skyscraper Cement” to our subsidiaries in China are approved by China’s Trademark Office of the State Administration for Industry and Commerce.</p> <p>The Company serves our customers with the principles of “customer-oriented good service, high quality, and reasonable prices”.</p> <p>To protect consumers’ rights, the Company sets up consumer services to manage consumers’ complaints from domestic and oversea clients. The Hsinchu and Hualien plants will manage our product quality to meet all customers’ need.</p> <p>Domestic and Foreign Sale Departments have set up "management practices for customer satisfaction" which establishes an effective communication channel for our clients.</p> | |
| <p>(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.</p> | V | <p>Our Purchasing Department has "supplier evaluation procedures". Suppliers certified with ISO-9000, CNS marks, or other quality inspection mark will be rated as excellent suppliers.</p> <p>Furthermore, the Purchasing Department will assess the past impact of the supplier on CSR issues, such as ethics behaviors, legal compliance, matters relating to the health and security. This would be important basis for contractor selection. Please refer to Section 3.3.5 “Supplier relations” for detail.</p> <p>Upon the signing of any contract, the Company will require every supplier to follow labor laws, avoid environmental hazards, and commit to CSR policy. Whenever violation occurs, the Company has the right to terminate the contract.</p> <p>Please refer to our CSR report for more information.</p> | None |
| <p>5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social</p> | V | <p>The Company’s CSR report was prepared in accordance with the GRI Standards and verified by SGS Taiwan Limited in according with AA 1000 Assurance Standard.</p> | None. |

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|--|--|--|--|--|
| responsibility reports? Do the reports above obtain assurance from a third party verification unit? | | | | |
| 6. Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies: None. | | | | |
| 7. Other useful information for explaining the status of corporate social responsibility practices: Please refer to section 5.4 “Expenditures on Environmental Protection” and CSR report for more information. | | | | |

* CSR website: <https://csr.acc.com.tw/en/>

3.3.8 Implementation Status of Ethical Management

| Evaluation Item | Implementation Status ¹ | | | Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons |
|---|------------------------------------|----|---|--|
| | Yes | No | Abstract Illustration | |
| 1. Establishment of ethical corporate management policies and programs (1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy? | V | | 1. “Codes of Ethical Conduct” and “Principles for Ethical Management” of Asia Cement Corporation have been adopted by Board of Directors on June 27, 2012 and reported to the 2013 shareholders’ meeting. “Principles for Ethical Management” was amended on March 25, 2020. 2. The Company has post “Codes of Ethical Conduct” and “Principles for Ethical Management” on the Company’s intranet for compliance. 3. The Company has also promoted “Codes of Ethical Conduct” and “Principles for Ethical Management” to its suppliers and contractors. | None |

| Evaluation Item | Implementation Status ¹ | | | Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons |
|--|------------------------------------|----|---|--|
| | Yes | No | Abstract Illustration | |
| <p>(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> | | | <p>The Company establish precautions for directors, managers, employees for preventing high-potential unethical conducts:</p> <ol style="list-style-type: none"> 1. Set a standard distinguishing improper benefits, 2. Set procedures for political donations, 3. Set procedures for charity donations or sponsorship, 4. Set reporting and handling procedures to avoid job-related conflicts of interest, 5. Set an information firewall to prevent sensitive information or undisclosed information and to prevent the use of the non-disclosed information in insider trading, 6. Set working procedures dealing with dishonest actions involved by suppliers, customers, and trading partners and others, 7. Set working procedures dealing with violators of Principles for Ethical Management, 8. Set punishment for violators and reward for whistleblowers. | |
| <p>(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above</p> | | | <p>For the purpose of developing a corporate culture of ethical management and preventing unethical conduct, HR Department enacted “Working procedures and Guidelines for Ethical Management”. It clearly expresses all kinds of bad</p> | |

| Evaluation Item | Implementation Status ¹ | | | Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons |
|---|------------------------------------|----|--|--|
| | Yes | No | Abstract Illustration | |
| effectively and perform regular reviews and amendments? | | | <p>faith conducts, preventions, and punishments for violators.</p> <p>In order to implement the Company's “Codes of Ethical Conduct” and “Principles for Ethical Management”, the Board enacted “Working Procedures for Reporting Illegal, Unethical, and Dishonest Issues”, and also enacted “Complainant rules for employees”.</p> <p>Above mentioned rules are disclosed on the Company’s website (http://www.acc.com.tw/).</p> | |
| <p>2. Fulfill operations integrity policy</p> <p>(1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?</p> <p>(2) Does the company have a unit responsible for ethical corporate management on a full-time</p> | V | | <p>All suppliers of the Company signed “Codes of Conduct and Commitment Statement for Suppliers”. We will review, rate, and eliminate our suppliers based on past evaluation records and their implementations of CSR affairs.</p> <p>For fully implementation, the Purchasing Department has urged all suppliers to comply with our “Codes of Ethical Conduct” and “Principles for Ethical Management”. The Purchasing Department will include this item into commercial terms.</p> <p>The HR Department is responsible for formulating policy and supervising ethical management for the</p> | None |

| Evaluation Item | Implementation Status ¹ | | | Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons |
|--|------------------------------------|----|---|--|
| | Yes | No | Abstract Illustration | |
| <p>basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?</p> <p>(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?</p> <p>(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results</p> | | | <p>Company. It will report the implementation status to the Board on a regular basis.</p> <p>In addition to report implementation status of ethical management to the Board, the HR Department will also report to independent directors.</p> <p>The Company provides that no manager shall engage in any affairs with conflicts of interest to the Company unless otherwise released restriction by the Board and the shareholders’ Meeting.</p> <p>All members of our Board of Directors are highly disciplined. Once there are conflicts of interests, such member will not participate in discussion and voting of the issue according to relevant regulation and keep it in the meeting minutes.</p> <p>The Company also has standard procedures for employees to report any potential conflicts of interests.</p> <p>The Company has a strict accounting system and dedicated accounting department. For ensuring accuracy and transparency, all financial statements are audited or reviewed by Deloitte & Touche in</p> | |

| Evaluation Item | Implementation Status ¹ | | | Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons |
|--|------------------------------------|----|---|--|
| | Yes | No | Abstract Illustration | |
| <p>of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?</p> <p>(5) Does the company regularly hold internal and external educational trainings on operational integrity?</p> | | | <p>accordance with relevant regulation. In order to implement “Regulations Governing Establishment of Internal Control Systems by Public Companies” and “Principles for Ethical Management”, the Company has set up the Auditing Department which established its internal control system. And the Audit Department will regularly review and revise the internal control system. In addition, the Audit Department will develop and implement its annual internal audit plan in accordance with risk assessment.</p> <p>The Company does not use CPA for auditing.</p> <p>To establish corporate culture of ethical management and prevent unethical behaviors, the Company holds internal training sections for employees understanding our commitment to ethical management and policies.</p> <p>Our “Codes of Ethical Conduct”, “Principles for Ethical Management”, and relevant regulations have been posted on the Company's website and internal bulletin board.</p> <p>The Company provides online workplace ethics education training. The length is 80 minutes. In 2019, in addition to the continuous training of</p> | |

| Evaluation Item | Implementation Status ¹ | | | Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons |
|---|------------------------------------|----|---|--|
| | Yes | No | Abstract Illustration | |
| | | | employees, 30 new employees were required to be trained. | |
| <p>3. Operation of the integrity channel</p> <p>(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p> <p>(2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?</p> <p>(3) Does the company provide proper whistleblower protection?</p> | | | <p>The Board of Directors enacted “Working Procedures for Reporting Illegal, Unethical, and Dishonest Issues”, and also enacted “Complainant rules for employees” on May 13, 2015. Alleged violator has the right to appeal to the investigation team while investigation hearing could be made if necessary.</p> <p>According to the above rules, the Company will treat all complaint confidentially and protect whistleblowers. The identification informants of whistleblowers will be kept confidential. The Company will also ensure that whistleblowers won’t be revenged because of reporting improper issues.</p> <p>Above mentioned rules are disclosed on the Company’s website.</p> | None |
| <p>4. Strengthening information disclosure</p> <p>(1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?</p> | | | Our “Codes of Ethical Conduct”, “Principles for Ethical Management”, and relevant regulations have been posted on the Company’s website and internal bulletin board. | None |

| Evaluation Item | Implementation Status ¹ | | | Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons |
|---|------------------------------------|----|--|--|
| | Yes | No | Abstract Illustration | |
| | | | <p>The Company has designated employees responsible for disclosing relevant information on MOPS and the Company's website (http://www.acc.com.tw).</p> <p>Since the adoption of Principles for Ethical Management, there is no violation needed to be disclosed.</p> | |
| <p>5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation.</p> <p>There have been no differences.</p> | | | | |
| <p>6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies).</p> <p>The company adds integrity information to the procurement system to ensure supplier compliance, and there are appeal channels available. The Company treats its employees and business partners with the highest standards of ethical conducts. Any bribery or unethical conducts made by its employees or suppliers will be punished, such as disposition, rejection of transaction, or legal prosecution.</p> | | | | |

- ◎ Access to Corporate Governance Best-Practice Principles and relevant regulations: Please visit the Company's website at <http://www.acc.com.tw>.
- ◎ Any other important information to facilitate better understanding of the Company’s corporate governance practices: None.
- ◎ During the most recent fiscal year and the current fiscal year up to the date of printing of this annual report, any punishment occurred for the Company and its employees violating laws, and any punishment, fault and improvement occurred for the Company’s employees against the regulations of Internal Audit System: None.
- ◎ To appoint certified accountants to audit internal audit system: None.

3.3.9 The Training for Directors

| Name | Date | Organizer | Course Title and Lecturer | Hours |
|--|--------------|---------------------------------------|--|-------|
| <u>Directors</u> Douglas Tong Hsu Tsai Hsiung Chang Johnny Shih Peter Hsu Kun Yen Lee Connie Hsu C.V.Chen C.K.Chang Chin-Der Ou Champion Lee <u>Independent Directors</u> Ta-Chou Huang Chi Schive Gordon S.Chen | Jul.23,2019 | Taiwan Academy of Banking and Finance | Board Operations Practice and Corporate Governance Workshop | 3 |
| <u>Directors</u> Douglas Tong Hsu Tsai Hsiung Chang Johnny Shih Kun Yen Lee Connie Hsu C.K.Chang Chin-Der Ou Champion Lee Kwan-Tao Li <u>Independent Directors</u> Ta-Chou Huang | Nov.14,2019 | Taiwan Academy of Banking and Finance | Board Operations Practice and Corporate Governance Workshop | 3 |
| <u>Directors</u> Peter Hsu | May.8,2019 | Corporate Governance Association | Important Issues of Group Corporate Governance | 3 |
| <u>Directors</u> Peter Hsu | Aug.2,2019 | Corporate Governance Association | Cloud Computing: The benefit and the risk | 3 |
| <u>Directors</u> Ruey Long Chen | Sep.3,2019 | Securities & Futures Institute | Directors and supervisors in the performance of their duties and principles of business judgment | 3 |
| <u>Directors</u> Ruey Long Chen | Sep.3,2019 | Securities & Futures Institute | The development of international and Taiwan's anti-tax avoidance and the ways for enterprises to respond | 3 |
| <u>Directors</u> Kwan-Tao Li | Dec.10,2019 | Corporate Governance Association | Viewing the impact of economic substantive law and global anti-tax avoidance on corporate governance from the perspective of directors and supervisors | 3 |
| <u>Directors</u> C.V. Chen | Sep. 18,2019 | Corporate Governance Association | Discussion on the influence of new law on Money Laundering Prevention on enterprises | 3 |
| <u>Independent Directors</u> Chi Schive | Sep. 24,2019 | Corporate Governance Association | Anti-money laundering and bribery risk practices | 3 |
| <u>Independent Directors</u> Gordon S.Chen | Nov.25,2019 | TWSE | Publicity meeting for effective use of directors' functions | 3 |

3.3.11 The Execution Status of Internal Control System

Asia Cement Corporation Statement of Internal Control System

Date: March 25, 2020

Asia Cement Corporation(ACC) has conducted a self-inspection of internal control system during 2019. The results are as follows:

ACC acknowledges that the implementation and maintenance of internal control system is the responsibility of Board of Directors and managerial level, and ACC has established such system. It is aimed to reasonably ensure that the goals such as effective and efficient operations (including profitability, performance, and safeguard of assets), the reliability, timeliness, transparency, and regulatory compliance of reporting , and the compliance with applicable laws and regulations are achieved.

The internal control system has its inherent limitations; whatever a perfect design is, an internal control system can provide only reasonable assurance that the above-mentioned goals will be achieved; besides, owing to the change of environment and circumstances, the effectiveness of internal control system will be changed accordingly. However, the internal control system of ACC is equipped with self-monitoring mechanisms and ACC will take corrective action once defect is identified.

According to the criteria for the internal control system as specified in “Guidelines for Implementation of Establishing Internal Control System by Public Listed Companies”(hereinafter referred to as “Guidelines,”) ACC evaluates the effectiveness of its internal control system. The said Guidelines divide internal control system into five components: (1) Control Environment, (2) Risk Assessment, (3) Control Operations, (4) Information and Communication, and (5) Monitoring. Each component includes certain items. For the foregoing items, please refer to “Guidelines”.

ACC has adopted the aforesaid criteria for internal control system to evaluate the effectiveness of design and implementation of internal control system.

Based on the findings of the evaluation mentioned in the preceding paragraph, ACC believes that as at December 31, 2019 its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for knowledge of the degree of achievement of operational effectiveness and efficiency objectives, the reliability, timeliness, transparency, and regulatory compliance of reporting , and the compliance with applicable laws and regulations, was effectively designed and operating, and reasonably assured the achievement of the above-stated objectives.

This statement comprises the entire annual report and public brochure, and will be publicly disclosed. If the aforesaid statement has any unlawful attempt such as pretence and concealment, ACC will assume the legal responsibilities according to Article 20, 32, 171 and 174 of Securities and Exchange Law.

This statement has been approved by ACC Board of Directors at the meeting of March 25, 2020 with 15 directors in presence and none disagreement with the content of this statement.

Asia Cement Corporation

Chairman: Douglas Tong Hsu

President: K.Y. Lee

3.3.12 Major Resolutions of Shareholders' Meeting and Board Meetings

1. Major resolution of 2018 Regular Shareholders' Meeting

| Date | Major resolutions |
|------------------|---|
| 2019/06/24 | <ol style="list-style-type: none"> 1. Acceptance of 2018 financial statements and consolidated financial statements 2. Acceptance of the proposal for distribution of 2018 profits. 3. Amendment to "Articles of Incorporation of Asia Cement Corporation". 4. Amendment to "Procedure for Acquisition and Disposal of Assets". 5. Amendment to "Procedure for Making Endorsements and Guarantees". 6. Amendment to "Procedure for Loan to Others". |
| Execution Status | <p>Major resolutions of the Shareholders' meeting have been fully implemented.</p> <ol style="list-style-type: none"> 1. The record date for distribution of 2018 profits was Jul. 30, 2019. Cash dividends have been distributed on Aug. 16, 2019. 2. Relevant amendments have been disclosed on our website. |

2. Major Resolutions of the Board of Directors

Totally 6 meetings of the Board of Directors were held in the period from Jan. 1, 2019 to May 12 2020. Directors have no opposition to major resolutions in this period.

Regarding the items listed in Article 14(3) of the Securities Exchange Act, all attended independent directors approved without disagreement.

| Date | Major resolutions |
|------------|--|
| 2019/03/21 | <ol style="list-style-type: none"> 1. Acceptance of the 2018 employees' compensation and Directors' and Supervisors' remuneration. 2. Acceptance of 2018 financial statements and consolidated financial statements. 3. Acceptance of the proposal for distribution of 2018 profits. 4. Acceptance of 2019 business budget. 5. Acceptance of 2019 CPA service fee of Deloitte & Touche. 6. To convene 2019 regular shareholders' meeting. 7. Acceptance to issue 2018 Statement of Internal Control System. 8. Amendment to the "internal control system". 9. Amendment to the "accounting system". 10. To issue medium and long-term unsecured commercial paper with total amount not exceeding NT\$10 billion in order to repay the loan, enrich the medium and long-term working capital, and strengthen the financial structure. 11. To issue unsecured corporate bonds in once or in a batch with total amount not exceeding NT\$10 billion in order to repay the loan, enrich the medium and long-term working capital, and strengthen the financial structure. 12. To issue a letter of support for the Company's subsidiary, Chiahui Power Corp., for 20-year-term NT\$10.5 billion syndicated loan. 13. Amendment to "Articles of Incorporation of Asia Cement Corporation" 14. Amendment to "the Working Procedures for the Acquisition and Disposal of Assets". 15. Amendment to "the Procedure for Making Endorsements and Guarantees" 16. Amendment to "the Procedure for Loans of Funds to Others" 17. Amendment to "the Procedure for Employee Retirement. |
| 2019/05/10 | <ol style="list-style-type: none"> 1. Acceptance of 2018 Business Report. 2. Amendment to "Corporate Governance Code", "Meeting Rules of the Board of Directors", "Organization Rules of the Audit Committee" and "Organization Rules for the Remuneration Committee". 3. To change the member of remuneration committee. 4. To set up Corporate Governance Officer. |

| | |
|------------|---|
| 2019/08/09 | 1. Amendment to the "internal control system" and its implementation rules. |
| 2019/11/09 | <ol style="list-style-type: none"> 1. To accept 2020 audit plan. 2. Amendment to the "internal control system". 3. To issue unsecured corporate bonds in once or in a batch with total amount not exceeding NT\$10 billion in order to repay the loan, enrich the medium and long-term working capital, and strengthen the financial structure. 4. To purchase liability insurance for directors, and supervisors, and important employees of the Company and its affiliates in the consolidated financial statements. |
| 2020/03/25 | <ol style="list-style-type: none"> 1. Acceptance of the 2019 employees' compensation and Directors' and Supervisors' remuneration. 2. Acceptance of 2019 financial statements and consolidated financial statements. 3. Acceptance of the proposal for distribution of 2019 profits. 4. Acceptance of 2020 business budget. 5. Acceptance of 2019 CPA service of Deloitte & Touche. 6. To Elect Directors and Independent Directors. 7. To convene 2019 regular shareholders' meeting. 8. To release the prohibition on Directors from participation in competitive business 9. Acceptance to issue 2019 Statement of Internal Control System. 10. To issue unsecured corporate bonds in once or in a batch with total amount not exceeding NT\$20 billion in order to repay the loan, enrich the medium and long-term working capital, and strengthen the financial structure. 11. Amendment to "Articles of Incorporation of Asia Cement Corporation". 12. Amendment to "Meeting Rules for Shareholders' Meeting". 13. Amendment to "Meeting Rules for Board of Directors' Meeting". 14. Amendments to "Principles for Ethical Management of Asia Cement Corporation" |

3.3.13 Resignation or dismissal of the chairman, president, accounting manager, finance manager, auditing manager, and R&D manager of the Company : None.

◎The Board of Director approved "the Procedure Dealing with Internal Material Information of Asia Cement Corporation" on December 21, 2009 and modified on August 10, 2017. This Procedure has been posted on the Company's electronic bulletin board.

3.4 Information of CPA Service Fee

1. Information of CPA service fee

| Accounting Firm | Name of CPA | Audit Fee | Non-audit Fee | | | | Subtotal | Audit period |
|-------------------|-------------|-----------|---------------|-----------------------|----------------|--------------|----------|-----------------------|
| | | | System design | Business Registration | Human Resource | Other (Note) | | |
| Deloitte & Touche | X.W. Tai | 7,560 | 0 | 10 | 50 | 874 | 934 | 01/01/2019-12/31/2019 |
| | Y. W. Fan | | | | | | | |

Note: Others including (1)Transfer Pricing report 280 thousands (2)Application of tax rulings 300 thousands (3)Audit fee for investment in mainland china 80 thousands (4)Corporate Bonds issuance expenses and opinions 214 thousands.

2. If the audit fee in the year CPA firm changes is lower than that in the prior year, specify the amount of audit fee before and after and the reason: None.
3. If the audit fee dropped year on year by more than 10%, specifies the amount, percentage, reason of the reduction: None.
4. Change of CPA in recent two fiscal years and subsequent periods:
The Company commissioned Deloitte & Touche-Taiwan to audit the financial statements. Due to internal function adjustments in Deloitte & Touche-Taiwan, the audit has been commissioned from CPA Li Wen Kuo and Yu Wei Fan to CPA Shin Wei Tai and Yu Wei Fan since 2019Q1.
5. The ACC Chairman, President, and managers who are responsible for finance and accounting do not have any position at CPA Firm or its affiliated companies in the most recent fiscal year.

3.5 Relevant licenses and certificates obtained about transparent financial information

| Department | Name | Title | Licenses and Certificates |
|------------|----------------|--------------------------|--|
| Finance | Doris Wu | Executive Vice President | CPA, Taiwan and United States |
| Finance | Yu Ling Yang | Assistant Vice President | CPA, Taiwan and China |
| Finance | Ya Ping Li | Manager | CPA, Taiwan |
| Finance | Yu De Liao | Deputy Manager | Certified Internal Auditor Certified Information Systems Auditor |
| Finance | Wei Zhong Chen | Section Chief | Chartered Financial Analyst |
| Auditing | Chi Wen Lu | Assistant Specialist | Certified Internal Auditor Certification in Risk Management Assurance |
| Accounting | Jia Ning Hsu | Senior Clerk | CPA, Taiwan |
| Accounting | Guang Ren Peng | Assistant Administrator | CPA, United States |
| Accounting | Ying Bei Lin | Assistant Administrator | CPA, Taiwan |
| Accounting | Bi Chen Weng | Assistant Administrator | CPA, Taiwan |

3.6 Changes in Shareholdings and pledge of Directors, Supervisors, Managers, and Shareholders with more than 10% Shareholding

1. Changes in Shareholdings:

| Title | Name | Shareholding on Dec. 31, 2019 | | Shareholding on Apr. 25, 2020 | |
|--------------------------------|---|-------------------------------|---------------------------|-------------------------------|---------------------------|
| | | Changes of Shares | Changes of Shares Pledged | Changes of Shares | Changes of Shares Pledged |
| Chairman | Douglas Tong Hsu | — | — | — | — |
| Director | Far Eastern New Century Corporation ⁴ | — | — | — | — |
| | T.H. Chang | — | — | — | — |
| | Johnny Shih | — | — | — | — |
| | C.V. Chen | — | — | — | — |
| Director | Bai-Yang Investment Holdings Corporation | — | — | — | — |
| | Chin-Der Ou | — | — | — | — |
| Director | U-Ding Corporation | — | — | — | — |
| | K.Y. Lee | — | — | — | — |
| Director | Far Eastern Y.Z. Hsu Science And Technology Memorial Foundation | — | — | — | — |
| | Peter Hsu | — | — | — | — |
| | C.K. Chang | — | — | — | — |
| Director | Ta Chu Chemical Fiber Co.,Ltd | — | — | — | — |
| | Ruey Long Chen | — | — | — | — |
| Director | Huey Kang Investment Corporation | — | — | — | — |
| | Connie Hsu | — | — | — | — |
| Director | Far Eastern Medical Foundation Champion Lee | — | — | — | — |
| Director | U-Ming Corporation K.T. Li | — | — | — | — |
| Independent Director | Ta-Chou Huang | — | — | — | — |
| Independent Director | Chi Schive | — | — | 20,000 | — |
| Independent Director | Gordon S. Chen | — | — | — | — |
| President | K.Y. Lee | — | — | — | — |
| Chief Executive Vice President | Y.F. Chang | — | — | — | — |

⁴ The majority shareholder with holding more than 10% share of the Company.

| Title | Name | Shareholding on Dec. 31, 2019 | | Shareholding on Apr. 25, 2020 | |
|--------------------------|-------------|-------------------------------|---------------------------|-------------------------------|---------------------------|
| | | Changes of Shares | Changes of Shares Pledged | Changes of Shares | Changes of Shares Pledged |
| Executive Vice President | Doris Wu | — | — | — | — |
| Vice President | C.M. Chen | — | — | — | — |
| Vice President | W.K. Chou | — | — | — | — |
| General Plant Manager | Z.P. Chang | — | — | — | — |
| Vice President | T.L. Yu | — | — | — | — |
| Deputy Chief Auditor | W.H. Yeh | — | — | — | — |
| Special Assistant | T.M. Chen | — | — | — | — |
| Accounting Manager | H.Y. Kao | — | — | — | — |
| Assistant Vice President | Dana Lee | — | — | — | — |
| Assistant Vice President | Karen Yang | — | — | — | — |
| Manager | Z.H Zhong | — | — | — | — |
| Manager | Gary Lee | — | — | — | — |
| Plant Manager | Z.X. Zhuang | — | — | — | — |

2. Shareholders transfer information: Since the relative transfer of shareholders is non-related person, so there is no information on this information.
3. Shareholders pledge information: no shareholders pledged.

1.7 Information Disclosing the Relationship between any of the Company's Top 10 Shareholders

| Name | Shares Held | | Shares of Spouse & Minor | | Total Shareholding Held In The Name of Others | | The name and relation of top10 shareholders who mutually have relations that meet the definition of the "affiliate", or mutually are spouses or within two degrees of kinship | |
|---|-------------|--------|--------------------------|----|---|----|---|--|
| | Shares | % | Shares | % | Shares | % | Name | Relation |
| Far Eastern New Century Corp. Representative: Douglas Tong Hsu | 750,511,324 | 22.33% | 0 | 0% | 0 | 0% | Far Eastern Medical Foundation | The Same Chairman |
| | | | 0 | 0% | 0 | 0% | Labor Pension Fund Committee of Far Eastern New Century Corporation | Non-related party |
| | | | 0 | 0% | 0 | 0% | Yuan Ding Investment Company | The Same Chairman |
| | | | 0 | 0% | 0 | 0% | Yuanta/P-shares Taiwan Dividend Plus ETF | Non-related party |
| | | | 0 | 0% | 0 | 0% | Far Eastern Department Stores Co., Ltd. | The Same Chairman |
| | | | 0 | 0% | 0 | 0% | Yuan-Ze University | The Same Chairman |
| | | | 0 | 0% | 0 | 0% | Far Eastern Memorial Foundation | Chairman is the Director of the Foundation |
| | | | 0 | 0% | 0 | 0% | Yu Yuan Investment Co., Ltd | Non-related party |
| Far Eastern Medical Foundation Representative: Douglas Tong Hsu | 181,566,797 | 5.40% | 0 | 0% | 0 | 0% | Far Eastern New Century Corporation | The Same Chairman |
| | | | 0 | 0% | 0 | 0% | Labor Pension Fund Committee of Far Eastern New Century Corporation | Non-related party |
| | | | 0 | 0% | 0 | 0% | Yuan Ding Investment Company | The Same Chairman |
| | | | 0 | 0% | 0 | 0% | Yuanta/P-shares Taiwan Dividend Plus ETF | Non-related party |
| | | | 0 | 0% | 0 | 0% | Far Eastern Department Stores Co., Ltd. | The Same Chairman |
| | | | 0 | 0% | 0 | 0% | Yuan-Ze University | The Same Chairman |

| Name | Shares Held | | Shares of Spouse & Minor | | Total Shareholding Held In The Name of Others | | The name and relation of top10 shareholders who mutually have relations that meet the definition of the “affiliate”, or mutually are spouses or within two degrees of kinship | |
|---|-------------|-------|--------------------------|----|---|----|---|--|
| | Shares | % | Shares | % | Shares | % | Name | Relation |
| | | | 0 | 0% | 0 | 0% | Far Eastern Memorial Foundation | Chairman is the Director of the Foundation |
| | | | 0 | 0% | 0 | 0% | Yu Yuan Investment Co., Ltd | Non-related party |
| | | | 0 | 0% | 0 | 0% | Yu Chang Investment Company | Non-related party |
| Labor Pension Fund Committee of Far Eastern New Century Corporation | 51,999,049 | 1.55% | 0 | 0% | 0 | 0% | Far Eastern New Century Corporation | Non-related party |
| | | | 0 | 0% | 0 | 0% | Far Eastern Medical Foundation | Non-related party |
| | | | 0 | 0% | 0 | 0% | Yuan Ding Investment Company | Non-related party |
| | | | 0 | 0% | 0 | 0% | Yuanta/P-shares Taiwan Dividend Plus ETF | Non-related party |
| | | | 0 | 0% | 0 | 0% | Far Eastern Department Stores Co., Ltd. | Non-related party |
| | | | 0 | 0% | 0 | 0% | Yuan-Ze University | Non-related party |
| | | | 0 | 0% | 0 | 0% | Far Eastern Memorial Foundation | Non-related party |
| | | | 0 | 0% | 0 | 0% | Yu Yuan Investment Co., Ltd | Non-related party |
| | | | 0 | 0% | 0 | 0% | Yu Chang Investment Company | Non-related party |
| Yuan Ding Investment Company Representative: Douglas Tong Hsu | 51,287,518 | 1.53% | 0 | 0% | 0 | 0% | Far Eastern New Century Corporation | The Same Chairman |
| | | | 0 | 0% | 0 | 0% | Far Eastern Medical Foundation | The Same Chairman |
| | | | 0 | 0% | 0 | 0% | Labor Pension Fund Committee of Far Eastern New Century Corporation | Non-related party |
| | | | 0 | 0% | 0 | 0% | Yuanta/P-shares Taiwan Dividend Plus ETF | Non-related party |
| | | | 0 | 0% | 0 | 0% | Far Eastern Department Stores Co., Ltd. | The Same Chairman |
| | | | 0 | 0% | 0 | 0% | Yuan-Ze University | The Same Chairman |

| Name | Shares Held | | Shares of Spouse & Minor | | Total Shareholding Held In The Name of Others | | The name and relation of top10 shareholders who mutually have relations that meet the definition of the “affiliate”, or mutually are spouses or within two degrees of kinship | |
|--|-------------|-------|--------------------------|----|---|----|---|--|
| | Shares | % | Shares | % | Shares | % | Name | Relation |
| | | | 0 | 0% | 0 | 0% | Far Eastern Memorial Foundation | Chairman is the Director of the Foundation |
| | | | 0 | 0% | 0 | 0% | Yu Yuan Investment Co., Ltd | Non-related party |
| | | | 0 | 0% | 0 | 0% | Yu Chang Investment Company | Non-related party |
| Yuanta/P-shares Taiwan Dividend Plus ETF | 50,780,342 | 1.51% | 0 | 0% | 0 | 0% | Far Eastern New Century Corporation | Non-related party |
| | | | 0 | 0% | 0 | 0% | Far Eastern Medical Foundation | Non-related party |
| | | | 0 | 0% | 0 | 0% | Labor Pension Fund Committee of Far Eastern New Century Corporation | Non-related party |
| | | | 0 | 0% | 0 | 0% | Yuan Ding Investment Company | Non-related party |
| | | | 0 | 0% | 0 | 0% | Far Eastern Department Stores Co., Ltd. | Non-related party |
| | | | 0 | 0% | 0 | 0% | Yuan-Ze University | Non-related party |
| | | | 0 | 0% | 0 | 0% | Far Eastern Memorial Foundation | Non-related party |
| | | | 0 | 0% | 0 | 0% | Yu Yuan Investment Co., Ltd | Non-related party |
| | | | 0 | 0% | 0 | 0% | Yu Chang Investment Company | Non-related party |
| Far Eastern Department Stores Co., Ltd. Representative: Douglas Tong Hsu | 50,000,492 | 1.49% | 0 | 0% | 0 | 0% | Far Eastern New Century Corporation | The Same Chairman |
| | | | 0 | 0% | 0 | 0% | Far Eastern Medical Foundation | The Same Chairman |
| | | | 0 | 0% | 0 | 0% | Labor Pension Fund Committee of Far Eastern New Century Corporation | Non-related party |
| | | | 0 | 0% | 0 | 0% | Yuan Ding Investment Company | The Same Chairman |
| | | | 0 | 0% | 0 | 0% | Yuanta/P-shares Taiwan Dividend Plus ETF | Non-related party |

| Name | Shares Held | | Shares of Spouse & Minor | | Total Shareholding Held In The Name of Others | | The name and relation of top10 shareholders who mutually have relations that meet the definition of the “affiliate”, or mutually are spouses or within two degrees of kinship | |
|---|-------------|-------|--------------------------|----|---|----|---|--|
| | Shares | % | Shares | % | Shares | % | Name | Relation |
| | | | 0 | 0% | 0 | 0% | Yuan-Ze University | The Same Chairman |
| | | | 0 | 0% | 0 | 0% | Far Eastern Memorial Foundation | Chairman is the Director of the Foundation |
| | | | 0 | 0% | 0 | 0% | Yu Yuan Investment Co., Ltd | Non-related party |
| | | | 0 | 0% | 0 | 0% | Yu Chang Investment Company | Non-related party |
| Yuan-Ze University Representative: Douglas Tong Hsu | 47,499,567 | 1.41% | 0 | 0% | 0 | 0% | Far Eastern New Century Corporation | The Same Chairman |
| | | | 0 | 0% | 0 | 0% | Far Eastern Medical Foundation | The Same Chairman |
| | | | 0 | 0% | 0 | 0% | Labor Pension Fund Committee of Far Eastern New Century Corporation | Non-related party |
| | | | 0 | 0% | 0 | 0% | Yuan Ding Investment Company | The Same Chairman |
| | | | 0 | 0% | 0 | 0% | Yuanta/P-shares Taiwan Dividend Plus ETF | Non-related party |
| | | | 0 | 0% | 0 | 0% | Far Eastern Department Stores Co., Ltd. | The Same Chairman |
| | | | 0 | 0% | 0 | 0% | Far Eastern Memorial Foundation | Chairman is the Director of the Foundation |
| | | | 0 | 0% | 0 | 0% | Yu Yuan Investment Co., Ltd | Non-related party |
| | | | 0 | 0% | 0 | 0% | Yu Chang Investment Company | Non-related party |
| Far Eastern Memorial Foundation Representative: | 44,115,478 | 1.31% | 0 | 0% | 0 | 0% | Far Eastern New Century Corporation | Director of the Foundation is the Chairman |

| Name | Shares Held | | Shares of Spouse & Minor | | Total Shareholding Held In The Name of Others | | The name and relation of top10 shareholders who mutually have relations that meet the definition of the “affiliate”, or mutually are spouses or within two degrees of kinship | |
|---|-------------|-------|--------------------------|----|---|----|---|--|
| | Shares | % | Shares | % | Shares | % | Name | Relation |
| Chu Shu-Hsun | | | 0 | 0% | 0 | 0% | Far Eastern Medical Foundation | Director of the Foundation is the Chairman |
| | | | 0 | 0% | 0 | 0% | Labor Pension Fund Committee of Far Eastern New Century Corporation | Non-related party |
| | | | 0 | 0% | 0 | 0% | Yuan Ding Investment Company | Director of the Foundation is the Chairman |
| | | | 0 | 0% | 0 | 0% | Yuanta/P-shares Taiwan Dividend Plus ETF | Non-related party |
| | | | 0 | 0% | 0 | 0% | Far Eastern Department Stores Co., Ltd. | Director of the Foundation is the Chairman |
| | | | 0 | 0% | 0 | 0% | Yuan-Ze University | Director of the Foundation is the Chairman |
| | | | 0 | 0% | 0 | 0% | Yu Yuan Investment Co., Ltd | Non-related party |
| | | | 0 | 0% | 0 | 0% | Yu Chang Investment Company | Non-related party |
| Yu Yuan Investment Co., Ltd Representative: | 43,268,479 | 1.29% | 0 | 0% | 0 | 0% | Far Eastern New Century Corporation | Non-related party |
| | | | 0 | 0% | 0 | 0% | Far Eastern Medical Foundation | Non-related party |

| Name | Shares Held | | Shares of Spouse & Minor | | Total Shareholding Held In The Name of Others | | The name and relation of top10 shareholders who mutually have relations that meet the definition of the “affiliate”, or mutually are spouses or within two degrees of kinship | |
|---|-------------|-------|--------------------------|----|---|----|---|-------------------|
| | Shares | % | Shares | % | Shares | % | Name | Relation |
| C.M. Chen | | | 0 | 0% | 0 | 0% | Labor Pension Fund Committee of Far Eastern New Century Corporation | Non-related party |
| | | | 0 | 0% | 0 | 0% | Yuan Ding Investment Company | Non-related party |
| | | | 0 | 0% | 0 | 0% | Yuanta/P-shares Taiwan Dividend Plus ETF | Non-related party |
| | | | 0 | 0% | 0 | 0% | Far Eastern Department Stores Co., Ltd. | Non-related party |
| | | | 0 | 0% | 0 | 0% | Yuan-Ze University | Non-related party |
| | | | 0 | 0% | 0 | 0% | Far Eastern Memorial Foundation | Non-related party |
| | | | 0 | 0% | 0 | 0% | Yu Chang Investment Company | Non-related party |
| Yu Chang Investment Company Representative: Dong Wang-Miao-Fang | 42,419,430 | 1.26% | 0 | 0% | 0 | 0% | Far Eastern New Century Corporation | Non-related party |
| | | | 0 | 0% | 0 | 0% | Far Eastern Medical Foundation | Non-related party |
| | | | 0 | 0% | 0 | 0% | Labor Pension Fund Committee of Far Eastern New Century Corporation | Non-related party |
| | | | 0 | 0% | 0 | 0% | Yuan Ding Investment Company | Non-related party |
| | | | 0 | 0% | 0 | 0% | Yuanta/P-shares Taiwan Dividend Plus ETF | Non-related party |
| | | | 0 | 0% | 0 | 0% | Far Eastern Department Stores Co., Ltd. | Non-related party |
| | | | 0 | 0% | 0 | 0% | Yuan-Ze University | Non-related party |
| | | | 0 | 0% | 0 | 0% | Far Eastern Memorial Foundation | Non-related party |
| | | | 0 | 0% | 0 | 0% | Yu Yuan Investment Co., Ltd | Non-related party |



3.8 Shareholding Proportion of ACC to Investees

Dec. 31, 2019

| Investees | Investments by ACC | | Investments by Directors, Supervisors, Managers and Directly or Indirectly Controlled Businesses | | Total Investments | |
|---|--------------------|---------|--|--------|-------------------|---------|
| | Shares | % | Shares | % | Shares | % |
| Asia Investment Corp. | 222,039,596 | 100.00% | - | 0.00% | 222,039,596 | 100.00% |
| Sunrise Industrial Holdings Ltd. | 90,000 | 100.00% | - | 0.00% | 90,000 | 100.00% |
| Yuan Long Stainless Steel Corp. | 200,000,000 | 100.00% | - | 0.00% | 200,000,000 | 100.00% |
| Der Ching Investment Corp. | 595,576,603 | 99.99% | 25,326 | 0.00% | 595,601,929 | 99.99% |
| Ya Tung Ready-Mixed Concrete Corp. | 159,067,779 | 99.99% | 6,909 | 0.00% | 159,074,688 | 99.99% |
| Nan Hwa Cement Corp. | 26,128,171 | 99.94% | 12,396 | 0.05% | 26,140,567 | 99.99% |
| Asia Cement (Singapore) Pte. Ltd. | 10,495,495 | 99.96% | 2 | 0.00% | 10,495,497 | 99.96% |
| Fu Ming Transportation Co., Ltd. | 29,517,188 | 99.82% | 39,944 | 0.14% | 29,557,132 | 99.96% |
| Asia Engineering Enterprise Corp. | 7,970,703 | 98.23% | 123,243 | 1.52% | 8,093,946 | 99.75% |
| FEDS Development Ltd. | 53,250,000 | 25.00% | 149,100,000 | 70.00% | 202,350,000 | 95.00% |
| Yuan Ding Co., Ltd. | 178,707,648 | 35.50% | 259,921,774 | 51.62% | 438,629,422 | 87.12% |
| Ya Li Precast and Prestressed Concrete Industries | 16,241,083 | 83.81% | 14,366 | 0.08% | 16,255,449 | 83.89% |
| Asia Cement (China) Holdings Corp. | 1,061,209,202 | 67.73% | 71,064,298 | 4.54% | 1,132,273,500 | 72.27% |
| Chiahui Power Corp. | 280,093,521 | 59.59% | 1,100,069 | 0.24% | 281,193,590 | 59.83% |
| Ya Li Transportation Corp. | 5,100,000 | 51.00% | 60,817 | 0.61% | 5,160,817 | 51.61% |
| Everstrong Iron & Steel Foundry Ltd. | 3,199,823 | 40.40% | 660,000 | 8.34% | 3,859,823 | 48.74% |
| Yuan Ding Leasing Corp.. | 34,640,189 | 43.60% | - | 0.00% | 34,640,189 | 43.60% |
| U-Ming Marine Transport Corp. | 331,701,152 | 39.25% | 20,514,219 | 2.43% | 352,215,371 | 41.68% |
| Oriental Securities Corp.. | 135,092,154 | 18.93% | 144,591,810 | 20.26% | 279,683,964 | 39.19% |
| Far Eastern New Century Corp. | 1,272,277,085 | 23.77% | 556,345,442 | 10.39% | 1,828,622,527 | 34.16% |
| Yue Yuan Investment Corp. | 155,000,803 | 29.92% | 515,024 | 0.10% | 155,515,827 | 30.02% |
| China Shanshui Cement Group Ltd | 331,878,315 | 7.62% | 428,393,000 | 9.84% | 760,271,315 | 17.46% |

IV Capital Formation

4.1 Capital and Shares

4.1 Capital and Shares

4.1.1 Capital Increase in the Past Five Years

As of Apr. 30, 2020

| Date | Par Value | Authorized Capital | | Paid-in Capital | | Remarks | | |
|----------|-----------|--------------------|----------------|-----------------|----------------|--------------------|---|--------|
| | | Shares | Amount (NT\$) | Shares | Amount (NT\$) | Sources of Capital | Capital Increased by Assets Other than Cash | Others |
| Dec.2010 | NT\$10 | 3,300,000,000 | 33,000,000,000 | 3,075,307,547 | 30,753,075,470 | Dividend | None | None |
| Dec.2011 | NT\$10 | 3,600,000,000 | 36,000,000,000 | 3,136,813,697 | 31,368,136,970 | Dividend | None | None |
| Dec.2012 | NT\$10 | 3,600,000,000 | 36,000,000,000 | 3,230,918,107 | 32,309,181,070 | Dividend | None | None |
| Dec.2013 | NT\$10 | 3,600,000,000 | 36,000,000,000 | 3,295,536,469 | 32,955,364,690 | Dividend | None | None |
| Dec.2014 | NT\$10 | 3,600,000,000 | 36,000,000,000 | 3,361,447,198 | 33,614,471,980 | Dividend | None | None |

4.1.2 Capital

| Share Type | Authorized Capital | | | Reserve for Convertible Shares |
|---------------|--|------------------|---------------|--------------------------------|
| | Issued Shares | Un-issued Shares | Total Shares | |
| Common Shares | 3,361,447,198 Available for trading on the TWSE | 238,552,802 | 3,600,000,000 | - |

4.1.3 Shelf Registration: None

4.1.4 Shareholder Structure

As of Apr. 30, 2020

| Structure Amount | Governments | Financial Institutions | Other Institutional Investors | Domestic Individual Investors | Foreign Institutions & Individuals | Total |
|-------------------------|-------------|------------------------|-------------------------------|-------------------------------|------------------------------------|---------------|
| Number of Shareholders | 10 | 63 | 347 | 73,827 | 844 | 75,091 |
| Number of shares | 64,569,627 | 270,282,570 | 1,694,081,320 | 503,638,526 | 828,875,155 | 3,361,447,198 |
| Shareholding Percentage | 1.92% | 8.04% | 50.40% | 14.98% | 24.66% | 100.00% |

Note: No foreign institutions and individuals from China Area.

4.1.5 Shareholding Distribution Status

As of Apr. 30, 2020

| Class of Shareholding (Unit: Share) | Number of shareholders | Number of shares | Holding Percentage |
|--|------------------------|------------------|--------------------|
| 1-999 | 34,080 | 8,191,662 | 0.24% |
| 1,000-5,000 | 28,161 | 61,149,165 | 1.82% |
| 5,001-10,000 | 5,483 | 40,671,537 | 1.21% |
| 10,001-15,000 | 2,140 | 26,223,434 | 0.78% |
| 15,001-20,000 | 1,148 | 20,494,587 | 0.61% |
| 20,001-30,000 | 1,204 | 29,856,446 | 0.89% |
| 30,001-40,000 | 569 | 19,846,864 | 0.59% |
| 40,001-50,000 | 384 | 17,535,807 | 0.52% |
| 50,001-100,000 | 779 | 55,430,899 | 1.65% |
| 100,001-200,000 | 402 | 56,142,770 | 1.67% |
| 200,001-400,000 | 273 | 76,817,534 | 2.29% |
| 400,001-600,000 | 100 | 48,739,048 | 1.45% |
| 600,001-800,000 | 71 | 48,804,780 | 1.45% |
| 800,001-1,000,000 | 44 | 39,749,969 | 1.18% |
| Over 1,000,001 | 253 | 2,811,792,696 | 83.65% |
| Total | 75,091 | 3,361,447,198 | 100% |

Preferred Share

As of Apr. 30, 2020

| Class of Shareholding (Unit: Share) | Number of shareholders | Number of shares | Holding Percentage |
|--|------------------------|------------------|--------------------|
| NA | 0 | 0 | 0 |

4.1.6 List of Major Shareholders

As of Apr. 30, 2020

| Major Shareholder | Shares | Number of Shares | Holding Percentage |
|---|--------|------------------|--------------------|
| Far Eastern New Century Corporation | | 750,511,324 | 22.33% |
| Far Eastern Medical Foundation | | 181,566,797 | 5.40% |
| Labor Pension Fund Committee of Far Eastern New Century Corporation | | 51,999,049 | 1.55% |
| Yuan Ding Investment Company | | 51,287,518 | 1.53% |
| Yuanta/P-shares Taiwan Dividend Plus ETF | | 50,780,342 | 1.51% |
| Far Eastern Department Stores Co., Ltd. | | 50,000,492 | 1.49% |
| Yuan-Ze University | | 47,499,567 | 1.41% |
| Far Eastern Memorial Foundation | | 44,115,478 | 1.31% |
| Yu Yuan Investment Co., Ltd | | 43,268,479 | 1.29% |
| Yu Chang Investment Company | | 42,419,430 | 1.26% |

4.1.7 Market Price, Net Value, Earnings and Dividends per Share

Unit: NT\$

| Item | | Year | 2018 | 2019 |
|------------------------|---------------------------------------|----------------------------------|-----------|-----------|
| Market Price Per Share | Highest | | 45.75 | 48.90 |
| | Lowest | | 26.70 | 33.55 |
| | Average | | 34.10 | 42.62 |
| Net Value Per Share | Before Distribution | | 41.02 | 43.45 |
| | After Distribution | | 38.22 | (Note) |
| Earnings Per Share | Weighted Average shares (in thousand) | | 3,139,152 | 3,138,664 |
| | Earnings Per Share | | 3.54 | 5.56 |
| Dividends Per Share | Cash Dividends | | 2.80 | 3.0(Note) |
| | Stock Dividend | Dividends from Retained Earnings | - | - |
| | | Dividends from Capital Surplus | - | - |
| | Accumulated Unpaid Dividends | | - | - |
| Return on Investment | Price-Earnings Ratio | | 9.63 | 7.67 |
| | Price-Dividend Ratio | | 12.18 | 14.21 |
| | Cash Dividend Yield Rate | | 8.21% | 7.04% |

Note : To be resolved by the 2020 Shareholders' Meeting.

4.1.8 Dividend Policy & Implementation Status

1. Dividend Policy

Apart from paying all its income taxes in the case where there are net incomes at the end of the year, the Company shall make up for accumulated losses in past years. Where there is still balance, 10% of which shall be set aside by the Company as legal reserve and a special reserve as required by law shall be set aside. Subject to certain business conditions under which the Company may retain a portion of the remaining balance, the Company may distribute to the shareholders the remainder together with undistributed profits from previous years in proportion to the number of the shares held by each shareholder as shareholders' dividend. However in the case of increase in the Company's share capital, the shareholders' dividend to be distributed to the shareholders of increased shares for the year shall be decided by the shareholders' meeting.

The distribution of shareholders' dividend shall take into consideration the changes in the outlook for the Company's businesses, the lifespan of the various products or services that have an impact on future capital needs and taxation. Shareholders' dividend shall be distributed aimed at maintaining the stability of shareholders' dividend distributions. Save for the purposes of improving the financial structure, reinvestments, production expansion or other capital expenditures in which capital is required, when distributing shareholders' dividend, the dividend payout ratio each fiscal year shall be no less than fifty percent (50%) of the final surplus which is the sum of after-tax profit of the fiscal year to withhold previous loss, if any, legal reserve and special reserve as required by law; the cash dividend shall not be less than 10% of the shareholders' dividend distributed in the same year.

Hereby lists the Company's dividend in recent years as follows:

| Year | Cash Dividend | Ratio of Total Dividend | Stock dividend | Ratio of Total Dividend | Total dividend |
|------|---------------|-------------------------|----------------|-------------------------|----------------|
| 2014 | NT \$2.2 | 100% | NT \$0 | 0% | NT \$2.2 |
| 2015 | NT \$1.1 | 100% | NT \$0 | 0% | NT \$1.1 |

| | | | | | |
|-----------------|----------|------|--------|----|----------|
| 2016 | NT \$0.9 | 100% | NT \$0 | 0% | NT \$0.9 |
| 2017 | NT \$1.2 | 100% | NT \$0 | 0% | NT \$1.2 |
| 2018 | NT \$2.8 | 100% | NT \$0 | 0% | NT \$2.8 |
| 2019 (Proposed) | NT \$3.0 | 100% | NT \$0 | 0% | NT \$3.0 |

The net income after tax for FY2019 as NT\$ 17,459,673,128. After the appropriation of Legal Reserve and Special Reserve, NT\$ 14,909,359,017 is left. The Broad has proposed a cash dividend of NT\$ 3.0 per share, which is summed up to NT\$ 10,084,341,594 in total.

4.1.9 Effects on Business Performance and EPS Resulting From Stock Dividend Distribution

Unit: NT\$

| Item | | Year | 2020(Estimated) |
|---|--|---|---------------------|
| Paid-In Capital (Beginning of The Year) | | | NT \$33,614,471,980 |
| Stock & Cash Dividend Distribution | Cash Dividend Per Share | | NT\$3.0 |
| | Stock Dividend From Retained Earnings Per Share | | 0.00 Share |
| | Stock Dividend From Capital Surplus Per Share | | 0.00 Share |
| Variance In Business Performance | Operating Income | | Not Applicable* |
| | % Change In Operating Income | | " |
| | Net Income | | " |
| | % Change In Net Income | | " |
| | Earnings Per Share | | " |
| | % Change In EPS | | " |
| | Average Return on Investment (%) (Reciprocal of Average P/E Ratio) | | " |
| Pro Forma EPS & P/E Ratio | If Retained Earnings Distributed In Cash Dividend | Pro Forma Earnings Per Share | " |
| | | Pro Forma Average Yearly Return on Investment | " |
| | If Capital Surplus Not Distributed In Stock Dividend | Pro Forma Earnings Per Share | " |
| | | Pro Forma Average Yearly Return on Investment | " |
| | If Retained Earnings & Capital Surplus Distributed In Cash Dividend Rather Than Stock Dividend | Pro Forma Earnings Per Share | " |
| | | Pro Forma Average Yearly Return on Investment | " |

* As the Company does not disclose its financial forecast information, in compliance with relevant governmental regulations, there is no need to provide this information.

4.1.10 Employees' Compensation and Directors' and Supervisors' Remuneration

- The percentages or ranges with respect to employees' compensation and directors' remuneration as set forth in the Asia Cement Corporation's Articles of Incorporation: Pursuant to the Articles of Incorporation for distribution 1%~4% as employees' compensation and distribution less than 2.5% as directors' remuneration base on the profit of the current year. However, the company's accumulated losses shall have been covered. The company may, by a

resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, determine the actual ratio, amount, form (in the form of shares or in cash) and the number of shares of the profit distributable as employees' compensation; and a report of such distribution shall be submitted to the shareholders' meeting. The actual ratio and amount of the profit distributable as directors' remuneration shall also be determined by Board of Directors, and a report of such distribution shall be submitted to the shareholders' meeting.

2. (1)The basis for estimating the amount of employees' compensation and directors' remuneration: Distribution 1%~4% as employees' compensation and less than 2.5% as directors' remuneration shall be based on the profit before income tax of the current year.
(2)The number of shares to be distributed as employees' compensation: NA
(3)The accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure for the current period: the difference would be regarded as accounting estimation adjustment and recognized as the profit and loss of 2020.
3. Information on resolved by the Board of Directors on March 25, 2020 for distribution of compensation:
(1)The amount of any compensation distributed in cash or stocks : Employees' cash compensation is NT\$ 261,064,444. Directors' cash remuneration is NT\$ 230,296,135.
(2)If there is any discrepancy between that amount and the estimated are recognized for the fiscal year shall be disclosed the discrepancy amount, its cause, and the status of treatment: No discrepancy.
(3)The amount of any employees' compensation distributed in stocks, and the amount as a percentage of the sum of profit after income tax base on the separated financial report and total employees' compensation: NA
4. The actual distribution of employees' compensation and directors' remuneration for the previous fiscal year (with an indication of the number of shares, amount and stock price of the shares distributed), and if there is any discrepancy between the actual distribution and the recognized employees' compensation and directors' remuneration shall be disclosed the discrepancy, its cause, and the status of treatment:
The Board of Directors resolved on March 21, 2019 to distribute employees' compensation NT\$ 253,436,520 and directors' remuneration NT\$ 223,657,728. The employees' compensation and directors' remuneration was fully distributed and no discrepancy with 2018 separate financial report °
◎Buyback of Treasury Stock: None.
◎Preferred Stock: None.
◎Employee Stock Option: None.
◎Restricted Stock Awards for employees: None.
◎Merger or acquisition of other company' share to issue new share: None.

4.2 Summary of Corporate Bonds

4.2.1 Issued Corporate Bonds

| Type of Bond Issued | | 1st Unsecured Corporate Bond Issued in 2016 | 1st Unsecured Corporate Bond Issued in 2019 |
|---|-------------------------------|---|--|
| Item | | | |
| Date Issued | | Sep. 27, 2016 | May. 8, 2019 |
| Par Value | | NT\$1,000,000 | NT\$1,000,000 |
| Issue and Trade Place | | N/A | N/A |
| Issue Price | | Par Value | Par Value |
| Nominal Amount | | NT\$6,000,000,000 | NT\$6,500,000,000 |
| Interest Rate | | 0.80% | 0.88% |
| Term | | Five Years. Maturity: Sep. 27, 2021 | Five Years. Maturity: May. 8, 2024 |
| Guaranty/Guarantor | | None | None |
| Trustee | | China Trust Commercial Bank, Trust Department | China Trust Commercial Bank, Trust Department |
| Underwriter | | KGI Securities Co. LTD. | Masterlink Securities Corporation |
| Certified Lawyer | | M.T.HUANG | M.T.HUANG |
| Certified Public Accountant | | L.W. Kuo, Y.W. Fan | L.W. Kuo, Y.W. Fan |
| Repayment Method | | Interest Paid Annually Since Issue, 50% Principal Installed Separately After The 4 · 5th Anniversary of The Issue Date | Repayment In Lump Sum Upon Maturity |
| Outstanding Balance | | NT\$6,000,000,000 | NT\$6,500,000,000 |
| Redemption Clauses | | None | None |
| Restrictive Covenants | | None | None |
| Credit Rating Agency/Date/Rating | | Taiwan Ratings Corporation Long term Credit Ratings: twA Short term Credit Ratings: twA-1 Outlook: Stable Bond Ratings: - Credit rating date: Nov.17, 2015 | Taiwan Ratings Corporation Long term Credit Ratings: twA+ Short term Credit Ratings: twA-1 Outlook: Stable Bond Ratings: - Credit rating date: Sep.19, 2018 |
| Convertible | Amount Converted | None | None |
| | Issue/ Conversion Rules | None | None |
| Terms to issuance, conversion, exchange and subscription. The impacts to current shareholder equity and potential dilutions. | | None | None |
| Custodian | | None | None |

| Type of Bond Issued | | 2nd Unsecured Corporate Bond Issued in 2019 | 1st Unsecured Corporate Bond Issued in 2020 |
|--|-------------------------------|--|--|
| Item | | | |
| Date Issued | | Aug. 16, 2019 | Apr. 20, 2020 |
| Par Value | | NT\$1,000,000 | NT\$1,000,000 |
| Issue and Trade Place | | N/A | N/A |
| Issue Price | | Par Value | Par Value |
| Nominal Amount | | NT\$3,500,000,000 | NT\$7,700,000,000 |
| Interest Rate | | 0.79% | 0.66% |
| Term | | Five Years. Maturity: Aug. 16, 2024 | Five Years. Maturity: Apr. 20, 2025 |
| Guaranty/Guarantor | | None | None |
| Trustee | | China Trust Commercial Bank, Trust Department | China Trust Commercial Bank, Trust Department |
| Underwriter | | Yuanta Securities Co., Ltd. | Yuanta Securities Co., Ltd. |
| Certified Lawyer | | M.T.HUANG | M.T.HUANG |
| Certified Public Accountant | | X.W. Tai, Y.W. Fan | X.W. Tai, Y.W. Fan |
| Repayment Method | | Repayment In Lump Sum Upon Maturity | Repayment In Lump Sum Upon Maturity |
| Outstanding Balance | | NT\$3,500,000,000 | NT\$7,700,000,000 |
| Redemption Clauses | | None | None |
| Restrictive Covenants | | None | None |
| Credit Rating Agency/Date/Rating | | Taiwan Ratings Corporation Long term Credit Ratings: twA+ Short term Credit Ratings: twA-1 Outlook: Stable Bond Ratings: - Credit rating date: Sep.19, 2018 | Taiwan Ratings Corporation Long term Credit Ratings: twA+ Short term Credit Ratings: twA-1 Outlook: Stable Bond Ratings: - Credit rating date: Oct.23, 2019 |
| Convertible | Amount Converted | None | None |
| | Issue/ Conversion Rules | None | None |
| Terms to issuance, conversion, exchange and subscription. The impacts to current shareholder equity and potential dilutions. | | None | None |
| Custodian | | None | None |

| Type Of Bond Issued | 2 nd Overseas Unsecured Convertible Bonds | 3 rd Overseas Unsecured Convertible Bonds |
|----------------------------------|---|---|
| Item | | |
| Date Issued | May. 13, 2013 | Sep. 21, 2018 |
| Par Value | US\$200,000 and in increments of US\$1,000 thereafter | US\$200,000 and in increments of US\$1,000 thereafter |
| Issue And Trade Place | Singapore Exchange | Singapore Exchange |
| Issue Price | Par Value | Par Value |
| Nominal Amount | US\$220,000,000 | US\$215,000,000 |
| Interest Rate | 0% | 0% |
| Term | Five Years Maturity: May. 13, 2018 | Five Years Maturity: Sep. 21, 2023 |
| Guaranty/Guarantor | None | None |
| Trustee | BNY Mellon | BNY Mellon |
| Underwriter | Goldman Sachs International | UBS AG Hong Kong Branch |
| Certified Lawyer | Y.H. Wang | Y.H. Wang |
| Certified Public Accountant | X.W. Tai, L.W. Kuo | L.W. Kuo, Y.W. Fan |
| Repayment Method | Unless previously redeemed, repurchased and cancelled or converted, the bonds will be redeemed at their principal amount on the maturity date. | Unless previously redeemed, repurchased and cancelled or converted, the bonds will be redeemed at their principal amount with a yield calculated at the rate of 0.6% per annum on the maturity date. |
| Outstanding Balance | Dec. 31, 2017: US\$3,000,000 May. 13, 2018: US\$0 | US\$215,000,000 |
| Redemption Clauses | <p>A. The Issuer may redeem the bonds at the option of the Issuer in whole or in part at any time after three years of the issue date at the principal amount, if the closing price for 30 consecutive trading days (in the event of ex-rights or ex-dividends, the closing price on each applicable trading days during the period from the ex-rights or ex-dividends trading day to the ex-rights or ex-dividends record date, as the case may be, shall be adjusted to the price taking into account of impact of the ex-rights or ex-dividends) of the Issuer's common shares on the TSE is at least 130% of the quotient of the principal amount multiply by the then conversion price divided by the principal amount of the bonds.</p> <p>B. The Issuer may redeem all of the bonds at the principal amount in the event that at least 90% of the bonds have been previously redeemed, repurchased and cancelled or converted.</p> <p>C. The Issuer may redeem all of the bonds at principal amount in the event of changes in ROC taxation resulting in increase of tax obligation or the necessity to pay additional interest expense or increase of additional costs to the Issuer.</p> | <p>A. The Issuer may redeem the Bonds at the option of the Issuer in whole or in part at any time after three years of the Issue Date at the Early Redemption Price, if the closing price for 30 consecutive trading days (in the event of ex-rights or ex-dividends, the closing price on each applicable trading days during the period from the ex-rights or ex-dividends trading day to the ex-rights or ex-dividends record date, as the case may be, shall be adjusted to the price taking into account of impact of the ex-rights or ex-dividends) of the Issuer's common shares on the TSE is at least 130% of the amount, which is the price of Early Redemption Price multiplied by the then Conversion Price divided by the principal amount of the Bonds;</p> <p>B. The Issuer may redeem all of the Bonds at the Early Redemption Price in the event that at least 90% of the Bonds have been previously redeemed, repurchased and cancelled or converted.</p> <p>C. The Issuer may redeem all of the Bonds at the Early Redemption Price in the event of changes in ROC taxation resulting in increase of tax obligation or the necessity to pay additional interest expense or increase of additional costs to the Issuer.</p> |
| Restrictive Covenants | None | None |
| Credit Rating Agency/Date/Rating | None | None |
| Convertible | None | None |
| Amount Converted | | |

| | | | |
|--|---|---|--|
| | Issue/ Conversion Rules | <p>Except for closed periods as prescribed by ROC laws and regulations or otherwise described in the Indenture, the bondholders shall have the right to require the Issuer to convert the bonds into the converted securities at any time during the period from the 41th day after the issuance of the bonds to the date falling 30th day prior to the maturity date. The aforementioned closed periods shall mean:</p> <p>A. The Issuer has to close its shareholders' register, which period currently includes 60 days prior to the date of the annual general shareholders' meeting, 30 days prior to a special shareholders' meeting, or any other period prescribed by law.</p> <p>B. In the event of free distribution of shares, distribution of cash dividends or rights issues, by Issuer, the period from the fifteen trading days prior to the commencement day of the closed period with respect to the record date for determination of shareholders entitled to receive dividends, subscription of new shares or other benefits to the record date for the distribution or allocation of the relevant dividends, rights and benefits, and in the event of capital reduction, the period from the record date for determination of the shareholders participating in such capital reduction to the first trading day immediately prior to the date on which the common shares resume trading after such capital reduction and other closed period as required by ROC laws and regulations or by the TSE.</p> <p>C. Where any ROC laws and regulations governing closed period as above-mentioned has been changed or amended, the closed period shall be amended to comply with the prevailing laws and regulations.</p> | <p>Except for closed periods as prescribed by ROC laws and regulations or otherwise described in the Indenture, the bondholders shall have the right to require the Issuer to convert the bonds into the converted securities at any time during the period from the next day immediately after the end of a three-month period following the Issue Date to 30th day prior to the Maturity Date. The aforementioned closed periods shall mean:</p> <p>A. The period during which under the laws of the ROC the Issuer has to close its shareholders' register, which period currently includes 60 days prior to the date of the annual general shareholders' meeting, 30 days prior to a special shareholders' meeting, or any other period prescribed by law.</p> <p>B. In the event of free distribution of shares, distribution of cash dividend or rights issues, the period from the fifteen trading days prior to the commencement day of the closed period with respect to the record date for determination of shareholders entitled to receive dividends, subscription of new shares or other benefits to the record date for the distribution or allocation of the relevant dividends, rights and benefits.</p> <p>C. In the event of capital reduction, the period from the record date for determination of the shareholders participating in such capital reduction to the first trading day immediately prior to the date on which the Common Shares resume trading after such capital reduction.</p> <p>D. Other closed period as required by ROC laws and regulations or by the TSE.</p> <p>E. Where any ROC laws and regulations governing closed period as above-mentioned has been changed or amended, the closed period shall be amended to comply with the prevailing laws and regulations.</p> |
| Terms to issuance, conversion, exchange and subscription. The impacts to current shareholder equity and potential dilutions. | The 2 nd overseas unsecured convertible bonds with a zero coupon rate, the bonds provide a low-cost source of long-term funds and reduce the interest expenses, and therefore have a positive boost on the Issuer's profitability. | The 3 rd overseas unsecured convertible bonds with a zero coupon rate, the bonds provide a low-cost source of long-term funds and reduce the interest expenses, and therefore have a positive boost on the Issuer's profitability. | |
| Custodian | None | None | |

4.2.2 Issued Exchangeable Bonds and Convertible Bonds

| Type of Bonds Issued | | 2 nd Overseas Unsecured Convertible Bonds | | | | | | |
|---|---|--|--------|--------|--------|-----------------------|-----------------------|---|
| Item | Year | Launch Date | 2013 | 2014 | 2015 | 2016 ^{Note1} | 2017 | Jan. 1, 2018 to May. 13, 2018 ^{Note3} |
| | Market Price of Convertible Bonds(US\$) | Highest | 100 | 105.71 | 108.12 | 104.68 | 101.10 | 100.16 |
| Lowest | | 100 | 98.10 | 101.27 | 98.08 | 98.61 | 98.73 | 99.28 |
| Average | | 100 | 101.52 | 103.83 | 100.50 | 99.70 | 99.49 | 99.60 |
| Conversion Price/Share | | 48 | 44.7 | 42 | 39.28 | 37.85 | 36.6 ^{Note2} | 36.6 |
| Issuing (handling) date and conversion price in issuing | | Issued on May. 13, 2013 NT\$48/share | | | | | | |
| Method of performing conversion obligations | | Issuance of new shares | | | | | | |

Note1: Pursuant to the Indenture, any holders of the bonds may exercise the holders' Put Right to require the company to redeem the bonds held by the holders in whole or in part only on 13 May 2016. As of the date of redemption, the total redemption amount is US\$217,000,000, and the outstanding balance is US\$3,000,000.

Note2: Pursuant to the Indenture, the conversion price of the bonds had been adjusted to NT\$36.6/Share since September 6, 2017 as ACC distributed cash dividends and stock dividends.

Note3: After final redemption on May. 13, 2018, there is no outstanding balance.

| Type of Bonds Issued | | 3 rd Overseas Unsecured Convertible Bonds | | | |
|---|---|--|--------|-----------------------|--|
| Item | Year | Launch Date | 2018 | 2019 | From the current year to March. 31, 2020 |
| | Market Price of Convertible Bonds(US\$) | Highest | 100 | 107.07 | 126.37 |
| Lowest | | 100 | 99.23 | 101.38 | 104.49 |
| Average | | 100 | 102.37 | 111.90 | 120.15 |
| Conversion Price/Share | | 42.24 | 42.24 | 39.7 ^{Note1} | 39.7 |
| Issuing (handling) date and conversion price in issuing | | Issued on September. 21, 2018 NT\$42.24/share | | | |
| Method of performing conversion obligations | | Issuance of new shares | | | |

Note1: Pursuant to the Indenture, the conversion price of the bonds had been adjusted to NT\$39.7/Share since July 31, 2019 as ACC distributed cash dividends and stock dividends.

4.3 Summary of Issued GDR

| Issue Date | Jun. 23, 1992 | Sep. 13, 1996 | Jan. 23, 2007 | Mar. 25, 2008 |
|--|---|---|---|---|
| Issuance & Listing | London Stock Exchange | | | |
| Total Amount (US\$) | 66,002,750 | 60,000,010.77 | 83,209,951.46 | 61,355,000 |
| Issuing Price per GDR (US\$) | 27.50 | 19.67 | 9.905946602 | 17.53 |
| Number of GDR Issued | 2,400,100 | 3,050,331 | 8,400,000 | 3,500,000 |
| Underlying Securities | ACC Common Shares held by Far Eastern New Century Corporation | ACC Common Shares held by Far Eastern New Century Corporation | ACC Common Shares held by Yuang Ding Investment Corporation | ACC Common Shares held by Far Eastern General Contractor Co., Ltd. and Far Eastern Construction Co., Ltd. |
| Common Shares Represented (shares) | 24,001,000 | 30,503,310 | 84,000,000 | 35,000,000 |
| Right & Obligation of GDR Holders | Same as Common Shareholders | | | |
| Trustee | Not Applicable | | | |
| Depository Bank | BNY Mellon | | | |
| Custodian | Far Eastern International Bank | | | |
| Outstanding | 22,273 (As of March 31, 2020) | | | |
| Apportionment of Expenses for Issuance & Maintenance | All expenses related to issuance and maintenance is undertaken by FENC and ACC respectively. | | | |
| Major Commitment of Depository Agreement & Custody Agreement | GDR holders are allowed to vote on a given agenda only when over 51% of them reach consensus. | | | |
| Closing Price Per GDR (US\$) | 2019 | Highest | 11.9 | |
| | | Lowest | 11.9 | |
| | | Average | 11.9 | |
| | As of March 31, 2020 | Highest | 11.9 | |
| | | Lowest | 11.9 | |
| | | Average | 11.9 | |

* Each GDR represented 10 Common Shares.

4.4 Status on Execution of Capital Utilization Plans

Funds utilization plans have not been completed or have been completed in past 3 years but their benefits have not been appeared: none.

V Overview of Business Operation

5.1 Business Introduction

5.1.1 Business Scope

1. Scope of Business: Please refer to Section 2.1: “Scope of Business.”
2. Main Business and Percentage:
 - A. Production and sales of Cement and clinker: 96%.
 - B. Granulated blast-furnace slag: 4%.
3. New Product Research & Development: None.

5.1.2 Industry Overview

1. Market situation and future outlook

A. The 2019 total cement production volume in Taiwan was 11,267,211 MT, increased 3% compared to 2018. Among them, the domestic cement sales was 9,054,712 MT, and exported cement was 2,321,014 MT. Compared with those in 2018, domestic sales increased by 5.6%, exports decreased by 2.43%. In 2019, the domestic real estate market showed slight growth. Compared with 2018, the price and trading volume of the real estate market showed a stable trend. The cement consumption increased to 11,350,017 MT, increased by 6.53%. The 2019 per capita average cement consumption is about 482 kg, increased 10.80% from 435 kg in 2018. As a result, the cement market in Taiwan is still showing oversupply.

B. For the year 2020:

(1) Outlook of the domestic market:

With the coronavirus spreading across the world and the international oil price crashing in 2020, the global financial market was jolted. Despite emergency rate cut and QE measures taken by Fed and central banks of many countries, the market panic continued, which resulted in the lowering of the economic growth rate of all the countries. For example, the 2020 growth rate of the United States is expected to decline by 5.38%; the first-quarter growth rate of mainland China in 2020 is estimated to drop by 7.59% and 2.04% for the whole year; the 2020 growth rate of the Euro zone is estimated to be -4.61%. The global economy is showing a recessive trend.

In Taiwan, economic growth performance is facing a severe test. According to the forecast released by the Chung-Hua Institution for Economic Research in April 2020, the GDP growth rate in 2020 will be revised down to 1.03%, which is 1.68% lower than 2.71% in 2019. In order to revitalize the domestic market, the government will accelerate the implementation of various public construction to expand domestic demand, and set a target of 95% expenditure for the public construction budget. In addition, the total budget for 2020 is NT\$ 164.6 billion for public construction and design, plus a special budget for forward-looking infrastructure NT\$ 100.5 billion, and operating and non-operating special funds for TW\$ 201.9 billion, totaling TW\$ 467

billion, increased NT\$ 81.8 billion or 21.3% compared with 2019

In terms of real estate, the number of houses transaction in the housing market in 2019 was 300,275, an increase of 8% compared to those in 2018. This is the first time in 5 years to reach 300,000, and to grow for three consecutive years since 2017 years. In 2020, the fundamentals of the housing market have maintained a stable because of housing need. However, it would be affected under the influence and uncertainty of the coronavirus. Meanwhile, driven by the government's accelerated implementation of public projects, the total cement demand is expected to remain the same as last year.

(2) Outlook of the global markets:

For the outlook of 2020, the global market saw a shrinkage due to the COVID-19 pandemic as many countries implemented the lockdown policy, which affected the international cement prices. Fortunately, the Chinese market picked up slowly from April with a bullish demand for the second half of the year. This will trigger the rise of cement clinker prices. In the international market, exports from Eastern Asian and Southeastern Asian countries was affected as they stopped operation of the kilns and reduced production as they were hit hard by the coronavirus pandemic. The production is expected to come back to normal after the third quarter and Japan will largely increase its exports as the Olympic Games are postponed to a year later. The rebound of the U.S. and European markets will be dependent on the control of the pandemic. The western U.S. and Hawaiian markets to which Asia Cement supplies have been impacted only temporarily thanks to the economic policies maintained by the local governments. Asia Cement will shift part of its export from the declined Southeastern Asian market to western U.S. to maintain its export contribution. In addition, Asia Cement will continue to cooperate with the government's export policy for the cement industry by keeping the export volume under the upper limit prescribed by the policy and supplying to few long-term markets. To maintain its business profits, Asia Cement will actively purchase cement, clinker, plaster and silicon sands from other countries and supply them to the Southeastern Asian market. For the year 2020, Asia Cement will continue with its export strategy to maintain the export volume from Taiwan and expand the raw material business.

Overall, the domestic market will rise slightly, while foreign markets have growth potential

C. In addition to root in Taiwan for on-going cement business operation, the Company will keep enhancing its competitiveness by largely expansion in China both in production and sales.

2. The relationships among the value chain of cement industry

The upstream, midstream and downstream sectors of cement industry, namely ready-mixed concrete, precast, and construction industry, are co-existed and blooming together. Nowadays, vertical integration is the trend in cement industry. As a result, the Company's operation strategy is to establish the downstream subsidiaries—Ya Tung Ready-mixed Concrete Corp. and Yali Precast & Prestressed Concrete Industries Corp., and to invest Far Eastern Construction Company and Far Eastern General Contractor Company to grasp the business

opportunities.

3. Product development and company competitiveness

Although the cement products include Portland Cement Type I, Type II, and Special Cement, the major market demand is Portland Cement Type I. However, the overseas market has stronger demand for Special Cement in recent years. The ability to produce quality products and the shipping & loading efficiency has become the key competitive factors.

5.1.3 Technology and Research Development

As of April 30, 2020
Unit: NT\$1,000

| Item | Amount |
|---|---------|
| Industrial 4.0 project | |
| - Intelligent shipment | |
| - Analysis and forecasting to kiln refractory | 5,000 |
| - Intelligent quality control | |
| Industrial 4.0 Project Phase 2: | |
| - Cloud War Room | |
| - Product Line Machine Predictive Maintenance | 4,000 |
| - Intelligent Mining | |
| Big Data Analysis - Predictive Analysis Project | 1,000 |
| Analysis Method for Cement Hydration Heat | 100 |
| Hualien Plant No. 2 and No. 3 rotary kiln alternative fuel using system project | 82,650 |
| No.1 cement mill rolling machine hydraulic system update | 2,900 |
| No.3 cement mill rolling machine hydraulic system update | 3,100 |
| No.3 cement mill PLC system update | 9,500 |
| Secondary Crushing Equipment PLC system update | 4,200 |
| Geological and Detailed Investigation (Scale 1/1200) in Xinchengshan Quarry | 3,450 |
| Quarry blasting vibration monitoring work | 530 |
| Total | 119,430 |

5.1.4 Short-term Business Plan

- ◎ To strengthen the existing domestic and international channels of cement sales.
- ◎ To reduce costs and to maintain fully sell out the estimated production volume and sound profitability.
- ◎ To fulfill the vertical integration policy and to expand into downstream market channels.
- ◎ To keep good relationship with customers and foresee market trend.

5.1.5 Long-term Business Plan

- ◎ Maintain solid position in Taiwan - improve producing efficiency.
- ◎ Increase the investment in China (Please refer to the “I Report to Shareholders” at page 1 and the “8.2 Basic Information of Affiliates” at section 8.2 of this annual report.
- ◎ Extend the global market - Find new markets, new opportunities to expand overseas operations.

5.2 General Information of Market & Production

5.2.1. Markets Analysis

1. Major Sale Markets

A. Cement and Clinker:

“Skyscraper” is the Company’s brand-name for marketing all kinds of our products. Our domestic market includes Taiwan, Penghu, Kinmen and Matsu, and our overseas market includes United States, Philippine, Malaysia, Hawaii, Guam, Singapore, etc.

B. Ready-Mixed Concrete:

To provide better customer service, our subsidiary, Ya Tung Ready-Mixed Concrete Corp., has set up many plants around Taiwan, and furthermore established strategic alliance with local firms.

2. Market Share

In 2019, the Company domestic sales was 2,564,176 MT, i.e. 28.32% of the sales amount of all domestic cement producers, which was equal to 22.59% of total cement consumption in Taiwan.

3. Market supply forecast, growth opportunity, and business competitiveness:

A. According to the prediction of the Chung-Hua Institution for Economic Research, due to the impact of the coronavirus epidemic in 2020, Taiwan’s GDP growth rate would be 1.03%, a significant decrease of 1.68% compared with last year. Taiwan Institute of Economic Research investigated that the domestic real estate developers estimated that the epidemic will affect the public’s willingness to buy houses. As a result, the progress of new developing case would be delayed, which may cause the future transaction volume to be less than expected. Some real estate investors are pessimistic about the future. However, in order to expand domestic demand, the government will accelerate the progress of public works. Overall, the demand for private construction projects is expected to decrease in 2020, but the amount of public works will increase, and the domestic demand for the whole year is expected to be the same to 2019. In addition, energy, raw materials, labor costs, sea freight prices and the quantity of imported cement are other important factors that affect sales.

B. For the export sales, the Company is expected to export 1.1~1.1 million MT of cement and clinker in 2020, which is equivalent to 2019. The Company has long term major customers in Philippine, Malaysia, Hawaii, etc. and shall continue to maintain an excellent business relationship with them in the years to come. The Company has also expanded its trading business for cement.

C. In the view of the vast and steady growth market in China, Asia Cement Corporation actively expands production base as well as storage and transportation facilities. In addition,

with the markets both in Taiwan and China, it constitutes an effective competitive niche and profitability for the Company.

4. Positive factors for the industry development

- A. In response to the impact of Covid19, Taiwan Government are promoting industrial innovation, forward-looking infrastructure construction, improving the quality of public construction, and regional balanced development.
- B. The budget (including special budget) for 2020 Public Works Projects increase 21.3% to NT \$467 billion. Taiwan's cement industry believes that the implementations of several infrastructure projects will drive private investment.
- C. In 2019, the floor area of the application for the building license increased by 9% compared with 2018, indicating that the private investment continued to expand. Moreover, the number and amount of overseas Taiwanese businesses to return to invest in Taiwan continued to increase. Taiwan government also accelerated house reconstruction, urban renewal, and implemented the public construction. All these help to increase domestic construction investment. However, affected by the Covid19 epidemic, the future uncertainty is high.
- D. The Ministry of Finance announced in February 2017 to continue to levy cement and clinker from China at the original approved tax rate of 91.58% anti-dumping duties for five years. This will help stability of the domestic industry.

5. Negative factors and the solutions

- A. Industry relocation, environmental awareness, and emission limits of carbon dioxide will increase the difficulties in both public constructions and private housing sectors, and cause the construction industry more conservative. This will constrain the growth of cement demand.
- B. The Ministry of Economic Affairs has set limitations on trade volume of domestic cement industry according the Foreign Trade Law. The limitations will gradually lower the export-production ratio from 50% in 2011 to 25% in 2020. The over-supply condition will be worse.
- C. Mining Industry Law is currently in the occasion of amending, the industry will face more stringent operating requirements and limitations.
- D. Limestone tax is raised from NT\$ 10 to NT\$ 70 per metric ton. As well as the recent rise in coal prices will bring to the cement industry to more difficult condition.
- E. Solutions:
 - Improve the efficiency of current production, transportation and marketing activities and strengthen the downstream distribution channels in both domestic and overseas market.
 - Continue selecting good target markets, establish production and distribution channels, expand customers in emerging countries, and realize reasonable profitability.

5.2.2 Application of Major Cement Products

1. Portland Cement Type I:

It is known as ordinary cement, used for all structural projects which are not particularly exposed to sulphuric acid or underground water. Most of the current market supply is in this category.

2. Portland Cement Type II:

With lower hydration heat than Portland Cement Type I as well as low alkalis and moderate resistance to sulfate, Portland Cement Type II is for large-scale structures. It is resistant against cracking and erosion by sea water, salt, and alkali. The general purposes are as follows:

- A. Underground foundation engineering: Tower Building Basement, underpass, sewers, tunnels and massive underground rapid transit systems.
- B. Large-scale concrete works: Bridges, dams, water retention facilities, valve based structure.
- C. Construction subject to erosion by sea water and sea wind: dock, breakwaters, caisson, breeding plants, harbors, and others.
- D. Project that requires resistance to sulfate: Sewage treatment plants and chemical engineering.

3. Special Purpose Cement: Produced to meet customers' special needs.

4. Production process:

All types of cement are produced in accordance to a fixed proportion of mixtures, in the following steps:

- A. Limestone and clay are mixed and ground into raw meal.
- B. Raw meal is poured into the rotary kiln and burned in high temperature to produce clinker.
- C. Clinker is mixed with gypsum and ground into cement.
- D. Cement is sold in bulk or packages.

5.2.3 Supply Condition of Main Raw Materials

The major raw materials used by the Company consist of limestone, clay, gypsum, pyrite, iron slag, and raw coal for fuel. Except a little limestone, most limestone is produced and used by the Company. Clay is purchased from domestic suppliers through long-term contracts. Gypsum and pyrite are supplied by qualified domestic and foreign firms. Fuel coal is supplied by Australian providers via long or short term contracts.

5.2.4 Major Suppliers Information for the Last Two Years

Unit: NT\$1,000

| Item | 2018 | | | | 2019 | | | |
|------|--------------------|-----------|--------|-----------------------|---------------------|-----------|--------|-----------------------|
| | Company Name | Amount | % | Relation with Issuer | Company Name | Amount | % | Relation with Issuer |
| 1 | BB Co., Australia | 1,579,103 | 46.29 | Raw material supplier | BB Co., Australia | 853,694 | 32.23 | Raw material supplier |
| 2 | Chung Ling Co. | 468,335 | 13.73 | Raw material supplier | Chung Ling Co. | 498,363 | 18.82 | Raw material supplier |
| 3 | AA Co., Australia | 229,872 | 6.74 | Raw material supplier | Young Year (Gypsum) | 77,521 | 2.93 | Raw material supplier |
| 4 | KENWAY | 74,989 | 2.20 | Equipment supplier | Anhe Engineering | 76,337 | 2.88 | Equipment supplier |
| | Others | 1,058,698 | 31.04 | | Others | 1,142,578 | 43.14 | |
| | Net Total Supplies | 3,410,997 | 100.00 | | Net Total Supplies | 2,648,493 | 100.00 | |

Note: Variations are because of market mechanisms.

5.2.5 Major Clients Information for the Last Two Years

Unit: NT\$1,000

| Item | 2018 | | | | 2019 | | | |
|------|----------------------------------|-----------|--------|----------------------|----------------------------------|-----------|--------|----------------------|
| | Company Name | Amount | % | Relation with Issuer | Company Name | Amount | % | Relation with Issuer |
| 1 | Ya Tung Ready-Mixed Concrete Co. | 1,582,083 | 18.95 | Subsidiary | Ya Tung Ready-Mixed Concrete Co. | 1,805,262 | 20.99 | Subsidiary |
| | Others | 6,766,506 | 81.05 | | Others | 6,794,161 | 79.01 | |
| | Net Sales | 8,348,589 | 100.00 | | Net Sales | 8,599,423 | 100.00 | |

Note: Variations are because of market mechanisms.



5.2.6 Output of Main Products 2018-2019

1. ACC (Taiwan)

Unit: NT \$1,000, Cement and Clinker 1,000 MT

| Output Product | Year | 2018 | | | 2019 | | |
|-------------------|------|----------|-------------------|------------------|----------|-------------------|------------------|
| | | Capacity | Production Volume | Production Value | Capacity | Production Volume | Production Value |
| Cement & Clinker | | 5,597 | 3,555 | 7,256,280 | 5,597 | 3,630 | 7,348,535 |

2. ACC (China)

Unit: NT \$1,000, Cement and Clinker 1,000 MT

| Output Product | Year | 2018 | | | 2019 | | |
|-------------------|------|----------|-------------------|------------------|----------|-------------------|------------------|
| | | Capacity | Production Volume | Production Value | Capacity | Production Volume | Production Value |
| Cement & Clinker | | 35,500 | 30,528 | 27,702,318 | 35,500 | 30,501 | 27,536,086 |

5.2.7 Sales of Main Products 2018-2019

1. ACC (Taiwan)

Unit: NT \$1,000, Cement and Clinker 1,000 MT

| Sales Product | Year | 2018 | | | | 2019 | | | |
|-------------------|------|----------------|-----------|--------------|-----------|----------------|-----------|--------------|-----------|
| | | Domestic Sales | | Export Sales | | Domestic Sales | | Export Sales | |
| | | Volume | Value | Volume | Value | Volume | Value | Volume | Value |
| Cement & Clinker* | | 2,584 | 5,754,142 | 928 | 1,481,856 | 2,608 | 5,792,210 | 1,039 | 1,835,779 |

* Cement & Clinker produced by the Company.

2. ACC (China)

Unit: NT \$1,000, Cement and Clinker 1,000 MT

| Sales Product | Year | 2018 | | | | 2019 | | | |
|-------------------|------|----------------|------------|--------------|---------|----------------|------------|--------------|--------|
| | | Domestic Sales | | Export Sales | | Domestic Sales | | Export Sales | |
| | | Volume | Value | Volume | Value | Volume | Value | Volume | Value |
| Cement & Clinker* | | 30,676 | 46,803,136 | 219 | 242,168 | 30,781 | 49,729,598 | 57 | 64,312 |

* Cement & Clinker produced by the Company.

4.4 Human Resources

| Year | | 2018 | 2019 | As of Mar. 31, 2020 |
|--------------------------|--------------------------|--------|--------|---------------------|
| Number of Employees | Headquarter | 149 | 152 | 151 |
| | Hsinchu Plant | 30 | 29 | 29 |
| | Hualien Plant | 305 | 306 | 309 |
| | Total | 484 | 487 | 489 |
| Average Age | | 47.92 | 46.37 | 45.87 |
| Average Years of Service | | 21.48 | 18.06 | 17.25 |
| Education | Ph.D. | 0 | 0 | 0 |
| | Masters | 15.70% | 16.43% | 16.97% |
| | Bachelor's Degree | 46.69% | 47.64% | 47.85% |
| | Senior High School | 33.27% | 31.62% | 31.08% |
| | Below Senior High School | 4.34% | 4.31% | 4.09% |

5.4 Expenditures on Environmental Protection

Unit: NT\$ 1,000

| Items | | Amount |
|-------|---|---------|
| 1 | Green vegetation and maintenance for quarry | 24,160 |
| 2 | Other | 53,567 |
| Total | | 194,610 |

According to government regulations, the Company set up the continuous emission monitoring system to monitor pollutant opacity of nitrogen oxides, sulfur oxides, and other pollutants.

◎ During the most recent fiscal year and the current fiscal year up to the printing date of the annual report, the loss (including compensation) and penalty resulted from environmental pollution:

(1) Fine: NT\$ 100,000.

(2) Reasons:

The Hualien County Environmental Protection Bureau visited the Hualien Plant on March 15, 2019 to check the sulfur content of heavy fuel oil. The inspection result was 0.6%, exceeding the limit of 0.5%, which violated Article 29, paragraph 1, of the Air Pollution Control Law.

(3) Countermeasures:

The heavy oil in the oil tank is pumped out and shipped back to CPC Petroleum Corporation. Then CPC Petroleum Corporation resends the low-sulfur heavy oil to the heavy oil tank of Hualien Plant through the oil pipe. After the oil change, the sulfur content of the heavy oil in stock has met the regulations.

◎ The restriction of RoHS (to restrict the use of hazardous chemicals) is not applicable to the Company.

5.4.1 ISO-14001 Environmental Management Systems (EMS)

1. ISO-14001 EMS has become the trend in many advanced countries.
2. In August 1996, the Hualien plant of the Company passed certification by the Bureau of Commodity Inspection and Quarantine of the Ministry of Economic Affairs (MOEA), and in November of the same year, Hualien plant became one of the first organizations in Taiwan to receive ISO-14001 certification. In July 2000, Taiwan's first Environmental Report was completed by Hualien plant according to Sustainability Reporting Guidelines of Global Reporting Initiative (GRI).
3. The affiliated Jiangxi Yadong Cement Co., Sichuan Yadong Cement Co., Hubei Yadong Cement Co., Huanggang Yadong Cement Co., and Wuhan Yaxin Cement Co., have awarded ISO-14001 certification.

5.4.2 Air Pollution Prevention

1. One of the main environmental concerns relating to cement production is air pollution caused by the dust generated from production processes. Therefore, the work of dust disposal is an important duty, not only to prevent air pollution, but also to reduce the loss of raw materials and finished products. Consequently, ACC has always emphasized on the efficiency of dust collection equipment.

For increasing dust preventive facilities, Hsinchenshan Mine of the Hualien plant had built 440-meters-long fully-closed belt conveyor in 2015, which could completely prevent dust shed or spread, moreover, the Hualien plant has set up dustproof net outside of the belt conveyor and continued to build 180-meters-long fully-closed belt conveyor in 2016.

2. At present, ACC's Hsinchu plant has 2 electrostatic precipitators and 35 bag filters, with a total investment cost of NT \$174 million. The Hualien plant has 9 electrostatic precipitators and 80 bag filters, with a total investment cost more than NT \$950 million.
3. The good maintenance of above equipment ensures dust collection efficiency which is within the legal limit. Consequently, the quality of air around the plants is higher than national standard. As a result, the Environmental Protection Administration (EPA) especially recognized the two plants as environmental protection demonstration plants.
4. In particular, the amount of dust including chimney emissions measured by environmental protection agencies at the Hualien plant was less than 25 milligrams/m³, which was far better than national standard. The plant was awarded by the Chinese National Federation of Industries for its excellent performance of preventing industrial pollution. In addition, the Hualien plant was listed by the EPA as one of the top 10 factories in pollution prevention and has received the Enterprise Environmental Protection Award for three years in a row.
5. In 2019, the environment expenditure of the Hualien plant, such as purchasing and maintenance of precipitators, training courses, greening and beautification was NT\$ 53,567,000.

5.4.3 Greening and Beautification for Quarry Restoration

1. Both Hsinchu and Hualien plants have implemented measures for soil conservation and taken actions to green the environment by planting trees and other vegetation. For many years, the Hualien plant promotes the cultivation of the native species of trees for greening the quarry and the plant.
2. As of 2019, the green restoring area is 65.1 acres which is 76.5% of the quarry, while exploiting operation area is 22.0 acres. Recently, the quarry of the Hualien plant is visible from nearby high way and railroad. In order to integrate the quarry into the surrounding environment, the Hualien Plant introduced a new forestation method for quarry restoration. Within merely two year, trees could grow up to 4 meters high. The green restoring area will increase 2 acres every year.

In 2019, the Hualien plant devoted NT\$ 241,606,000 to the greening and beautification of the quarry.

3. Due to Hualien Plant's dedication of environmental protection and engaging in community activities, the Taroko National Park cooperates with the Company to preserve native species of trees for greening and beatification of the National Park and environment guidance.
4. In 2007, the Hualien Plant was awarded for the excellent performance in the project of "promoting green communities" by the Environmental Protection Administration.
5. In 2018, the Hualian plant's Quarry's Green Sustainable Action Plan was awarded the "Asia Responsible Enterprise Awards" by the Enterprise Asia.

In 2019, the Hualian plant's "Deeply Rooting the Seeds of Sustainable Hope – Asia Cement environment education Project" was awarded the "Asia Responsible Enterprise Awards" by the Enterprise Asia.

5.4.4 Major Environmental Protection Work in the Future

1. Reinforcing and ensuring the normal operation of environmental facilities.
2. Practicing in industry waste reduction; avoiding pollution.
3. Improving the greening rate in factory and quarry areas.
4. Utilizing wastes as resources to take social responsibilities.
5. Endlessly enhancing the environmental measures and techniques; expecting to reach the goal of "zero pollution".

5.4.5 Fulfill Social Responsibilities

1. The Company volunteered to take care of greenbelts and pavements along the Dun-Hua South Road and An-He Road over a long period of time to fulfill its social responsibilities and strengthen relations with neighborhood.
2. Since 2001 on, Hualien plant has annually participated in local festivals such as lily blossom in Buluowan held by the Taroko National Park and donated potted flowers and plants for all visitors.
3. For our neighbors' traffic safety, the Hualien plant has regularly sponsored Xincheng Branch of the Hualien County Police Office to renew police stands and street lamps.

4. The Company will also sponsor local activities and facilities of the villages and towns nearby the Hsinchu and Hualien plant.
5. Employees are encouraged to serve as hospital volunteers.
6. Based on ACC corporate philosophy of “feeding back to society whatever takes from society,” the Company sponsors Far Eastern Medical Foundation, Far Eastern Y.Z. Hsu Science and Technology Memorial Foundation, and Far Eastern Memory Foundation and participates in all kinds of public service activities.

5.5 Labor Relations

The Company complies with every regulation of labor relationship. Due to the excellent labor relations, there were no damages or penalties causing from labor disputes.

1. According to law, The Company has Industrial Welfare Committee to allot welfare fund for staffs and conduct many welfare-related activities. In factory, we have basketball courts, tennis courts, badminton courts, table tennis courts, and swimming pools, etc., as staff's recreational facilities. Health examination, group insurance, subsidies for employee's education, trips, and clubs are also included in welfare plans.

2. Employee Relations

The Company provides Employee Assistance Program (EAP) service from Hsinchu Lifeline Association, EAP Center, which offers professional counsel to all issues employees may meet, such as career development, family issues, and interpersonal relationship. We will also conduct a new personnel care questionnaire to understand the workplace adaptability of new employees and provide necessary assistance based on their feedback. In addition, various types of psychological education and care and propaganda will be posted on the company's electronic bulletin board to promote employees' mental health knowledge.

3. Each year, the Human Resources Department conducts curriculums based on the functional needs of different departments and levels, combines the company's development strategies, and provides opportunities for supervisors and employees to fully study and train. It not only achieves the goal of training, but also links with the development of employees' careers. The training courses include: new personnel training, core competency training, professional/functional training, leadership training, and so on. In 2019, the special training project “Innovative learning ability” was completed.

At the same time, the various departments of the company can also recommend their colleagues to participate in vocational training courses introduced by related companies, government agencies and social organizations, to improve their professional functions, and to link with social pulsations.

In 2019, the high-potential leadership training program was continuously implemented, covering all middle and high-level supervisors of all subsidiaries of the Asia Cement, with a

total of 12 hours of training courses. Since 2014, after intensive 225-hour course training, 30 high-level conference internships, and 30 seminars, more than half of the training talents have been promoted. The program also has a training mechanism to enable these potential successors to continue learning to make sure under the increasingly severe environmental challenges of the company, more backbone talents can lead the organization to continue to develop.

Furthermore, Human Resource Department holds reading club, inviting a professional lecturer monthly to guide reading and facilitate discussion, encouraging employees to absorb new concepts and sharing knowledge.

In 2019, totally 680 training courses were held for ACC employees, roughly 8031 participants; the relevant expenditures amounted to NT\$ 2.45 million.

4. The “Employment Rules of Asia Cement Corporation” articulates regulations in connection with appointment, service, assessment, and rewards as well as punishments, promotion, retirement, and compensation, etc. In order to guarantee the rights relating to retirement and compensation, in accordance with the law the Company sets up Supervisory Committee of the Labor Retirement Fund, allocates work’s retirement reserve fund into the special account managed by assigned institutions, regularly convenes the supervisory committee, and audits the allocation and practice of work’s retirement reserve fund. In addition, in compliance with Labor Pension Act, the Company monthly set aside pension fund for the employees who choose to be subject to the pension mechanism.
5. The Company’s management philosophy “Sincerity, Diligence, Thrift, Prudence and innovation” has been firmly in every employee’s heart. “Sincerity” implies honest and enthusiasm. “Diligence” indicates dedication. “Thrift” signifies frugality and modesty. “Prudence” represents deliberation and accuracy. In short, one important corporate culture of ACC is that every job should be done thoroughly, precisely, and perfectly.

In “Employment Rules of Asia Cement Corporation” mentioned above, the chapter 4 ‘Service’, and chapter 7 ‘Assessment, Reward, Punishment, and Promotion’ clearly illustrate the principles of conduct. In terms of management, besides emphasizing staff self-discipline, the Company also asks every department managers to take responsibilities of educating, advising, and leading their subordinates, which enables employees to fully understand the behavior and ethics criteria.

For better compliance with corporation governance, the Company has also enacted “Codes of Ethical Conduct” and “Principles for Ethical Management”.

6. Policies of labor safety and health

A. Management in Labor Safety and Health

The Company’s policy of labor safety and health is based on the following vision-“protecting labor safety, improving occupational environment, and building up friendly workplace.” Also, we comply with Labor Safety and Health Act, carry out

systematical management in occupational health and safety, and implement identification of the hazardous factors, risk evaluation and control in workplace. Besides setting up safety standards and developing safety management system, the safety-related training courses, such as prevention of hidden dangers, emergency response planning, and safety self-management are regularly and irregularly held, to ensure that all employees can obey safety related rules and operate safety equipment and protective outfits well.

In February 2009, the Hualien plant has passed TOSHMS (Taiwan Occupational Safety and Health Management System). The "CNS15506: 2011 Taiwan Occupational Safety and Health Management System" and "OHSAS18001: 2007 Occupational Safety and Health Management System" currently implemented by Hualien Plant were evaluated and approved by the Foundation for Research and Development of Metal Industry Research and Development Center on June 28, 2016. Its effective period is to June 27, 2019. It passed certification on June 28, 2019 and changed to "ISO45001:2018" and "CNS15506:2011". It is expected to be changed to "CNS45001:2018 Z2158" again in June 2020. The Headquarters and Hsinchu Plant also follows the model of Hualien plant for establishing a faultless occupational safety and health management System.

A major occupational disaster occurred in the Company's Hualien Manufacturing Plant in 2017. It was caused by the failure of laborers to comply with SOP operations and non-compliance with hazard warnings. Under conditions without approval and without protective gear, the laborers rushed into the material cabinet and suffocated and died as buried in fallen gypsum material. The Company held a review meeting on July 19, 2017 for effectively improving the management of occupational safety and health, and proposed a strategy for improving the related management and safety to effectively reduce the agglomeration of materials and the frequency of clearing operations. Also, the risk assessment will be re-adopted. The Company will amend the SOP, implement training, and introduce new types of equipment to increase the labor safety.

Due to the major occupational disaster, the Company was designated as the Enhance Enforcement Program (EEP) target by the Occupational Safety and Health Department of the Ministry of Labor to strengthen inspections. The Company will strengthen risk assessment, divide the responsible areas to implement active inspections and autonomous management proposals, and reduce irregularities in workplaces to ensure work safety and health. In March 7, 2019, the Occupational Safety and Health Department of the Ministry of Labor agreed to remove the Company from the special list of Enhance Enforcement Program (EEP) target. The company has learned lessons and will continue to improve to build a corporate safety culture toward zero disasters target.

B. Workplace environment and labor safety protection

To assure employee safety and health, protect the assets of the Company, and make comfortable and safe workplace, based on safety-related rules, we have the following active measures:

- a. Following procurement to assure the intrinsic safety of raw materials and equipment:

Conforming to the safety and health standard is the essential consideration of purchasing raw materials and equipment to assure the intrinsic safety of manufacture procedure, products, and equipment.

b. General safety management, training courses, and related auditing:

We monthly hold safety and health committee and safety-related courses for employees and contractors to make sure that everyone working with ACC fully understands the possible hazardous factors and prevention measures in workplace, and obeys safety-related standards to preclude the occurrence of any disaster. Also, by means of “the walking around management” and frequently patrols, we investigate flaws and also improve them to assure the effective operation in safety management.

c. Workplace environmental monitoring system and usage of protective outfits:

All plants regularly monitor noise, high temperature, and radiation around workplace, so the unusual condition can be immediately detected and eliminated. Also, all employees can be protected from possible dangers by protective outfits designed for different hidden hazardous factors in workplace.

d. Health Care Management for Employees:

All plants set up medical offices with nursing staff and contracted doctors, and prepare emergency medicine, equipment, and supplies. According to related rules, all employees regularly accept health assessment and carry out health care management.

e. Emergency Drills and Exercises

All plants shall regularly exercise emergency response drills by following their emergency response plan. All employees shall be familiar with relevant details, which ensures the losses could be minimized in case of emergency.

7. ACC has enjoyed harmonious relations between management and employees for years. Employees devoted their time and hard work to the Company. In recent years, the Company's continuous excellent performance of sales and production is a proof of employees' effort. The Company's work and employment regulations are based on the Labor Law and in some cases even exceed the minimum requirements of the law. Besides reasonable payment, ACC gives seasonal bonuses to encourage clinker production, attendance award, and cost and resource-saving measures, as well as year-end bonuses based on the Company's annual performance.

The Company was awarded “2013 Excellence Recognition for its collective agreement with employees” by the Ministry of Labor.

8. In the most recent year and up to the date of publication of the annual report, losses suffered due to labor disputes: The Hualien Plant was fined NT\$20,000 for overtime pay.
Counter measures: handled in accordance with labor standards regulations

5.6 Major Contracts

| Type of Contract | Contracting Party | Contract Duration | Primary Contents | Restrictive Clauses |
|---|--|-------------------|---|---------------------|
| Bank long-term loan/guarantee | Mizuho Corporate Bank, Taipei Branch | 2020/03~2022/03 | Interest paid monthly, principal repaid at maturity | None |
| Bank long-term unsecured loan | Taiwan Cooperative Bank Ta-An Branch | 2020/03~2022/03 | Interest paid monthly, principal repaid at maturity | None |
| Bank long-term unsecured loan | First Commercial Bank. Tung-Hwa Branch | 2020/02~2022/02 | Interest paid monthly, principal repaid at maturity | None |
| Bank long-term unsecured loan | Hwa Nan Commercial Bank. Tung-Hwa Branch | 2020/01~2022/01 | Interest paid monthly, principal repaid at maturity | None |
| Bank long-term secured loan | Far Eastern International Bank Business Dept. | 2020/01~2023/01 | Interest paid monthly, principal repaid at maturity | None |
| Bank long-term unsecured loan | BNP PARIBAS Taipei Branch | 2020/01~2022/01 | Interest paid monthly, principal repaid at maturity | None |
| Bank long-term unsecured loan | Yuanta Commercial Bank | 2019/12~2021/12 | Interest paid monthly, principal repaid at maturity | None |
| Bank long-term unsecured loan | DBS Bank (Taiwan) Ltd | 2019/10~2021/10 | Interest paid monthly, principal repaid at maturity | None |
| Bank long-term unsecured loan | Land Bank of Taiwan Co., Ltd. Tung-Hwa Branch | 2019/09~2021/09 | Interest paid monthly, principal repaid at maturity | None |
| Bank long-term unsecured loan | Chang Hwa Bank Tung-Hwa Branch | 2019/08~2021/08 | Interest paid monthly, principal repaid at maturity | None |
| Bank long-term unsecured loan | SMBC Bank Taipei Branch | 2019/07~2021/07 | Interest paid monthly, principal repaid at maturity | None |
| Bank long-term unsecured loan | Bank of Taiwan Wu-Chang Branch | 2019/07~2021/07 | Interest paid monthly, principal repaid at maturity | None |
| Bank long-term unsecured loan | Bank of China Taipei Branch | 2019/07~2021/07 | Interest paid monthly, principal repaid at maturity | None |
| Bank long-term unsecured loan | E.Sun Commercial Bank | 2019/07~2021/07 | Interest paid monthly, principal repaid at maturity | None |
| Bank long-term unsecured loan | Mega International Commercial Bank Foreign Dept. | 2019/06~2021/06 | Interest paid monthly, principal repaid at maturity | None |
| Bank long-term secured loan | Mega International Commercial Bank Foreign Dept. | 2019/06~2021/06 | Interest paid monthly, principal repaid at maturity | None |
| Bank long-term unsecured loan | KGI Bank | 2018/09~2020/09 | Interest paid monthly, principal repaid at maturity | None |
| Long term raw material supply | BB Co., | 2019/04~2019/12 | Contract of Coal Purchase | None |
| Long term raw material supply | Chung Ling Co. | 2019/04~2020/06 | Contract of Clay Purchase | None |
| Long term raw material supply | Young Year (Gypsum) | 2019/01~2019/12 | Contract of Gypsum Purchase | None |
| Long term service provider | Anhe Enterprise | 2019/01~2019/12 | Contract of service | None |
| Long term construction service provider | Yuantai Corp. | 2019/01~2020/06 | Contract of construction service | None |

VI Financial Information

6.1 Financial Reports & Audit Results in Recent five Years

6.1.1 Consolidated Balance Sheets

UNIT: NT\$1,000

| Item \ Year | | Five-Year Financial Summary | | | | |
|--|--------------------|-----------------------------|-------------|-------------|-------------|-------------|
| | | 2015 | 2016 | 2017 | 2018 | 2019 |
| Current Assets | | 52,844,285 | 42,148,568 | 50,262,702 | 80,358,506 | 89,242,066 |
| Property, Plant and Equipment | | 67,264,573 | 58,832,486 | 53,738,838 | 52,549,341 | 50,681,281 |
| Intangible Assets | | 5,304,367 | 4,866,642 | 4,552,561 | 3,694,783 | 7,000,317 |
| Other Assets | | 144,663,984 | 132,623,089 | 138,510,247 | 142,585,368 | 150,354,848 |
| Total Assets | | 270,077,209 | 238,470,785 | 247,064,348 | 279,187,998 | 297,278,512 |
| Current Liabilities | Before Apportioned | 65,223,927 | 40,857,530 | 53,948,167 | 62,804,294 | 74,335,619 |
| | After Apportioned | 68,921,519 | 43,882,832 | 57,981,903 | 72,216,346 | - |
| Non-current Liabilities | | 49,999,090 | 56,950,034 | 47,319,817 | 57,335,358 | 53,493,855 |
| Total Liabilities | Before Apportioned | 115,223,017 | 97,807,564 | 101,267,984 | 120,139,652 | 127,829,474 |
| | After Apportioned | 118,920,609 | 100,832,866 | 105,301,720 | 129,551,704 | - |
| Equity Attributable To Owners Of The Corporation | | 135,898,873 | 122,663,077 | 127,435,565 | 137,892,226 | 146,067,358 |
| Share Capital | | 33,614,472 | 33,614,472 | 33,614,472 | 33,614,472 | 33,614,472 |
| Capital Surplus | | 1,155,643 | 1,167,881 | 1,168,692 | 1,362,554 | 1,456,054 |
| Retained Earnings | Before Apportioned | 91,552,336 | 91,599,413 | 94,196,274 | 99,918,986 | 108,564,355 |
| | After Apportioned | 87,854,744 | 88,574,111 | 90,162,538 | 90,506,934 | - |
| Other Equity | | 9,576,422 | (3,718,689) | (1,543,873) | 2,996,214 | 2,432,477 |
| Non-Controlling Interests | | 18,955,319 | 18,000,144 | 18,360,799 | 21,156,120 | 23,381,680 |
| Total Equity | Before Apportioned | 154,854,192 | 140,663,221 | 145,796,364 | 159,048,346 | 169,449,038 |
| | After Apportioned | 151,156,600 | 137,637,919 | 141,762,628 | 149,636,294 | - |

6.1.2 Consolidated Statements Of Comprehensive Income

UNIT: NT\$1,000

| Year Item | Five-Year Financial Summary | | | | |
|--|-----------------------------|--------------|------------|------------|------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Operating Revenue | 66,287,480 | 60,946,190 | 64,899,248 | 82,741,004 | 89,347,637 |
| Realized Gross Profit | 7,058,747 | 8,588,274 | 10,170,478 | 21,171,461 | 25,586,317 |
| Profit From Operations | 4,039,945 | 6,233,048 | 7,436,716 | 18,153,110 | 22,063,176 |
| Non-operating Income And Expenses | 2,774,213 | 243,541 | 1,062,443 | 2,217,008 | 6,330,006 |
| Income Before Income Tax | 6,814,158 | 6,476,589 | 8,499,159 | 20,370,118 | 28,393,182 |
| Net Profit For The Period | 4,934,483 | 4,683,297 | 6,665,541 | 14,889,197 | 22,243,953 |
| Other Comprehensive Income , Net | (3,860,529) | (14,688,396) | 2,119,539 | 1,436,173 | (617,304) |
| Total Comprehensive Income For The Period | 1,073,954 | (10,005,099) | 8,785,080 | 16,325,370 | 21,626,649 |
| Net Profit Attributable To Owner Of The Company | 4,860,241 | 3,945,769 | 5,469,007 | 11,117,094 | 17,459,673 |
| Net Profit Attributable To Non-Controlling Interests | 74,242 | 737,528 | 1,196,534 | 3,772,103 | 4,784,280 |
| Total Comprehensive Income Attributable To Owner Of The Company | 1,343,662 | (9,550,011) | 7,895,746 | 12,811,353 | 17,652,536 |
| Total Comprehensive Income Attributable To Non-Controlling Interests | (269,708) | (455,088) | 889,334 | 3,514,017 | 3,974,113 |
| Earnings Per Share | 1.55 | 1.26 | 1.74 | 3.54 | 5.56 |
| Earnings Per Share (Note1) | 1.55 | 1.26 | 1.74 | 3.54 | 5.56 |

Note: Based on weighted average outstanding shares in 2019 after subtracting the shares of the Corporation held by the associates treated as treasury stock.

6.1.3 Separate Balance Sheets

UNIT: NT\$1,000

| Item | | Year | Five-Year Financial Summary | | | | |
|-------------------------------|--------------------|------|-----------------------------|-------------|-------------|-------------|-------------|
| | | | 2015 | 2016 | 2017 | 2018 | 2019 |
| Current Assets | | | 14,560,998 | 8,560,664 | 8,969,876 | 10,164,679 | 10,880,961 |
| Property, Plant and Equipment | | | 5,220,819 | 5,142,099 | 4,665,393 | 4,374,050 | 4,234,288 |
| Intangible Assets | | | 8,639 | 10,287 | 8,948 | 8,344 | 4,957 |
| Other Assets | | | 169,888,349 | 157,629,856 | 166,201,481 | 178,284,025 | 188,820,293 |
| Total Assets | | | 189,678,805 | 171,342,906 | 179,845,698 | 192,831,098 | 203,940,499 |
| Current Liabilities | Before Apportioned | | 23,780,564 | 8,016,448 | 15,051,567 | 17,648,284 | 16,273,235 |
| | After Apportioned | | 27,478,156 | 11,041,750 | 19,085,303 | 27,060,336 | - |
| Non-current Liabilities | | | 29,999,368 | 40,663,381 | 37,358,566 | 37,290,588 | 41,599,906 |
| Total Liabilities | Before Apportioned | | 53,779,932 | 48,679,829 | 52,410,133 | 54,938,872 | 57,873,141 |
| | After Apportioned | | 57,477,524 | 51,705,131 | 56,443,869 | 64,350,924 | - |
| Share Capital | | | 33,614,472 | 33,614,472 | 33,614,472 | 33,614,472 | 33,614,472 |
| Capital Surplus | | | 1,155,643 | 1,167,881 | 1,168,692 | 1,362,554 | 1,456,054 |
| Retained Earnings | Before Apportioned | | 91,552,336 | 91,599,413 | 94,196,274 | 99,918,986 | 108,564,355 |
| | After Apportioned | | 87,854,744 | 88,574,111 | 90,162,538 | 90,506,934 | - |
| Other Equity | | | 9,576,422 | (3,718,689) | (1,543,873) | 2,996,214 | 2,432,477 |
| Total Equity | Before Apportioned | | 135,898,873 | 122,663,077 | 127,435,565 | 137,892,226 | 146,067,358 |
| | After Apportioned | | 132,201,281 | 119,637,775 | 123,401,829 | 128,480,174 | - |

6.1.4 Separate Statements Of Comprehensive Income

UNIT:

NT\$1,000

| Item \ Year | Five-Year Financial Summary | | | | |
|---|-----------------------------|--------------|-----------|------------|------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Operating Revenue | 12,012,770 | 9,917,334 | 8,186,867 | 8,732,236 | 8,985,917 |
| Realized Gross Profit | 1,547,808 | 1,288,995 | 670,927 | 256,534 | 469,483 |
| Profit From Operations | 977,733 | 758,915 | 148,282 | (393,973) | (212,675) |
| Non-operating Income And Expenses | 5,330,300 | 3,792,066 | 5,253,097 | 12,588,705 | 18,368,775 |
| Income Before Income Tax | 6,308,033 | 4,550,981 | 5,401,379 | 12,194,732 | 18,156,100 |
| Net Profit For The Year | 4,860,241 | 3,945,769 | 5,469,007 | 11,117,094 | 17,459,673 |
| Other Comprehensive Income , Net | (3,516,579) | (13,495,780) | 2,426,739 | 1,694,259 | 192,863 |
| Total Comprehensive Income For The Year | 1,343,662 | (9,550,011) | 7,895,746 | 12,811,353 | 17,652,536 |
| Earnings Per Share | 1.55 | 1.26 | 1.74 | 3.54 | 5.56 |
| Earnings Per Share (Note1) | 1.55 | 1.26 | 1.74 | 3.54 | 5.56 |

Note: Based on weighted average outstanding shares in 2019 after subtracting the shares of the Corporation held by the associates treated as treasury stock.

6.1.5 Auditors' Opinions from 2015 to 2019

| Year | CPA's Name | Audit Opinion |
|------|--------------------------|--|
| 2015 | Li Wen Kuo 、 Yu Wei Fan | Unqualified Opinion |
| 2016 | Li Wen Kuo 、 Yu Wei Fan | Unqualified Opinion |
| 2017 | Li Wen Kuo 、 Yu Wei Fan | Unqualified Opinion |
| 2018 | Li Wen Kuo 、 Yu Wei Fan | Unqualified Opinion with Emphasis of Matter Paragraphs and Other Matter Paragraphs |
| 2019 | Xin Wei Tai 、 Yu Wei Fan | Unqualified Opinion with Other Matter Paragraphs |

6.2 Financial Analysis

6.2.1 Consolidated Financial Statements

| Item | | Financial Analysis (2015~2019) | | | | |
|--------------------------------|--|--------------------------------|--------|--------|--------|--------|
| | | 2015 | 2016 | 2017 | 2018 | 2019 |
| Capital Structure Analysis | Debts Ratio (%) | 42.66 | 41.01 | 40.99 | 43.03 | 43.00 |
| | Long-term Fund to Property, Plant and Equipment (%) | 304.55 | 335.89 | 359.36 | 411.77 | 439.89 |
| Liquidity Analysis | Current Ratio (%) | 81.02 | 103.16 | 93.17 | 127.95 | 120.05 |
| | Quick Ratio (%) | 69.80 | 86.22 | 80.98 | 112.34 | 109.57 |
| | Times Interest Earned (Times) | 5.14 | 4.95 | 5.80 | 13.17 | 16.60 |
| Operating Performance Analysis | Average Collection Turnover (Times) | 3.55 | 3.85 | 3.96 | 3.99 | 3.95 |
| | Days Sales Outstanding | 103 | 95 | 92 | 91 | 92 |
| | Average Inventory Turnover (Times) | 7.08 | 7.35 | 8.11 | 7.52 | 7.25 |
| | Average Payment Turnover (Times) | 6.42 | 6.64 | 7.30 | 7.73 | 5.85 |
| | Average Inventory Turnover Days | 52 | 50 | 45 | 49 | 50 |
| | Property, Plant and Equipment Turnover (Times) | 0.96 | 0.97 | 1.15 | 1.56 | 1.73 |
| | Total Assets Turnover (Times) | 0.24 | 0.24 | 0.27 | 0.31 | 0.31 |
| Profitability Analysis | Return on Total Assets (%) | 2.28 | 2.38 | 3.35 | 6.17 | 8.22 |
| | Return on Shareholders' Equity (%) | 3.12 | 3.17 | 4.65 | 9.77 | 13.54 |
| | Pre-tax Income to Paid-in Capital Ratio (%) | 20.27 | 19.27 | 25.28 | 60.60 | 84.47 |
| | Net Margin (%) | 7.44 | 7.68 | 10.27 | 17.99 | 24.90 |
| | Basic Earnings Per Share (NT\$) (Based on outstanding shares in 2019) | 1.55 | 1.26 | 1.74 | 3.54 | 5.56 |
| Cash Flow | Cash Flow Ratio (%) | 20.95 | 31.37 | 15.09 | 14.75 | 50.14 |
| | Cash Flow Adequacy Ratio (%) | 112.25 | 126.91 | 133.25 | 127.58 | 180.16 |
| | Cash Reinvestment Ratio (%) | 2.97 | 4.43 | 2.49 | 2.24 | 11.73 |
| Leverage | Operating Leverage | 2.42 | 1.87 | 1.70 | 1.27 | 1.28 |
| | Financial Leverage | 1.69 | 1.36 | 1.31 | 1.10 | 1.09 |

Analysis of deviation of 2019 vs. 2018 over 20%:

The decrease in Average Payment Turnover was mainly due to the increase of accounts payable and accrued expenses at year-end of 2019.

The increase in Times Interest Earned, Return on Total Assets, Return on Shareholders' Equity, Pre-tax Income to Paid-in Capital Ratio, Net Margin and Basic Earnings Per Share were mainly due to the increase of net income in 2019.

The increase in Cash Flow Ratio, Cash Flow Adequacy Ratio and Cash Reinvestment Ratio were mainly due to an increase in cash provided by operating activities in 2019.

6.2.2 Separate Financial Statements

| Item | | Financial Analysis (2015~2019) | | | | |
|--------------------------------|---|--------------------------------|----------|----------|----------|----------|
| | | 2015 | 2016 | 2017 | 2018 | 2019 |
| Capital Structure Analysis | Debts Ratio (%) | 28.35 | 28.41 | 29.14 | 28.49 | 28.38 |
| | Long-term Fund to Property, Plant and Equipment (%) | 3,177.63 | 3,176.26 | 3,532.27 | 4,005.05 | 4,432.09 |
| Liquidity Analysis | Current Ratio (%) | 61.23 | 106.79 | 59.59 | 57.60 | 66.86 |
| | Quick Ratio (%) | 54.65 | 90.84 | 50.93 | 48.17 | 57.37 |
| | Times Interest Earned (Times) | 13.12 | 13.34 | 17.29 | 37.73 | 50.16 |
| Operating Performance Analysis | Average Collection Turnover (Times) | 11.34 | 11.10 | 9.37 | 8.92 | 8.43 |
| | Days Sales Outstanding | 32 | 33 | 39 | 41 | 43 |
| | Average Inventory Turnover (Times) | 6.68 | 6.07 | 5.83 | 5.72 | 5.30 |
| | Average Payment Turnover (Times) | 5.97 | 5.30 | 4.92 | 5.44 | 5.18 |
| | Average Inventory Turnover Days | 55 | 60 | 63 | 64 | 69 |
| | Property, Plant and Equipment Turnover (Times) | 2.39 | 1.91 | 1.67 | 1.93 | 2.09 |
| | Total Assets Turnover (Times) | 0.06 | 0.05 | 0.05 | 0.05 | 0.05 |
| Profitability Analysis | Return on Total Assets (%) | 2.80 | 2.36 | 3.27 | 6.11 | 8.95 |
| | Return on Shareholders' Equity (%) | 3.50 | 3.05 | 4.37 | 8.38 | 12.30 |
| | Pre-tax Income to Paid-in Capital Ratio (%) | 18.77 | 13.54 | 16.07 | 36.28 | 54.01 |
| | Net Margin (%) | 40.46 | 39.79 | 66.8 | 127.31 | 194.30 |
| | Basic Earnings Per Share (NT\$) (Based on outstanding shares in 2019) | 1.55 | 1.26 | 1.74 | 3.54 | 5.56 |
| Cash Flow | Cash Flow Ratio (%) | 25.81 | 54.45 | 21.99 | 18.45 | 47.97 |
| | Cash Flow Adequacy Ratio (%) | 87.49 | 87.14 | 92.22 | 88.37 | 83.03 |
| | Cash Reinvestment Ratio (%) | (0.84) | 0.46 | 0.19 | (0.49) | (0.94) |
| Leverage | Operating Leverage | 1.50 | 1.85 | 5.29 | Note1 | Note1 |
| | Financial Leverage | 2.14 | 1.95 | (0.81) | Note2 | Note2 |

Analysis of deviation of 2019 vs. 2018 over 20%:

The increase in Times Interest Earned, Return on Total Assets, Return on Shareholders' Equity, Pre-tax Income to Paid-in Capital Ratio, Net Margin and Basic Earnings Per Share were mainly due to the increase of net income in 2019.

The increase of Cash Flow Ratio was due to the increase of cash provided by operating activities in 2019.

The decrease in Cash Reinvestment Ratio was mainly due to the increase of cash dividends paid in 2019.

Note1 : The ratio was equal or less than zero.

Note2 : The ratio was not calculated due to operating loss.

*Glossary

1. Capital Structure Analysis

- (1) Debt Ratio = Total Liabilities / Total Assets
- (2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

2. Liquidity Analysis

- (1) Current Ratio = Current Assets / Current Liabilities
- (2) Quick Ratio = (Current Assets - Inventories - Prepaid Expenses) / Current Liabilities
- (3) Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses

3. Operating Performance Analysis

- (1) Average Collection Turnover = Net Sales / Average Trade Receivables
- (2) Days Sales Outstanding = 365 / Average Collection Turnover
- (3) Average Inventory Turnover = Cost of Sales / Average Inventory
- (4) Average Payment Turnover = Cost of Sales / Average Trade Payables
- (5) Average Inventory Turnover Days = 365 / Average Inventory Turnover
- (6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment
- (7) Total Assets Turnover = Net Sales / Average Total Assets

4. Profitability Analysis

- (1) Return on Total Assets = (Net Income + Interest Expenses * (1 - Effective Tax Rate)) / Average Total Assets
- (2) Return on Shareholders' Equity = Net Income / Average Total Equity
- (3) Pre-tax Income to Paid-in Capital Ratio = Income before Tax / Paid-in Capital
- (4) Net Margin = Net Income / Net Sales
- (5) Basic Earnings Per Share = (Net income attributable to Shareholders of the Parent - Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

5. Cash Flow

- (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
- (2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
- (3) Cash Reinvestment Ratio = (Cash Provided by Operating Activities - Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)

6. Leverage

- (1) Operating Leverage = (Net Sales - Variable Cost) / Income from Operations
- (2) Financial Leverage = Income from Operations / (Income from Operations - Interest Expenses)

6.3 Audit Committee's Review Report on the 2019 Financial Statements

To: The 2020 Regular Shareholders' Meeting

The Board of Directors has prepared the Company's 2019 Business Report, the Proposal for Profit Distribution, and the Financial Statements certified by CPA Mr. Xin Wei Tai and Mr. Yu Wei Fan of the Deloitte & Touche. The Business Report, Financial Statements, and the Proposal for Profit Distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of Asia Cement Corporation. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Chairman of the Audit Committee: Ta-Chou Huang

May 11, 2020

6.4 Financial Statements and Independent Auditors' Report

Please refer to Attachment for the Notes to Financial Statements.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Asia Cement Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2019 are stated as follows:

Estimated Impairment of Trade Receivables

The estimated provision for impairment of trade receivables is based on the assumptions of defaults and expected loss rates. The assumptions and selection of inputs for impairment calculation are based on the Group's historical experience, existing market conditions as well as forward looking estimates. When the actual future cash flows are less than expected, a material impairment loss may arise, refer to Notes 5 and 13 to the consolidated financial statements. Because key assumptions and inputs used for measuring expected credit losses on trade receivables involve significant judgments and uncertainties, we considered the estimated impairment of trade receivables as one of the key audit matters.

The corresponding audit procedures that we performed for the estimated impairment of trade receivables are as follows:

1. We obtained an understanding of the internal control procedures with respect to management's allowance for impairment loss of trade receivables.
2. We evaluated the reasonableness of allowance for impairment loss by testing the aging of trade receivables and by quantifying the potential risk of trade receivables that were overdue at the balance sheet date.
3. We tested the recoverability of the trade receivables by vouching cash receipts after the balance sheet date.
4. For the estimated impairment of accounts receivable, we evaluated the adequacy of management's provision for impairment based on customers' past default experience, current financial position, any collateral pledged, existing market conditions as well as forward looking estimates.

Fair Value Measurement of Investment Properties

The Group's investment properties are subsequently measured using the fair value model and valued by an independent qualified professional appraiser, a member of the ROC certified real estate appraisers, refer to Notes 5 and 18 to the consolidated financial statements. Because the valuation of investment properties involves significant judgments and uncertainties, we considered the fair value measurement of investment properties as one of the key audit matters.

The corresponding audit procedures that we performed for the fair value measurement of investment properties are as follows:

1. We assessed the professional competence and independence of the appraiser engaged by management and we obtained an understanding of the appraiser's scope of work and process of engagement to confirm that no circumstances affect the appraiser's independence and limit the scope of his work.
2. We obtained an understanding of and assessed the reasonableness of management's assumptions and methods used in the valuation.

3. We sample-tested items from management's supporting documents, which include the effective gross income, expenses, and property rights of land and buildings to verify the valuation process used by management and recalculated the fair value of investment properties to assess the reasonableness of management's calculation.

Other Matter

The financial statements of China Shanshui Cement Group Limited (CSCGL), an associate accounted for using equity method, were audited by other auditors as of December 31, 2019 and 2018. Our opinion, insofar as it relates to the amounts included in the accompanying financial statements for CSCGL, is based solely on the reports of other auditors. As of December 31, 2019 and 2018, the aggregate carrying value of the equity-method investments in CSCGL was NT\$12,024,837 thousand and NT\$10,217,370 thousand, respectively, both representing 4% of the consolidated total assets. For the years ended December 31, 2019 and 2018, the share of profit or loss of CSCGL was NT\$2,211,559 thousand and NT\$376,557 thousand, respectively, representing 8% and 2%, respectively, of the consolidated profit before income tax.

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

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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Tai, Xin Wei and Fan, Yu Wei.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 25, 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.

ASIA CEMENT CORPORATION AND SUBSIDIARIES

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

| ASSETS | 2019 | | 2018 | |
|--|-----------------------|------------|-----------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Notes 6 and 37) | \$ 24,735,495 | 8 | \$ 14,929,411 | 5 |
| Financial assets at fair value through profit or loss - current (Notes 7 and 36) | 4,728,223 | 2 | 9,046,583 | 3 |
| Financial assets at fair value through other comprehensive income - current (Notes 8 and 38) | 3,978,366 | 1 | 3,800,923 | 2 |
| Financial assets at amortized cost - current (Notes 6, 9, 36 and 38) | 23,016,985 | 8 | 14,322,874 | 5 |
| Contract assets - current (Notes 31 and 37) | 68,412 | - | 147,528 | - |
| Notes receivable | | | | |
| Third parties | 11,159,687 | 4 | 12,928,203 | 5 |
| Trade receivables | | | | |
| Third parties (Notes 10 and 11) | 10,159,263 | 3 | 9,251,854 | 3 |
| Related parties (Notes 10 and 37) | 803,340 | - | 976,266 | - |
| Other receivables (Notes 12 and 37) | 481,800 | - | 2,964,751 | 1 |
| Current tax assets (Note 33) | 6,785 | - | 15,901 | - |
| Inventories (Note 13) | 7,789,794 | 3 | 9,804,276 | 4 |
| Prepayments (Notes 21 and 37) | 1,812,789 | 1 | 1,684,612 | 1 |
| Other current assets (Note 22) | 501,127 | - | 485,324 | - |
| Total current assets | 89,242,066 | 30 | 80,358,506 | 29 |
| NON-CURRENT ASSETS | | | | |
| Investments accounted for using equity method (Notes 15, 37 and 38) | 84,412,240 | 28 | 78,846,276 | 28 |
| Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 38) | 11,692,138 | 4 | 9,784,743 | 4 |
| Financial assets at amortized cost - non-current (Notes 6, 9, 37 and 38) | 36,064 | - | 14,642 | - |
| Property, plant and equipment (Notes 16 and 38) | 50,681,281 | 17 | 52,549,341 | 19 |
| Right-of-use assets (Notes 17 and 37) | 5,080,287 | 2 | - | - |
| Investment properties (Notes 18 and 38) | 36,176,439 | 12 | 35,965,203 | 13 |
| Intangible assets (Notes 19 and 20) | 7,000,317 | 2 | 3,694,783 | 1 |
| Deferred tax assets (Note 33) | 474,929 | - | 436,238 | - |
| Lease receivables - non-current (Note 11) | - | - | 8,894,355 | 3 |
| Finance lease receivables - non-current (Note 11) | 8,170,867 | 3 | - | - |
| Long-term prepayments for leases (Note 21) | - | - | 3,779,353 | 1 |
| Other non-current assets (Notes 22, 29 and 37) | 4,311,884 | 2 | 4,864,558 | 2 |
| Total non-current assets | 208,036,446 | 70 | 198,829,492 | 71 |
| TOTAL | \$ 297,278,512 | 100 | \$ 279,187,998 | 100 |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term borrowings (Notes 23 and 37) | \$ 23,811,603 | 8 | \$ 24,805,239 | 9 |
| Short-term bills payable (Note 24) | 18,932,294 | 6 | 18,564,469 | 7 |
| Financial liabilities at fair value through profit or loss - current (Note 7) | 112,070 | - | 268,218 | - |
| Contract liabilities - current (Notes 31 and 37) | 987,496 | - | 731,015 | - |
| Accounts payable and accrued expenses | | | | |
| Third parties (Note 20) | 13,266,966 | 5 | 8,028,077 | 3 |
| Related parties (Note 37) | 256,803 | - | 250,857 | - |
| Dividends and bonuses payable | 230,151 | - | 231,722 | - |
| Other payables - others (Note 25) | 312,069 | - | 334,305 | - |
| Current tax liabilities (Note 33) | 2,957,672 | 1 | 2,181,268 | 1 |
| Provisions - current (Note 28) | 50,661 | - | 48,200 | - |
| Lease liabilities - current (Note 17) | 190,607 | - | - | - |
| Deferred revenue - current (Note 27) | 75,912 | - | 75,912 | - |
| Current portion of long-term liabilities (Notes 26 and 37) | 13,151,315 | 5 | 7,285,012 | 2 |
| Total current liabilities | 74,335,619 | 25 | 62,804,294 | 22 |
| NON-CURRENT LIABILITIES | | | | |
| Bonds payable (Note 26) | 19,280,807 | 7 | 12,192,567 | 5 |
| Long-term borrowings (Notes 26 and 37) | 20,820,990 | 7 | 33,593,896 | 12 |
| Provisions - non-current (Notes 22, 28 and 39) | 715,432 | - | 679,377 | - |
| Lease liabilities - non-current (Note 17) | 1,264,765 | 1 | - | - |
| Deferred tax liabilities (Note 33) | 9,991,422 | 3 | 9,365,429 | 4 |
| Net defined benefit liabilities - non-current (Note 29) | 164,208 | - | 185,107 | - |
| Deferred revenue - non-current (Note 27) | 847,893 | - | 923,805 | - |
| Other non-current liabilities | 408,338 | - | 395,177 | - |
| Total non-current liabilities | 53,493,855 | 18 | 57,335,358 | 21 |
| Total liabilities | 127,829,474 | 43 | 120,139,652 | 43 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 30) | | | | |
| Share capital | 33,614,472 | 11 | 33,614,472 | 12 |
| Capital surplus | 1,456,054 | - | 1,362,554 | - |
| Retained earnings | | | | |
| Legal reserve | 16,727,089 | 6 | 15,615,380 | 6 |
| Special reserve | 64,463,426 | 22 | 63,945,145 | 23 |
| Unappropriated earnings | 27,373,840 | 9 | 20,358,461 | 7 |
| Total retained earnings | 108,564,355 | 37 | 99,918,986 | 36 |
| Other equity | 2,432,477 | 1 | 2,996,214 | 1 |
| Total equity attributable to owners of the Corporation | 146,067,358 | 49 | 137,892,226 | 49 |
| NON-CONTROLLING INTERESTS (Note 30) | 23,381,680 | 8 | 21,156,120 | 8 |
| Total equity | 169,449,038 | 57 | 159,048,346 | 57 |
| TOTAL | \$ 297,278,512 | 100 | \$ 279,187,998 | 100 |

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

(With Deloitte & Touche auditors' report dated March 25, 2020)

ASIA 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 31 and 37) | \$ 89,347,637 | 100 | \$ 82,741,004 | 100 |
| OPERATING COSTS (Notes 13, 31 and 37) | <u>63,746,928</u> | <u>71</u> | <u>61,584,690</u> | <u>74</u> |
| GROSS PROFIT | 25,600,709 | 29 | 21,156,314 | 26 |
| UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES | 14,392 | - | - | - |
| REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES | <u>-</u> | <u>-</u> | <u>15,147</u> | <u>-</u> |
| REALIZED GROSS PROFIT | <u>25,586,317</u> | <u>29</u> | <u>21,171,461</u> | <u>26</u> |
| OPERATING EXPENSES | | | | |
| Administrative expenses (Notes 32 and 37) | 3,332,110 | 4 | 2,875,798 | 4 |
| Expected credit loss (Note 10) | <u>191,031</u> | <u>-</u> | <u>142,553</u> | <u>-</u> |
| Total operating expenses | <u>3,523,141</u> | <u>4</u> | <u>3,018,351</u> | <u>4</u> |
| OPERATING INCOME | <u>22,063,176</u> | <u>25</u> | <u>18,153,110</u> | <u>22</u> |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Other income (Note 32) | 1,998,600 | 2 | 1,479,803 | 2 |
| Other gains and losses (Note 32) | 661,654 | 1 | (1,733,766) | (2) |
| Finance costs (Note 32) | (1,820,623) | (2) | (1,673,185) | (2) |
| Share of profit of associates and joint ventures | <u>5,490,375</u> | <u>6</u> | <u>4,144,156</u> | <u>5</u> |
| Total non-operating income and expenses | <u>6,330,006</u> | <u>7</u> | <u>2,217,008</u> | <u>3</u> |
| PROFIT BEFORE INCOME TAX | 28,393,182 | 32 | 20,370,118 | 25 |
| INCOME TAX EXPENSE (Note 33) | <u>6,149,229</u> | <u>7</u> | <u>5,480,921</u> | <u>7</u> |
| NET INCOME FOR THE YEAR | <u>22,243,953</u> | <u>25</u> | <u>14,889,197</u> | <u>18</u> |

(Continued)

ASIA CEMENT CORPORATION AND SUBSIDIARIES

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

| | 2019 | | 2018 | |
|---|----------------------|------------|----------------------|-----------|
| | Amount | % | Amount | % |
| OTHER COMPREHENSIVE INCOME, NET | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Unrealized gain on investments in equity instruments at fair value through other comprehensive income | \$ 1,193,292 | 1 | \$ 707,605 | 1 |
| Remeasurement of defined benefit plans | 486,711 | 1 | 265,511 | - |
| Share of other comprehensive income of associates and joint ventures | <u>1,778,252</u> | <u>2</u> | <u>723,519</u> | <u>1</u> |
| | <u>3,458,255</u> | <u>4</u> | <u>1,696,635</u> | <u>2</u> |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translating the financial statements of foreign operations | (2,635,629) | (3) | (894,761) | (1) |
| Cash flow hedges | - | - | (2,434) | - |
| Share of other comprehensive (loss) income of associates and joint ventures | <u>(1,439,930)</u> | <u>(2)</u> | <u>636,733</u> | <u>1</u> |
| | <u>(4,075,559)</u> | <u>(5)</u> | <u>(260,462)</u> | <u>-</u> |
| Other comprehensive (loss) income for the year, net of income tax | <u>(617,304)</u> | <u>(1)</u> | <u>1,436,173</u> | <u>2</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ 21,626,649</u> | <u>24</u> | <u>\$ 16,325,370</u> | <u>20</u> |
| NET PROFIT ATTRIBUTABLE TO: | | | | |
| Owners of the Corporation | \$ 17,459,673 | 20 | \$ 11,117,094 | 13 |
| Non-controlling interests | <u>4,784,280</u> | <u>5</u> | <u>3,772,103</u> | <u>5</u> |
| | <u>\$ 22,243,953</u> | <u>25</u> | <u>\$ 14,889,197</u> | <u>18</u> |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | |
| Owners of the Corporation | \$ 17,652,536 | 20 | \$ 12,811,353 | 16 |
| Non-controlling interests | <u>3,974,113</u> | <u>4</u> | <u>3,514,017</u> | <u>4</u> |
| | <u>\$ 21,626,649</u> | <u>24</u> | <u>\$ 16,325,370</u> | <u>20</u> |
| EARNINGS PER SHARE (Note 34) | | | | |
| Basic | <u>\$ 5.56</u> | | <u>\$ 3.54</u> | |
| Diluted | <u>\$ 5.25</u> | | <u>\$ 3.49</u> | |

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

(With Deloitte & Touche auditors' report dated March 25, 2020)

(Concluded)

ASIA 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)**

| | Equity Attributable to Owners of the Corporation | | | | | | | Other Equity | | | | | Non-controlling Interests | Total Equity |
|--|--|----------------------|---------------------|----------------------|----------------------|-------------------------|--|---|-------------------------------|------------------|---------------------|-----------------------|---------------------------|-----------------------|
| | Share Capital Issued | | Capital Surplus | Retained Earnings | | | Exchange Differences on Translating the Financial Statements of Foreign Operations | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | Gains on Property Revaluation | Cash Flow Hedges | Total Other Equity | Total | | |
| | Shares | Amount | | Legal Reserve | Special Reserve | Unappropriated Earnings | | | | | | | | |
| BALANCE AT JANUARY 1, 2018 | 3,361,447 | \$ 33,614,472 | \$ 1,168,692 | \$ 15,068,480 | \$ 63,001,957 | \$ 17,839,296 | \$ (2,638,153) | \$ 516,962 | \$ 307,728 | \$ 58,485 | \$ (1,754,978) | \$ 128,937,919 | \$ 18,365,609 | \$ 147,303,528 |
| Appropriation of 2017 earnings | | | | | | | | | | | | | | |
| Legal reserve | - | - | - | 546,900 | - | (546,900) | - | - | - | - | - | - | - | - |
| Special reserve | - | - | - | - | 943,188 | (943,188) | - | - | - | - | - | - | - | - |
| Cash dividends - \$1.2 per share | - | - | - | - | - | (4,033,736) | - | - | - | - | - | (4,033,736) | - | (4,033,736) |
| Equity component of convertible bonds issued by the Corporation | - | - | 185,411 | - | - | - | - | - | - | - | - | 185,411 | - | 185,411 |
| Changes in capital surplus from investments in associates accounted for using equity method | - | - | 8,451 | - | - | - | - | - | - | - | - | 8,451 | - | 8,451 |
| Net profit for the year ended December 31, 2018 | - | - | - | - | - | 11,117,094 | - | - | - | - | - | 11,117,094 | 3,772,103 | 14,889,197 |
| Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax | - | - | - | - | - | 351,764 | (3,211) | 1,343,257 | - | 2,449 | 1,342,495 | 1,694,259 | (258,086) | 1,436,173 |
| Cash dividends distributed by subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | (723,504) | (723,504) |
| Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates | - | - | - | - | - | (3,408,697) | - | 3,408,697 | - | - | 3,408,697 | - | - | - |
| Other changes in equity from investments in associates accounted for using equity method | - | - | - | - | - | (17,172) | - | - | - | - | - | (17,172) | (2) | (17,174) |
| BALANCE AT DECEMBER 31, 2018 | 3,361,447 | 33,614,472 | 1,362,554 | 15,615,380 | 63,945,145 | 20,358,461 | (2,641,364) | 5,268,916 | 307,728 | 60,934 | 2,996,214 | 137,892,226 | 21,156,120 | 159,048,346 |
| Effect of retrospective application and retrospective restatement | - | - | - | - | - | (143,100) | - | - | - | - | - | (143,100) | (4) | (143,104) |
| BALANCE AT JANUARY 1, 2019 AS RESTATED | 3,361,447 | 33,614,472 | 1,362,554 | 15,615,380 | 63,945,145 | 20,215,361 | (2,641,364) | 5,268,916 | 307,728 | 60,934 | 2,996,214 | 137,749,126 | 21,156,116 | 158,905,242 |
| Appropriation of 2018 earnings | | | | | | | | | | | | | | |
| Legal reserve | - | - | - | 1,111,709 | - | (1,111,709) | - | - | - | - | - | - | - | - |
| Special reserve | - | - | - | - | 518,281 | (518,281) | - | - | - | - | - | - | - | - |
| Cash dividends - \$2.8 per share | - | - | - | - | - | (9,412,052) | - | - | - | - | - | (9,412,052) | - | (9,412,052) |
| Changes in capital surplus from investments in associates accounted for using equity method | - | - | 93,500 | - | - | - | - | - | - | - | - | 93,500 | - | 93,500 |
| Net profit for the year ended December 31, 2019 | - | - | - | - | - | 17,459,673 | - | - | - | - | - | 17,459,673 | 4,784,280 | 22,243,953 |
| Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax | - | - | - | - | - | 676,889 | (3,271,837) | 2,719,118 | 77,486 | (8,793) | (484,026) | 192,863 | (810,167) | (617,304) |
| Cash dividends distributed by subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | (1,748,520) | (1,748,520) |
| Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates | - | - | - | - | - | 79,711 | - | (79,711) | - | - | (79,711) | - | - | - |
| Other changes in equity from investments in associates accounted for using equity method | - | - | - | - | - | (15,752) | - | - | - | - | - | (15,752) | (29) | (15,781) |
| BALANCE AT DECEMBER 31, 2019 | <u>3,361,447</u> | <u>\$ 33,614,472</u> | <u>\$ 1,456,054</u> | <u>\$ 16,727,089</u> | <u>\$ 64,463,426</u> | <u>\$ 27,373,840</u> | <u>\$ (5,913,201)</u> | <u>\$ 7,908,323</u> | <u>\$ 385,214</u> | <u>\$ 52,141</u> | <u>\$ 2,432,477</u> | <u>\$ 146,067,358</u> | <u>\$ 23,381,680</u> | <u>\$ 169,449,038</u> |

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

(With Deloitte & Touche auditors' report dated March 25, 2020)

ASIA 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 | \$ 28,393,182 | \$ 20,370,118 |
| Adjustments for: | | |
| Share of loss of associates and joint ventures | (5,490,375) | (4,144,156) |
| Depreciation expenses | 4,827,418 | 4,649,561 |
| Finance costs | 1,820,623 | 1,673,185 |
| Amortization expenses | 1,292,725 | 269,631 |
| Net (gain) loss on fair value changes of financial assets and liabilities designated as at fair value through profit or loss | (1,129,040) | 256,294 |
| Interest income | (1,126,001) | (370,571) |
| Dividend income | (761,309) | (770,314) |
| Gain on disposal of financial assets | (365,192) | (251,859) |
| Unrealized gain on foreign exchange | (295,492) | (15,575) |
| Gain on changes in fair value of investment properties | (197,647) | (98,015) |
| Expected credit loss recognized on trade receivables | 191,031 | 142,553 |
| (Reversal of) write-downs of inventories | (18,619) | 315,353 |
| Loss on disposal of property, plant and equipment | 44,225 | 33,455 |
| Loss on disposal of investments accounted for using equity method | 5,761 | - |
| Impairment loss recognized on investments accounted for using equity method | - | 200,245 |
| Impairment loss recognized on goodwill | - | 630,631 |
| Impairment loss on property, plant and equipment | - | 51,888 |
| Gain on disposal of subsidiaries | - | (40,440) |
| Effect of changes in exchange rate of bonds payable | - | 300 |
| Other items | - | (755) |
| Changes in operating assets and liabilities | | |
| Financial assets mandatorily classified as at fair value through profit or loss | 5,660,259 | (3,051,110) |
| Contract assets | 79,116 | (44,533) |
| Notes receivable | 1,351,524 | (4,805,502) |
| Trade receivables | 273,510 | 525,258 |
| Other receivables | 1,769,088 | (487,332) |
| Inventories | 1,857,463 | (3,566,055) |
| Prepayments | (408,758) | (31,307) |
| Other current assets | (34,246) | (74,718) |
| Contract liabilities | 256,481 | (20,934) |
| Accounts payable and accrued expenses | 697,124 | 806,044 |
| Provisions | 35,916 | 176,021 |
| Net defined benefit liabilities | (5,682) | (12,254) |
| Deferred revenue | (75,912) | (68,085) |
| Cash generated from operations | 38,647,173 | 12,247,022 |
| Interests received | 1,161,528 | 254,393 |
| Dividends received | 4,062,869 | 3,172,662 |

(Continued)

ASIA 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 |
|--|---------------------|---------------------|
| Interests paid | \$ (1,803,500) | \$ (1,658,691) |
| Income tax paid | <u>(4,796,169)</u> | <u>(3,304,318)</u> |
| Net cash generated from operating activities | <u>37,271,901</u> | <u>10,711,068</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of financial assets at amortized cost | (8,715,533) | (9,537,968) |
| Payments for property, plant and equipment | (3,754,851) | (4,274,600) |
| Acquisition of associates | (3,326,114) | (123,120) |
| Decrease (increase) in refundable deposits | 596,780 | (9,678) |
| Purchase of financial assets at fair value through other comprehensive income | (275,281) | (556,016) |
| Increase in long-term prepayments for investment | (11,224) | (83,721) |
| Net cash inflow on disposal of associates | 63,008 | - |
| Payments for intangible assets | (58,941) | (13,037) |
| Proceeds from disposal of property, plant and equipment | 37,708 | 90,395 |
| Payments for investment properties | (27,224) | (1,269) |
| Decrease in other non-current assets | 5,300 | 1,559 |
| Net cash inflow on disposal of subsidiaries | <u>-</u> | <u>48,391</u> |
| Net cash used in investing activities | <u>(15,466,372)</u> | <u>(14,459,064)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayments of long-term borrowings | (92,064,122) | (30,396,615) |
| Proceeds from long-term borrowings | 86,653,202 | 34,819,996 |
| Proceeds from issuance of bonds | 10,000,000 | 6,574,843 |
| Dividends paid | (9,412,164) | (4,033,715) |
| Repayments of bonds | (4,000,000) | (4,089,430) |
| Dividends paid to non-controlling interests | (1,748,520) | (723,504) |
| (Decrease) increase in short-term borrowings | (704,248) | 6,445,333 |
| Increase in short-term bills payable | 369,075 | 2,439,125 |
| Repayment of the principal portion of lease liabilities | (267,792) | - |
| Increase (decrease) in other non-current liabilities | 21,680 | (59,096) |
| (Decrease) increase in guarantee deposits received | <u>(10,073)</u> | <u>14,691</u> |
| Net cash (used in) generated from financing activities | <u>(11,162,962)</u> | <u>10,991,628</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES | | |
| | <u>(836,483)</u> | <u>(53,713)</u> |

(Continued)

ASIA 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 | \$ 9,806,084 | \$ 7,189,919 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>14,929,411</u> | <u>7,739,492</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 24,735,495</u> | <u>\$ 14,929,411</u> |

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

(With Deloitte & Touche auditors' report dated March 25, 2020)

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Asia Cement Corporation

Opinion

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

In our opinion, based on our audits and the reports of other auditors (refer to Other Matter section), the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

The key audit matters identified in the Corporation's financial statements for the year ended December 31, 2019 are stated as follows:

Estimated Impairment of Trade Receivables of Subsidiaries

The estimated provision for impairment of trade receivables is based on the assumptions of defaults and expected loss rates. The assumptions and selection of inputs for impairment calculation are based on the historical experience, existing market conditions as well as forward looking estimates of the Corporation's subsidiaries. When the actual future cash flows are less than expected, a material impairment loss may arise. Because key assumptions and inputs used for measuring expected credit losses on trade receivables involve significant judgments and uncertainties, we considered the estimated impairment of trade receivables as one of the key audit matters.

The corresponding audit procedures that we performed for the estimated impairment of trade receivables of the subsidiaries are as follows:

1. We obtained an understanding of the internal control procedures with respect to management's allowance for impairment loss of trade receivables.
2. We evaluated the reasonableness of allowance for impairment loss by testing the aging of trade receivables and by quantifying the potential risk of trade receivables that were overdue at the balance sheet date.

3. We tested the recoverability of the trade receivables by vouching cash receipts after the balance sheet date.
4. For the estimated impairment of accounts receivable, we evaluated the adequacy of management's provision for impairment based on customers' past default experience, current financial position, any collateral pledged, existing market conditions as well as forward looking estimates.

Fair Value Measurement of Investment Properties

The Corporation's and its subsidiaries' investment properties are subsequently measured using the fair value model and valued by an independent qualified professional appraiser, a member of the ROC certified real estate appraisers, refer to Notes 5 and 15 to the financial statements. Because the valuation of investment properties involves significant judgments and uncertainties, we considered the fair value measurement of investment properties as one of the key audit matters.

The corresponding audit procedures that we performed for the fair value measurement of investment properties are as follows:

1. We assessed the professional competence and independence of the appraiser engaged by management and we obtained an understanding of the appraiser's scope of work and process of engagement to confirm that no circumstances affect the appraiser's independence and limit the scope of his work.
2. We obtained an understanding of and assessed the reasonableness of management's assumptions and methods used in the valuation.
3. We sample-tested items from management's supporting documents, which include the effective gross income, expenses, and property rights of land and buildings to verify the valuation process used by management and recalculated the fair value of investment properties to assess the reasonableness of management's calculation.

Other Matter

The financial statements of China Shanshui Cement Group Limited (CSCGL), an associate accounted for using equity method, were audited by other auditors as of December 31, 2019 and 2018. Our opinion, insofar as it relates to the amounts included in the accompanying financial statements for CSCGL, is based solely on the reports of other auditors. As of December 31, 2019 and 2018, the aggregate carrying value of the equity-method investments in CSCGL was NT\$12,022,105 thousand and NT\$10,215,045 thousand, respectively, representing 6% and 5%, respectively, of the total assets. For the years ended December 31, 2019 and 2018, the share of profit or loss of CSCGL was NT\$2,211,060 thousand and NT\$376,472 thousand, respectively, representing 12% and 3%, respectively, of the profit before income tax

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 25, 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.

ASIA CEMENT CORPORATION

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

| ASSETS | 2019 | | 2018 | |
|--|-----------------------|------------|-----------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Notes 6 and 30) | \$ 2,475,739 | 1 | \$ 3,165,795 | 2 |
| Financial assets at fair value through profit or loss - current (Note 7) | 1,690,528 | 1 | 1,172,826 | 1 |
| Financial assets at fair value through other comprehensive income - current (Notes 8 and 31) | 2,237,578 | 1 | 2,371,026 | 1 |
| Financial assets at amortized cost (Notes 6, 11 and 30) | 1,763,189 | 1 | 462,275 | - |
| Notes receivable | | | | |
| Third parties | 80,634 | - | 95,212 | - |
| Trade receivables | | | | |
| Third parties (Note 10) | 513,070 | - | 474,070 | - |
| Related parties (Notes 10 and 30) | 447,234 | - | 520,982 | - |
| Other receivables (Note 30) | 75,865 | - | 29,495 | - |
| Current tax assets (Note 26) | - | - | 9,022 | - |
| Inventories (Note 11) | 1,545,309 | 1 | 1,663,395 | 1 |
| Prepayments (Note 17) | 45,581 | - | 188,456 | - |
| Other current assets | 6,234 | - | 12,125 | - |
| Total current assets | 10,880,961 | 5 | 10,164,679 | 5 |
| NON-CURRENT ASSETS | | | | |
| Investments accounted for using equity method (Notes 12 and 31) | 135,143,849 | 67 | 125,632,890 | 65 |
| Financial assets at fair value through other comprehensive income - non-current (Note 8) | 6,588,692 | 3 | 5,386,142 | 3 |
| Property, plant and equipment (Notes 13 and 31) | 4,234,288 | 2 | 4,374,050 | 2 |
| Right-of-use assets (Note 14) | 441,661 | - | - | - |
| Investment properties (Notes 15, 30 and 31) | 42,114,210 | 21 | 41,689,694 | 22 |
| Intangible assets (Note 16) | 4,957 | - | 8,344 | - |
| Deferred tax assets (Note 26) | 16,463 | - | 12,603 | - |
| Long-term prepayments for leases (Note 17) | - | - | 369,801 | - |
| Other non-current assets (Notes 18, 22 and 30) | 4,515,418 | 2 | 5,192,895 | 3 |
| Total non-current assets | 193,059,538 | 95 | 182,666,419 | 95 |
| TOTAL | \$ 203,940,499 | 100 | \$ 192,831,098 | 100 |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term bills payable (Note 19) | \$ 10,757,906 | 5 | \$ 11,437,104 | 6 |
| Financial liabilities at fair value through profit or loss - current (Note 7) | 112,070 | - | 268,218 | - |
| Contract liabilities - current (Note 24) | 83,726 | - | 40,661 | - |
| Accounts payable and accrued expenses | | | | |
| Third parties | 1,478,744 | 1 | 1,415,215 | 1 |
| Related parties (Note 30) | 201,804 | - | 188,104 | - |
| Dividends and bonuses payable | 224,335 | - | 214,593 | - |
| Current tax liabilities (Note 26) | 298,368 | - | 8,477 | - |
| Lease liabilities - current (Note 14) | 40,370 | - | - | - |
| Deferred revenue - current (Note 21) | 75,912 | - | 75,912 | - |
| Current portion of long-term liabilities (Note 20) | 3,000,000 | 2 | 4,000,000 | 2 |
| Total current liabilities | 16,273,235 | 8 | 17,648,284 | 9 |
| NON-CURRENT LIABILITIES | | | | |
| Bonds payable (Note 20) | 19,280,807 | 9 | 12,192,567 | 6 |
| Long-term borrowings (Note 20) | 11,795,000 | 6 | 15,025,011 | 8 |
| Provisions - non-current (Note 23) | 98,000 | - | 98,000 | - |
| Deferred tax liabilities (Note 26) | 9,503,629 | 5 | 9,020,630 | 5 |
| Lease liabilities - non-current (Note 14) | 44,787 | - | - | - |
| Deferred revenue - non-current (Note 21) | 847,893 | - | 923,805 | - |
| Other non-current liabilities | 29,790 | - | 30,575 | - |
| Total non-current liabilities | 41,599,906 | 20 | 37,290,588 | 19 |
| Total liabilities | 57,873,141 | 28 | 54,938,872 | 28 |
| EQUITY (Notes 23) | | | | |
| Ordinary shares | 33,614,472 | 17 | 33,614,472 | 17 |
| Capital surplus | 1,456,054 | 1 | 1,362,554 | 1 |
| Retained earnings | | | | |
| Legal reserve | 16,727,089 | 8 | 15,615,380 | 8 |
| Special reserve | 64,463,426 | 32 | 63,945,145 | 33 |
| Unappropriated earnings | 27,373,840 | 13 | 20,358,461 | 11 |
| Total retained earnings | 108,564,355 | 53 | 99,918,986 | 52 |
| Other equity | 2,432,477 | 1 | 2,996,214 | 2 |
| Total equity | 146,067,358 | 72 | 137,892,226 | 72 |
| TOTAL | \$ 203,940,499 | 100 | \$ 192,831,098 | 100 |

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

(With Deloitte & Touche auditors' report dated March 25, 2020)

ASIA 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 24 and 30) | \$ 8,985,917 | 100 | \$ 8,732,236 | 100 |
| OPERATING COSTS (Notes 11, 24, 25 and 30) | <u>8,507,992</u> | <u>95</u> | <u>8,479,146</u> | <u>97</u> |
| GROSS PROFIT | 477,925 | 5 | 253,090 | 3 |
| (UNREALIZED) REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES | <u>(8,442)</u> | <u>-</u> | <u>3,444</u> | <u>-</u> |
| REALIZED GROSS PROFIT | <u>469,483</u> | <u>5</u> | <u>256,534</u> | <u>3</u> |
| OPERATING EXPENSES | | | | |
| Administrative expenses (Notes 25 and 30) | 678,405 | 7 | 649,813 | 8 |
| Expected credit loss (Note 10) | <u>3,753</u> | <u>-</u> | <u>694</u> | <u>-</u> |
| Total operating expenses | <u>682,158</u> | <u>7</u> | <u>650,507</u> | <u>8</u> |
| OPERATING LOSS | <u>(212,675)</u> | <u>(2)</u> | <u>(393,973)</u> | <u>(5)</u> |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Other income (Note 25) | 812,795 | 9 | 592,445 | 7 |
| Other gains and losses (Note 25) | 814,110 | 9 | (641,800) | (7) |
| Finance costs (Note 25) | (369,349) | (4) | (331,984) | (4) |
| Share of profit of subsidiaries and associates | <u>17,111,219</u> | <u>190</u> | <u>12,970,044</u> | <u>148</u> |
| Total non-operating income and expenses | <u>18,368,775</u> | <u>204</u> | <u>12,588,705</u> | <u>144</u> |
| PROFIT BEFORE INCOME TAX | 18,156,100 | 202 | 12,194,732 | 139 |
| INCOME TAX EXPENSE (Note 26) | <u>696,427</u> | <u>8</u> | <u>1,077,638</u> | <u>12</u> |
| NET INCOME FOR THE YEAR | <u>17,459,673</u> | <u>194</u> | <u>11,117,094</u> | <u>127</u> |

(Continued)

ASIA CEMENT CORPORATION

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

| | 2019 | | 2018 | |
|--|----------------------|-------------|----------------------|------------|
| | Amount | % | Amount | % |
| OTHER COMPREHENSIVE INCOME, NET | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income | \$ 329,435 | 4 | \$ (9) | - |
| Remeasurement of defined benefit plans | 467,246 | 5 | 265,965 | 3 |
| Share of other comprehensive (loss) income of subsidiaries and associates | <u>2,650,225</u> | <u>29</u> | <u>1,426,545</u> | <u>17</u> |
| | <u>3,446,906</u> | <u>38</u> | <u>1,692,501</u> | <u>20</u> |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Share of other comprehensive (loss) income of subsidiaries and associates | <u>(3,254,043)</u> | <u>(36)</u> | <u>1,758</u> | <u>-</u> |
| Other comprehensive income for the year, net of income tax | <u>192,863</u> | <u>2</u> | <u>1,694,259</u> | <u>20</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ 17,652,536</u> | <u>196</u> | <u>\$ 12,811,353</u> | <u>147</u> |
| EARNINGS PER SHARE (Note 27) | | | | |
| Basic | <u>\$ 5.56</u> | | <u>\$ 3.54</u> | |
| Diluted | <u>\$ 5.25</u> | | <u>\$ 3.49</u> | |

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

(With Deloitte & Touche auditors' report dated March 25, 2020)

(Concluded)

ASIA CEMENT CORPORATION

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

| | Share Capital Issued | | Capital Surplus | Retained Earnings | | | Exchange Differences on Translating the Financial Statements of Foreign Operations | Other Equity | | | | Total Equity |
|--|----------------------|----------------------|---------------------|----------------------|----------------------|-------------------------|--|---|-------------------------------|------------------|---------------------|-----------------------|
| | Shares | Amount | | Legal Reserve | Special Reserve | Unappropriated Earnings | | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | Gains on Property Revaluation | Cash Flow Hedge | Total | |
| | | | | | | | | | | | | |
| BALANCE AT JANUARY 1, 2018 | 3,361,447 | \$ 33,614,472 | \$ 1,168,692 | \$ 15,068,480 | \$ 63,001,957 | \$ 17,839,296 | \$ (2,638,153) | \$ 516,962 | \$ 307,728 | \$ 58,485 | \$ (1,754,978) | \$ 128,937,919 |
| Appropriation of 2017 earnings | | | | | | | | | | | | |
| Legal reserve | - | - | - | 546,900 | - | (546,900) | - | - | - | - | - | - |
| Special reserve | - | - | - | - | 943,188 | (943,188) | - | - | - | - | - | - |
| Cash dividends - \$1.2 per share | - | - | - | - | - | (4,033,736) | - | - | - | - | - | (4,033,736) |
| Equity component of convertible bonds issued by the Corporation | - | - | 185,411 | - | - | - | - | - | - | - | - | 185,411 |
| Changes in capital surplus from investments in subsidiaries and associates accounted for using equity method | - | - | 8,451 | - | - | - | - | - | - | - | - | 8,451 |
| Net profit for the year ended December 31, 2018 | - | - | - | - | - | 11,117,094 | - | - | - | - | - | 11,117,094 |
| Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax | - | - | - | - | - | 351,764 | (3,211) | 1,343,257 | - | 2,449 | 1,342,495 | 1,694,259 |
| Disposal of investments in equity instruments designated as at fair value through other comprehensive income | - | - | - | - | - | (3,408,697) | - | 3,408,697 | - | - | 3,408,697 | - |
| Other changes in equity from investments in subsidiaries and associates accounted for using equity method | - | - | - | - | - | (17,172) | - | - | - | - | - | (17,172) |
| BALANCE AT DECEMBER 31, 2018 | 3,361,447 | 33,614,472 | 1,362,554 | 15,615,380 | 63,945,145 | 20,358,461 | (2,641,364) | 5,268,916 | 307,728 | 60,934 | 2,996,214 | 137,892,226 |
| Effect of retrospective application and retrospective restatement | - | - | - | - | - | (143,100) | - | - | - | - | - | (143,100) |
| BALANCE AT JANUARY 1, 2019 AS RESTATED | 3,361,447 | 33,614,472 | 1,362,554 | 15,615,380 | 63,945,145 | 20,215,361 | (2,641,364) | 5,268,916 | 307,728 | 60,934 | 2,996,214 | 137,749,126 |
| Appropriation of 2018 earnings | | | | | | | | | | | | |
| Legal reserve | - | - | - | 1,111,709 | - | (1,111,709) | - | - | - | - | - | - |
| Special reserve | - | - | - | - | 518,281 | (518,281) | - | - | - | - | - | - |
| Cash dividends - \$2.8 per share | - | - | - | - | - | (9,412,052) | - | - | - | - | - | (9,412,052) |
| Changes in capital surplus from investments in subsidiaries and associates accounted for using equity method | - | - | 93,500 | - | - | - | - | - | - | - | - | 93,500 |
| Net profit for the year ended December 31, 2019 | - | - | - | - | - | 17,459,673 | - | - | - | - | - | 17,459,673 |
| Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax | - | - | - | - | - | 676,889 | (3,271,837) | 2,719,118 | 77,486 | (8,793) | (484,026) | 192,863 |
| Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates | - | - | - | - | - | 79,711 | - | (79,711) | - | - | (79,711) | - |
| Other changes in equity from investments in subsidiaries and associates accounted for using equity method | - | - | - | - | - | (15,752) | - | - | - | - | - | (15,752) |
| BALANCE AT DECEMBER 31, 2019 | <u>3,361,447</u> | <u>\$ 33,614,472</u> | <u>\$ 1,456,054</u> | <u>\$ 16,727,089</u> | <u>\$ 64,463,426</u> | <u>\$ 27,373,840</u> | <u>\$ (5,913,201)</u> | <u>\$ 7,908,323</u> | <u>\$ 385,214</u> | <u>\$ 52,141</u> | <u>\$ 2,432,477</u> | <u>\$ 146,067,358</u> |

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

(With Deloitte & Touche auditors' report dated March 25, 2020)

ASIA 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 | \$ 18,156,100 | \$ 12,194,732 |
| Adjustments for: | | |
| Share of profit of subsidiaries and associates | (17,111,219) | (12,970,044) |
| Net gain on fair value changes of financial assets and liabilities designated as at fair value through profit or loss | (673,850) | (171,737) |
| Depreciation expenses | 523,626 | 464,781 |
| Dividend income | (422,860) | (405,773) |
| (Gain) loss on changes in fair value of investment properties | (399,682) | 331,211 |
| Finance costs | 369,349 | 331,984 |
| Interest income | (299,327) | (114,003) |
| Unrealized loss on foreign exchange | 143,442 | 44,425 |
| Unrealized (realized) gain on transactions with subsidiaries and associates | 8,442 | (3,444) |
| Expected credit loss recognized on trade receivables | 3,753 | 694 |
| Amortization expenses | 3,589 | 3,297 |
| Gain on disposal of property, plant and equipment | (40) | (4,053) |
| Write-downs of inventories | - | 52,791 |
| Effect of changes in exchange rate of bonds payable | - | 300 |
| Changes in operating assets and liabilities: | | |
| Notes receivable | 14,578 | 7,091 |
| Trade receivables | 27,930 | (238,962) |
| Other receivables | (35,221) | 1,322 |
| Inventories | 67,546 | (396,116) |
| Prepayments | 107,544 | (52,997) |
| Other current assets | 5,891 | (3,798) |
| Net defined benefit assets | (48,810) | (37,657) |
| Contract liabilities | 43,065 | (9,040) |
| Accounts payable and accrued expenses | 57,642 | 189,552 |
| Provisions | - | 48,000 |
| Deferred revenue | (75,912) | (68,085) |
| Cash generated from (used in) operations | 465,576 | (805,529) |
| Interest received | 288,178 | 112,952 |
| Dividend received | 7,345,508 | 4,296,112 |
| Interest paid | (257,528) | (336,387) |
| Income tax paid | (35,186) | (11,234) |
| Net cash generated from operating activities | <u>7,806,548</u> | <u>3,255,914</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of financial assets at amortized cost | (1,365,160) | - |
| Increase (decrease) in refundable deposits | 679,526 | (33,377) |
| Payments for property, plant and equipment | (183,122) | (194,754) |
| Purchase of financial assets at fair value through other comprehensive income | (123,395) | - |

(Continued)

ASIA CEMENT CORPORATION

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

| | 2019 | 2018 |
|--|----------------------------|----------------------------|
| Payments for investment properties | \$ (24,834) | \$ (1,269) |
| Payments for intangible assets | (202) | (2,693) |
| Proceeds from disposal of property, plant and equipment | 46 | 4,059 |
| Proceeds from sale of financial assets at amortized cost | <u>-</u> | <u>2,096,122</u> |
| Net cash (used in) generated from investing activities | <u>(1,017,141)</u> | <u>1,868,088</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayments of long-term borrowings | (61,746,000) | (18,588,000) |
| Proceeds from long-term borrowings | 58,508,000 | 15,033,000 |
| Proceeds from issuance of bonds | 10,000,000 | 6,574,843 |
| Dividends paid | (9,412,164) | (4,033,715) |
| Repayments of bonds | (4,000,000) | (4,089,430) |
| (Decrease) increase in short-term bills payable | (680,000) | 2,310,000 |
| Repayment of the principal portion of lease liabilities | (86,929) | - |
| Decrease in guarantee deposits received | <u>(785)</u> | <u>(1,010)</u> |
| Net cash used in financing activities | <u>(7,417,878)</u> | <u>(2,794,312)</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES | | |
| | <u>(61,585)</u> | <u>20,179</u> |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (690,056) | 2,349,869 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>3,165,795</u> | <u>815,926</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 2,475,739</u> | <u>\$ 3,165,795</u> |

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

(With Deloitte & Touche auditors' report dated March 25, 2020)

(Concluded)

※The Company and its affiliates have not experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the printing date of the annual report.

VII Analysis of Financial Status, Operating Result, and Risk Management

7.1 Analysis of Financial Status

UNIT: NT\$1,000

| Item \ Year | 2018 | 2019 | Variance | |
|--|-------------|-------------|-------------|------|
| | | | Amount | % |
| Current Assets | 80,358,506 | 89,242,066 | 8,883,560 | 11 |
| Property, Plant and Equipment | 52,549,341 | 50,681,281 | (1,868,060) | (4) |
| Intangible Assets | 3,694,783 | 7,000,317 | 3,305,534 | 89 |
| Other Assets | 142,585,368 | 150,354,848 | 7,769,480 | 5 |
| Total Assets | 279,187,998 | 297,278,512 | 18,090,514 | 6 |
| Current Liabilities | 62,804,294 | 74,335,619 | 11,531,325 | 18 |
| Non-Current Liabilities | 57,335,358 | 53,493,855 | (3,841,503) | (7) |
| Total Liabilities | 120,139,652 | 127,829,474 | 7,689,822 | 6 |
| Equity Attributable To Owners Of The Corporation | 137,892,226 | 146,067,358 | 8,175,132 | 6 |
| Share Capital | 33,614,472 | 33,614,472 | - | - |
| Capital Surplus | 1,362,554 | 1,456,054 | 93,500 | 7 |
| Retained Earnings | 99,918,986 | 108,564,355 | 8,645,369 | 9 |
| Other Equity | 2,996,214 | 2,432,477 | (563,737) | (19) |
| Non-Controlling Interests | 21,156,120 | 23,381,680 | 2,225,560 | 11 |
| Total Equity | 159,048,346 | 169,449,038 | 10,400,692 | 7 |
| Analysis of deviation over 20%: | | | | |
| 1. The increase of Intangible assets was mainly due to the increase of quarry right. | | | | |

7.2 Analysis of Financial Performance

UNIT: NT\$1,000

| Item \ Year | 2018 | 2019 | Variance | |
|--|------------|------------|-------------|-------|
| | | | Amount | % |
| Operating Revenue | 82,741,004 | 89,347,637 | 6,606,633 | 8 |
| Operating Costs | 61,584,690 | 63,746,928 | 2,162,238 | 4 |
| Gross Profit | 21,156,314 | 25,600,709 | 4,444,395 | 21 |
| Realized (Unrealized) Gross Profit | 15,147 | (14,392) | (29,539) | (195) |
| Realized Gross Profit | 21,171,461 | 25,586,317 | 4,414,856 | 21 |
| Operating Expenses | 3,018,351 | 3,523,141 | 504,790 | 17 |
| Profit From Operations | 18,153,110 | 22,063,176 | 3,910,066 | 22 |
| Non-operating Income And Expenses | 2,217,008 | 6,330,006 | 4,112,998 | 186 |
| Income Before Income Tax | 20,370,118 | 28,393,182 | 8,023,064 | 39 |
| Income Tax Expense | 5,480,921 | 6,149,229 | 668,308 | 12 |
| Net Profit For The Year | 14,889,197 | 22,243,953 | 7,354,756 | 49 |
| Other Comprehensive Income , Net | 1,436,173 | (617,304) | (2,053,477) | (143) |
| Total Comprehensive Income For The Year | 16,325,370 | 21,626,649 | 5,301,279 | 32 |
| Net Profit Attributable To Owner Of The Company | 11,117,094 | 17,459,673 | 6,342,579 | 57 |
| Net Profit Attributable To Non-Controlling Interests | 3,772,103 | 4,784,280 | 1,012,177 | 27 |
| Total Comprehensive Income Attributable To Owner Of The Company | 12,811,353 | 17,652,536 | 4,841,183 | 38 |
| Total Comprehensive Income Attributable To Non-Controlling Interests | 3,514,017 | 3,974,113 | 460,096 | 13 |

1. Analysis of deviation over 20%:

- (1).The increase of gross profit, realized gross profit and profit from operations were mainly due to the increase of average selling price of cement in mainland China in 2019.
- (2).The decrease of the realized gross profit resulted from the transactions with affiliated companies in 2019.
- (3).The increase of non-operating income was mainly due to the increase of investment income recognized under equity method, gain on fair value changes of financial assets and the decrease of net interest expense in 2019.
- (4).The increase of the income before income tax and net profit for the year were mainly due to the profit increase of business in mainland China, investment income recognized under equity method, gain on fair value changes of financial assets in 2019.
- (5).The decrease of net other comprehensive income was mainly due to the increase of exchange loss on translating the financial statements of foreign operations in 2019.

2. Expected sales volume in next one year and the reason for such expectation. The impact of such expectation on the Company's financial situation and operational performances, and the Company's plan: Please refer to the "Letter to Shareholders".

7.3 Analysis of Cash Flow

(1)The Analysis for Changing of Cash Flow for 2019

Unit: NT\$1,000

| Cash Balance in the Beginning | Net Cash Inflows from Operating Activities | Total Cash Outflows | The Cash Surplus | Source of Funding for Negative Cash Balance | |
|-------------------------------|--|---------------------|------------------|---|-----------------|
| | | | | Investing Plans | Financing Plans |
| 14,929,411 | 37,271,901 | 27,465,817 | 24,735,495 | - | - |

1. Operating Activities: Mainly generated from operations NT\$38,647,173 thousand and dividends received NT\$4,062,869 thousand .
2. Investing Activities: Mostly for net increase in financial assets NT\$8,990,814 thousand and net increase in property, plant and equipment NT\$3,717,143 thousand.
3. Financing activities: Mostly for cash dividends paid NT\$9,412,164 thousand.

(2)Remedy plans for insufficient liquidity for 2019 : Not Applicable.

(3)Liquidity Analysis for the Coming Year

Unit: NT\$1,000

| Cash Balance in the Beginning | Expected Net Cash Inflows from Operating Activities | Expected Total Cash Outflows | Expected Cash Surplus | Expected Source of Funding for Negative Cash Balance | |
|-------------------------------|---|------------------------------|-----------------------|--|-----------------|
| | | | | Investing Plans | Financing Plans |
| 24,735,495 | 20,455,140 | 26,683,732 | 18,506,903 | - | - |

1. Operating Activities : Mainly from operating income and cash dividends received.
2. Investing Activities : Primarily for investment in capital expenditures.
3. Financing activities: Mostly for net increase in short-term and long-term loans and payout of cash dividends.

7.4 Impacts of Major Capital Expenditures on Finance and Operation

7.4.1 Major Capital Expenditures and Funding Sources

UNIT: NT\$1,000

| Projects | Actual or Expected Source of Capital | Actual or Expected Date of Completion | Total Capital | Capital Expenditures | | | | | |
|--|--------------------------------------|---------------------------------------|---------------|----------------------|-----------|-----------|---------|---------|---------|
| | | | | Actual | | Expected | | | |
| | | | | 2012~2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Installation constructions of new indoor coal bunker , stacker reclaimer and material conveyor system in Hualien plant | Self-owned capital | Dec. 2023 | 556,160 | 9,164 | 75 | 11,500 | 140,000 | 100,000 | 295,421 |
| Chiahui Power natural gas fueled combined cycle power plant (Phase II Expansion) | Syndicated loan | Dec. 2020 | 10,527,736 | 2,874,902 | 2,295,186 | 5,357,648 | - | - | - |

7.4.2 Expected Benefit to Finance and Operation from the Major Capital Expenditure

1. Installation constructions of new indoor coal bunker, stacker reclaimer and material conveyor system in Hualien plant
 - (1) To prevent coal heaps from collapsing due to heavy rain, and the corresponding cost from the damage to the machine and from rebuilding the coal heaps, and to ensure the water discharge during the period is in compliance with the environmental regulations.
 - (2) To prevent coal from absorbing excessive water during the heavy rain, which could cause some loss due to the reduction or interruption of clinker production.
2. After the completion of the natural gas fueled combined cycle power plant (Phase II Expansion) of Chiahui Power, it will increase the stable profit every year.

7.5 Investment Strategies in the Most Recent Year, the Major Reasons for its Gain or Loss and Improvement Plan and Investment Plans for Next Year

The majority of the Company's investments were for long-term strategic purposes. In 2019, the total gain through equity method by the company was NT\$ 5,490,375 (on consolidated basis). In the future, the Company will continue to focus on strategic purposes through prudent assessment.

7.6 Analysis and Evaluation of Risk Management

7.6.1 The Impact of Fluctuation of Foreign Exchange, Interest Rates, and Inflation on the Company's Profit and Loss and Its Countermeasures

※Foreign exchange impact:

The percentage of foreign exchange gains/losses over operating revenue and operating income in 2019 are as follows:

Unit : NT\$1,000

| Item \ Year | 2019 |
|-------------------------------------|------------|
| Foreign Exchange Gains (Losses) (A) | (260,069) |
| Operating Revenue (B) | 89,347,637 |
| % of Operating Revenue (A)/(B) | (0.3%) |
| Operating Income (C) | 22,063,176 |
| % of Operating Income (A)/(C) | (1.2%) |

Foreign exchange rate fluctuates constantly because of the variation in market demand and supply. Thus, the risk of foreign exchange may occur to the Company by means of various trading. For the Company, most of the procurements of raw materials were disbursed in USD; foreign sales were collected in USD. Currently, the revenue mostly

equals to the disbursement, which led to the effect of natural hedge, minimizing the impact of fluctuation of foreign exchange on the Company's profit and loss.

Besides natural hedge, in order to minimize the risk of foreign exchange, the Company and subsidiaries had adopted such risk management policies against the uncertainty.

1. Monitoring the impact to foreign exchange rate from global macro-economic change and building up a necessary hedge mechanism.
2. Planning future's demand for currencies and establishing the foreign currency position from relatively lower level to reduce overall cost. Convert weak currencies to strong currencies.

※Interest rate impact:

The percentage of interest revenue/losses over operating revenue and operating income in 2019 are as follows:

Unit : NT\$1,000

| Item \ Year | 2019 |
|--------------------------------|------------|
| Interest Revenue (Losses) (A) | (694,622) |
| Operating Revenue (B) | 89,347,637 |
| % of Operating Revenue (A)/(B) | (0.8%) |
| Operating Income (C) | 22,063,176 |
| % of Operating Income (A)/(C) | (3.1%) |

If market interest rates had been 0.01% higher/lower, the group's pretax profit for the year ended December 31, 2019 would have decreased/increased by NT\$2,238 thousand, mainly due to the Group's exposure to interest rates on its floating-rate bank borrowings and bank deposits' interest revenue and expenses.

The Company primarily utilizes short-term bank loans and issues long-term debt instruments to finance its short, mid, and long term funding demands.

According to the terms and conditions of agreements entered with banks, short-term bank loan, subject to floating interest rate basis, can be utilized in revolving method within the duration of the agreements. Since the Company has been maintaining stable status operationally and financially, it is capable of obtaining relatively lower interest rate with aggressive negotiations with banks. Besides, the duration of utilizing short-term loan is less than one year. In a whole, the impact of the fluctuation of interest rates on the Company's short-term loans is limited. In order to minimize the risk of interest rate, the Company and subsidiaries had adopted such risk management policies against the uncertainty:

The Company mainly issues long-term and fixed interest rate debt instruments to lock relatively lower funding cost, which can reduce interest expense and impact of interest fluctuation, spare banks' credit lines for temporary funding demand, replenish working

capital, and improve financial structure to comply with the principle for long-term sustainable operation.

※Inflation rate impact:

Taiwan inflation rate was about 0.56% in 2019. This inflation rate did not have substantial effect on the Company's operation and profit. In order to minimize the risk of inflation rate, the Company and subsidiaries maintained stable and long-term cooperative relationships with our major suppliers.

7.6.2 The Impact of Highly Risky Investments, Highly Leveraged Transaction, Loaning to Others, Endorsement and Guarantee for Others, and Derivatives

The Company has no highly risky and highly leveraged investments or loaning to others.

The Company provided endorsement and guarantee for its subsidiaries according to "Procedures for Endorsement and Guarantee". Its balance was NT\$25,561,342,000 and NT\$26,333,392,000 by the end of 2019 and the end of March 2020 respectively. Based on conservative operating policy, the operations of its subsidiaries bring considerable income to the Company. Besides that, the Company supervises its subsidiaries regularly and controls related risks.

The financial transactions with "derivative" nature which the Company entered into were strictly for hedging purposes and not for any trading or speculative purposes. To control various types of financial trading risks, the Company has established internal policies and procedures based on sound financial and business practices, and in compliance with the relevant rules and regulations issued by the Taiwan Securities and Futures Bureau. The Company entered into USD/TWD CCS transactions and its balance was NT\$6,634,450,000 (fair value was NT\$6,604,104,000) by the end of 2019, and NT\$ 6,634,450,000 (fair value was NT\$6,664,717,000) by the end of March 2020.

7.6.3 The Prevention of Legal Risks

In view of current company's operations, in addition to compliance with laws and regulations, there are many different areas involved in the legal norms, such as dealing with other companies, government agency, stakeholders, employees, and other foreign-related cases. Preventing legal risks shall be the first priority in today's business operators

In response to this situation, the Company asks those who majored in law to be in charge of the Secretarial Department. Besides, the Company teaches and requires every employee to comply with every regulation in daily operations. The Company also cooperates with the Group's legal department to handle labor, general affairs, sales, factory management, taxation and other issues. Lawyers and accountants would be consulted if necessary. These could ensure legal risks reduced to maintain the Company's interests.

◎R&D project and estimated expenditures in the future:

Unit: NT\$1,000

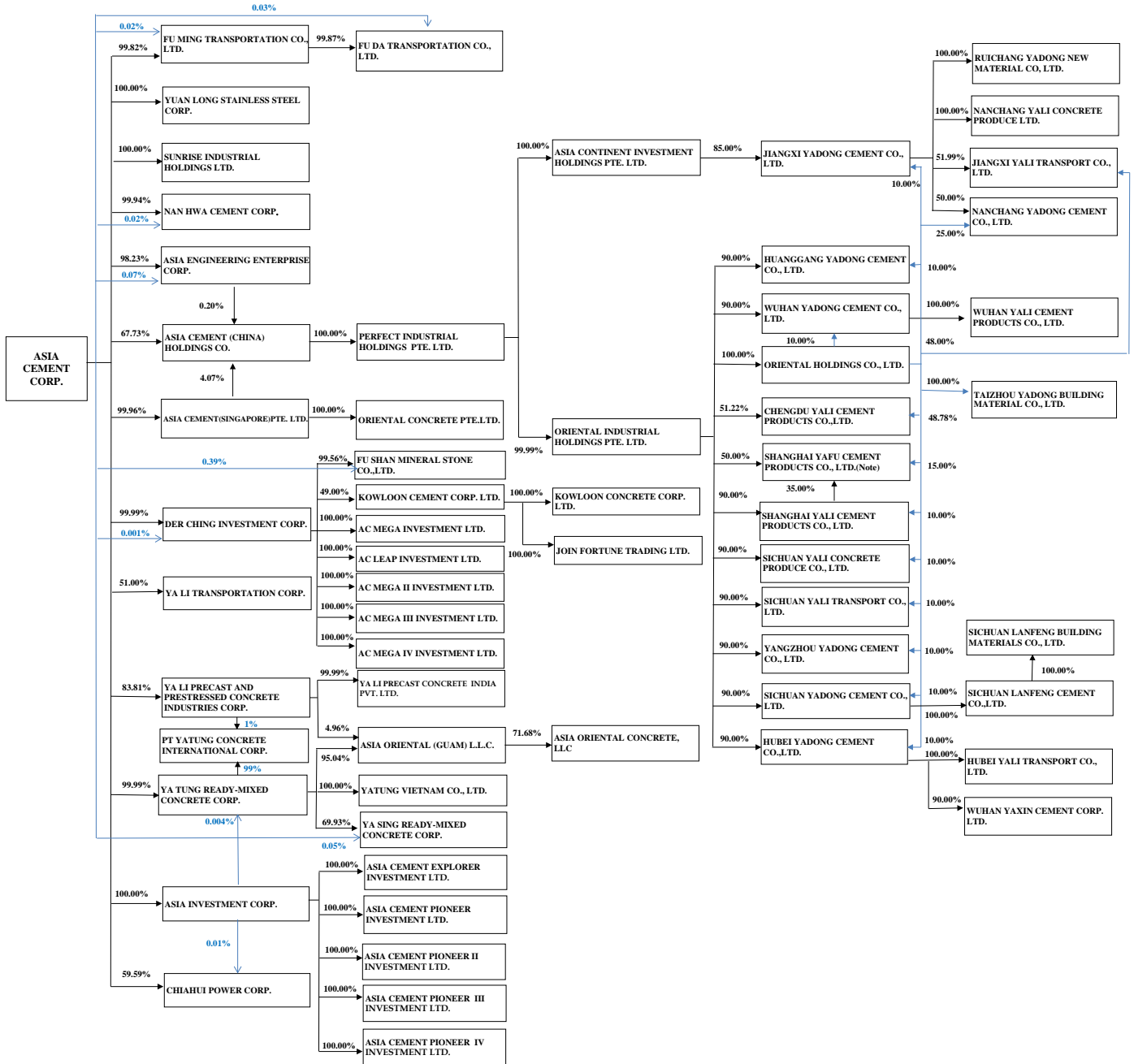
| | Item | Amount |
|---|--|---------------|
| 1 | Development of Weighing System in Hualien Plant | 800 |
| 2 | Industry 4.0 Phase 3 Project: Smart Occupational Safety, Data Analysis Applied to Production, Quality Control, and Segment Cost Analysis | 9,000 |
| 3 | Establish a systematic observation and analysis method of cement and clinker to introduce routine control | 1,500 |
| 4 | Technology for improving the ability of using alternative materials for circular economy | 50,400 |
| 5 | Replacing No. 2 kiln PLC system equipment | 6,000 |
| 6 | Renewal of PLC system equipment for packaging and shipping | 2,800 |
| | Total | 70,500 |

- ◎Effect on the Company's finance and operation from any changes in major policies and laws at home and abroad in the most recent fiscal year: None.
- ◎Effect on the Company's finance and operation due to the technological improvement and the change of industrial environment in the most recent fiscal year: None.
- ◎Events influencing the Company's corporate image in the most recent fiscal year: None.
- ◎Merger or acquisition plan in the most recent fiscal year: None.
- ◎Plan of expanding capacity in the most recent fiscal year: None.
- ◎Supply and sale of the Company in the most recent fiscal year: Normal and steady.
- ◎Large volume shares transferred or changed by directors, supervisors, or shareholders with more than 10% shareholdings in the most recent fiscal year: None.
- ◎Change of the Company's management in the most recent fiscal year: None.
- ◎Litigation, non-litigation incidents or administrative disputes of directors, supervisors, president, shareholders with more than 10% shareholdings, or subsidiaries which could materially affect shareholders' equity or the prices of the Company's securities: None.
- ◎Other major risks: None.

7.7 Other Mentionable Issues : None.

VIII Special Disclosure

8.1 Organizational Chart of Affiliated Companies



Note : The Group established RUICHANG YADONG NEW MATERIAL CO. LTD. on Jan 29, 2019.

8.2 Basic Information of Affiliated Companies

Currency: NT\$ (except otherwise specified)

Unit: \$1,000

As of December 31, 2019

| Company Name | Establishing Date | Paid-in Capital | Main business or Production Item |
|---|-------------------|-----------------|--|
| FU MING TRANSPORTATION CO., LTD. Address: 23F., No.16-1, Xinzhan Rd., Banqiao Dist., New Taipei City | Feb. 1980 | 295,695 | Transportation |
| YUAN LONG STAINLESS STEEL CORP. Address: No.28, Daye S. Rd., Xiaogang Dist., Kaohsiung City | Dec. 2005 | 2,000,000 | Stainless steel |
| SUNRISE INDUSTRIAL HOLDINGS LTD. Address: Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands | Apr. 1996 | USD 90 | Investment |
| NAN HWA CEMENT CORP. Address: No.90, Sec. 2, Linkong. Rd., Longchin Dist., Taichung City | May. 1979 | 261,440 | Cement, Blast-Furnace Slag, Limestone Slag |
| ASIA ENGINEERING ENTERPRISE CORP. Address: No.125, Xinxing Rd., Xincheng Township, Hualien County | Nov. 1982 | 81,144 | Engineering |
| ASIA CEMENT (CHINA) HOLDINGS CO. Address: Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681GT, George Town, Grand Cayman, British West Indies | Apr. 2004 | HKD 156,685 | Investment |
| ASIA CEMENT (SINGAPORE) PTE. LTD. Address: 5 Little Road #09-01 Cemtex Industrial Building Singapore 536983 | Apr. 1964 | SGD 10,500 | Cement |
| DER CHING INVESTMENT CORP. Address: 31F., No.207, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City | Dec. 1988 | 5,956,218 | Investment |
| YA LI TRANSPORTATION CORP. Address: No.125, Xinxing Rd., Xincheng Township, Hualien County | Oct. 1980 | 100,000 | Transportation |
| YA LI PRECAST AND PRESTRESSED CONCRETE INDUSTRIES CORP. Address: No.3, Sec. 2, Jiayuan Rd., Shulin Dist., New Taipei City | Nov. 1990 | 193,776 | Cement products |
| YA TUNG READY-MIXED CONCRETE CORP. Address: No.139, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City | Jan. 1999 | 1,590,750 | Ready-mixed concrete, Cement products |
| ASIA INVESTMENT CORP. Address: 31F., No.207, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City | Oct. 1998 | 2,220,396 | Investment |
| CHIAHUI POWER CORP. Address: No.688, Songzijingiao, Minxiong Township, Chiayi County | Apr. 1996 | 4,700,000 | Power plant |
| FU DA TRANSPORTATION CO., LTD. Address: 23F., No.16-1, Xinzhan Rd., Banqiao Dist., New Taipei City | Feb. 1989 | 279,279 | Transportation |
| PERFECT INDUSTRIAL HOLDINGS PTE. LTD. Address: Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands | May. 1997 | USD 9,720 | Investment |
| ORIENTAL CONCRETE PTE. LTD. Address: 5 Little Road #09-01 Cemtex Industrial Building Singapore 536983 | Oct. 1980 | SGD 17,000 | Ready-mixed concrete, Leasing |

| Company Name | Establishing Date | Paid-in Capital | Main business or Production Item |
|---|--------------------------|------------------------|---|
| FU SHAN MINERAL STONE CO., LTD. Address: No.125, Xinxing Rd., Xincheng Township, Hualien County | Dec. 1970 | 13,000 | Mining excavation, mineral processing and sales |
| KOWLOON CEMENT CORP. LTD. Address: 11/F Lippo Leighton Tower, 103 Leighton Road, Causeway Bay, Hong Kong | Sep. 1986 | HKD 23,000 | Cement |
| AC MEGA INVESTMENT. LTD. Address: Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands | Nov. 2010 | USD 27,700 | Investment |
| AC LEAP INVESTMENT. LTD. Address: Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands | Nov. 2010 | USD 28,300 | Investment |
| AC MEGA II INVESTMENT. LTD. Address: Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands | Jun. 2011 | USD 10,000 | Investment |
| AC MEGA III INVESTMENT. LTD. Address: Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands | Jun. 2011 | USD 10,000 | Investment |
| AC MEGA IV INVESTMENT. LTD. Address: Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands | Jun. 2011 | USD 26,100 | Investment |
| YA LI PRECAST CONCRETE INDIA PVT. LTD. Address: 7/241,2nd Floor, Sunder Vihar, Paschim Vihar, New Delhi-110087 | Jun. 2007 | INR 16,000 | Cement products |
| ASIA ORIENTAL (GUAM) L.L.C Address: 136 Adrian Sanchez Street Tamuning, GU 96913 | Aug. 2010 | USD 10,000 | Investment |
| PT YATUNG CONCRETE INTERNATIONAL Address: Jl.Cipendawa Baru Rt. 004 Rw. 004 kel. Bojong Menteng Kec. Rawalumbu Kota Bekasi | Sep. 2018 | USD 4,700 | Ready-mixed concrete, Cement products |
| YATUNG VIETNAM CO. LTD. Address: Supporting Industrial Zone, Vung Ang Economic Zone, Ky Phuong Ward, Ky Anh town, Ha Tinh Province, Viet Nam | Feb. 2010 | VND 141,348,502 | Ready-mixed concrete |
| YA SING READY-MIXED CONCRETE CORP. Address: No.350, Niupu S. Rd., Xiangshan Dist., Hsinchu City | Apr. 2000 | 100,000 | Ready-mixed concrete |
| ASIA CEMENT EXPLORER INVESTMENT. LTD. Address: Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands | Aug. 2008 | USD 20,915 | Investment |
| ASIA CEMENT PIONEER INVESTMENT. LTD. Address: Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands | Aug. 2008 | USD 68,550 | Investment |

| Company Name | Establishing Date | Paid-in Capital | Main business or Production Item |
|---|--------------------------|------------------------|--|
| ASIA CEMENT PIONEER II INVESTMENT. LTD. Address: Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands | Jun. 2011 | USD 28,000 | Investment |
| ASIA CEMENT PIONEER III INVESTMENT. LTD. Address: Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands | Jun. 2011 | USD 19,500 | Investment |
| ASIA CEMENT PIONEER IV INVESTMENT. LTD. Address: Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands | Jun. 2011 | USD 19,010 | Investment |
| ASIA CONTINENT INVESTMENT HOLDINGS PTE. LTD. Address: 5 Little Road #09-01 Cemtex Industrial Building Singapore 536983 | Apr. 1995 | USD 288,847 | Investment |
| ORIENTAL INDUSTRIAL HOLDINGS PTE. LTD Address: 5 Little Road #09-01 Cemtex Industrial Building Singapore 536983 | May. 1994 | USD 837,744 | Investment |
| KOWLOON CONCRETE CORP. LTD. Address: 11/F Lippo Leighton Tower, 103 Leighton Road, Causeway Bay, Hong Kong | Mar. 1992 | HKD 10 | Ready-mixed concrete, Barges |
| JOIN FORTUNE TRADING LTD Address: 263 MAIN STREET, ROAD TOWN, TORTOLA, BRITISH VIRGIN ISLANDS | Jul. 2012 | USD 2,980 | Investment |
| ASIA ORIENTAL CONCRETE,LLC Address: 136 Adrian Sanchez Street Tamuning, GU 96913 | Mar. 2011 | USD 11,600 | Ready-mixed concrete, Cement products |
| JIANGXI YADONG CEMENT CO., LTD. Address: No.6, Yadong Road, Ma-Tou Town, Rui Chang City, Jiangxi Province, China | Oct. 1997 | USD 356,104 | Cement, Clinker, Blast-Furnace Slag, Cement products |
| HUANGGANG YADONG CEMENT CO., LTD. Address: 5 Tiyu Avenue,Huangzhou Zone , Huanggang City, Hubei Province, China | Aug. 2006 | USD 86,170 | Cement, Clinker, Blast-Furnace Slag, Cement products |
| WUHAN YADONG CEMENT CO., LTD. Address: Cihui Avenue, Wujiashan Taiwan Business Investment Zone, Dongxihu, Wuhan, China | Nov. 1999 | USD 36,140 | Cement Grinding, Blast-Furnace Slag |
| ORIENTAL HOLDINGS CO., LTD. Address: Room 305A,No 2875,South Yanggao Rd, Pudong New Area, Shanghai | Jul. 2003 | USD 204,188 | Investment |
| CHENGDU YALI CEMENT PRODUCTS CO., LTD. Address: No.68 AnPeng Road, Tianpeng Town, Pengzhou, Chengdu City, Sichuan, China | Dec. 2004 | USD 4,100 | Ready-mixed concrete, Cement products |
| SHANGHAI YALI CEMENT PRODUCTS CO., LTD. Address: No.3000 Longwu Road Minhang Shanghai China | Nov. 1995 | USD 15,000 | Ready-mixed concrete, Cement products |
| SICHUAN YALI CONCRETE PRODUCE CO., LTD. Address: No.268,Three Passage,Wenquan Road Wenjiang District,Chendu City,Sichuan,China | Nov. 2005 | USD 3,300 | Ready-mixed concrete, Cement products |
| SICHUAN YALI TRANSPORT CO., LTD. Address: No.68 AnPeng Road, Tianpeng Town, Pengzhou, Chengdu City, Sichuan, China | May. 2006 | USD 3,500 | Transportation |

| Company Name | Establishing Date | Paid-in Capital | Main business or Production Item |
|--|--------------------------|------------------------|--|
| YANGZHOU YADONG CEMENT CO., LTD. Address: No.7 Gudu Road BaliTown, Yangzhou Economic Development Zone Yangzhou City Jiangsu Province China | Jul. 2006 | USD 35,530 | Cement Grinding, Blast-Furnace Slag, Ready-mixed concrete, Cement products |
| SICHUAN YADONG CEMENT CO., LTD. Address: No.66 AnPeng Road, Tianpeng Town, Pengzhou, Chengdu City, Sichuan, China | Nov. 2004 | USD 368,340 | Cement, Clinker, Blast-Furnace Slag, Cement products |
| HUBEI YADONG CEMENT CO., LTD. Address: No.66 Ya Dong Avenue, Pingjiang West Road, Yangluo Economic Development Zone, Wuhan City, Hubei Province, China | Jun. 2005 | USD 154,800 | Cement, Clinker, Blast-Furnace Slag, Cement products |
| NANCHANG YALI CONCRETE PRODUCE LTD. Address: Melin AVE Bashuihu Industries Zone Nanchang ETDZ Jiangxi Province | Dec. 2003 | RMB 60,000 | Ready-mixed concrete, Cement products |
| JIANGXI YALI TRANSPORT CO., LTD. Address: No.8, Yadong Road, Ma-Tou Town, Rui Chang City, Jiangxi Province, China | Apr. 2005 | RMB 12,500 | Transportation |
| NANCHANG YADONG CEMENT CO., LTD. Address: Industrial 2nd Rd, Changdong Industrial Park, Nanchang Jiangxi, China | Jan. 2004 | RMB 90,000 | Cement Grinding, Blast-Furnace Slag |
| WUHAN YALI CEMENT PRODUCTS CO., LTD. Address: No.66 Ya Dong Avenue, Pingjiang Went Road, Yangluo Economic Development Zone, Wuhan City, Hubei Province, China | Dec. 2007 | RMB 60,000 | Ready-mixed concrete, Cement products |
| TAIZHOU YADONG BUILDING MATERIAL CO., LTD. Address: Central Village of Yong anzhou Town, Gaogang District, Thaizhou, Jiangsu Province, China | Sep. 2013 | USD 16,000 | Cement warehousing and wholesale |
| RUICHANG YADONG NEW MATERIAL CO., LTD. Address: No.6, Yadong Road, Ma-Tou Town, Rui Chang City, Jiangxi Province, China | Jan. 2019 | RMB 2,000 | construction material and product |
| SICHUAN LANFENG BUILDING MATERIALS CO., LTD. Address: Middle, Qinggui Road, Guihua Town, Pengzhou, Chengdu City, Sichuan, China | Nov. 2010 | RMB 20,000 | Cement products, Construction |
| SICHUAN LANFENG CEMENT CO., LTD. Address: Middle, Qinggui Road, Guihua Town, Pengzhou, Chengdu City, Sichuan, China | Sep. 2008 | RMB 600,000 | Cement, Clinker, Blast-Furnace Slag, Cement products |
| HUBEI YALI TRANSPORT CO., LTD. Address: Cihui Avenue, Wujiashan Taiwan Business Investment Zone, Dongxihu, Wuhan, Hubei Province, China | Oct. 2006 | RMB 13,000 | Transportation |
| WUHAN YAXIN CEMENT CO., LTD. Address: Jiangjun mountain, Jiangxia District, Wuhan, Hubei Province, China | Aug. 2003 | RMB 90,000 | Cement, Clinker, Blast-Furnace Slag, Cement products |

8.3 Main Business of Affiliated Companies

Please Refer to Above List.

8.4 Information of the Directors, Supervisors, and Presidents of Affiliated Companies

As of December 31, 2019

| Company Name | Title | Name or Representative | Shareholding | |
|--------------------------------------|--------------------------------------|---|--------------|--------|
| | | | Shares | % |
| FU MING TRANSPORTATION CO., LTD. | Chairman | Johnny Shih (ACC Representative) | 29,517,188 | 99.82 |
| | Director / President | W.T. Hsu (ACC Representative) | 29,517,188 | 99.82 |
| | Director | K. Y. Lee (ACC Representative) | 29,517,188 | 99.82 |
| | Director | Y.F. Chang (ACC Representative) | 29,517,188 | 99.82 |
| | Director | C.M. Chen (ACC Representative) | 29,517,188 | 99.82 |
| | Director | C.H. Chung (ACC Representative) | 29,517,188 | 99.82 |
| | Director | R.K. Tsai (ACC Representative) | 29,517,188 | 99.82 |
| | Supervisor | T.L. Yu (Asia Investment Corp. Representative) | 5,000 | 0.02 |
| | Supervisor | Humphrey Cheng (Asia Investment Corp. Representative) | 5,000 | 0.02 |
| YUAN LONG STAINLESS STEEL CORP. | Chairman | K. Y. Lee (ACC Representative) | 200,000,000 | 100.00 |
| | Director / President | B.R. Cheng (ACC Representative) | 200,000,000 | 100.00 |
| | Director | Peter Hsu (ACC Representative) | 200,000,000 | 100.00 |
| | Director | C.F. Cheng (ACC Representative) | 200,000,000 | 100.00 |
| | Director | C.M. Chen (ACC Representative) | 200,000,000 | 100.00 |
| | Supervisor | Doris Wu (ACC Representative) | 200,000,000 | 100.00 |
| | Supervisor | T.M. Chen (ACC Representative) | 200,000,000 | 100.00 |
| SUNRISE INDUSTRIAL HOLDINGS LTD. | Director | Douglas Tong Hsu (ACC Representative) | 90,000 | 100.00 |
| | Director | Peter Hsu (ACC Representative) | 90,000 | 100.00 |
| | Director | K. Y. Lee (ACC Representative) | 90,000 | 100.00 |
| | Director | R.H. Shao (ACC Representative) | 90,000 | 100.00 |
| | Director | Doris Wu (ACC Representative) | 90,000 | 100.00 |
| NAN HWA CEMENT CORP. | Chairman / President | Y.F. Chang (ACC Representative) | 26,128,171 | 99.94 |
| | Director | Peter Hsu (ACC Representative) | 26,128,171 | 99.94 |
| | Director | Doris Wu (ACC Representative) | 26,128,171 | 99.94 |
| | Director | T.M. Chen (ACC Representative) | 26,128,171 | 99.94 |
| | Director | C.H. Chen (ACC Representative) | 26,128,171 | 99.94 |
| | Supervisor | W.H. Yeh (Asia Investment Corp. Representative) | 5,000 | 0.02 |
| ASIA ENGINEERING ENTERPRISE CORP. | Chairman | Y.F. Chang (ACC Representative) | 7,970,703 | 98.23 |
| | Director / President | Z.P. Chang (ACC Representative) | 7,970,703 | 98.23 |
| | Director | Peter Hsu | 6,817 | 0.08 |
| | Director | K. Y. Lee (ACC Representative) | 7,970,703 | 98.23 |
| | Director | C.H. Chen (ACC Representative) | 7,970,703 | 98.23 |
| | Supervisor | H. Y. Kao (Asia Investment Corp. Representative) | 6,000 | 0.07 |
| ASIA CEMENT (CHINA) HOLDINGS CO. | Chairman / Non-Executive Director | Douglas Tong Hsu | 3,000,000 | 0.19 |
| | Vice Chairman / Executive Director | Peter Hsu | 200,000 | 0.01 |
| | Executive Director | T.H. Chang | 429,500 | 0.03 |
| | Executive Director | Doris Wu | 20,000 | 0.00 |
| | Executive Director | Z.L. Wu | 258,000 | 0.02 |
| | Executive Director | C.K. Chang | 462,500 | 0.03 |
| | Executive Director | S.J. Lin | 290,000 | 0.02 |
| | Independent Non - Executive Director | D.L. Zhan | 0 | 0.00 |
| | Independent Non - Executive Director | K.C. Lee | 0 | 0.00 |
| Independent Non - Executive Director | K.M. Wang | 0 | 0.00 | |

| Company Name | Title | Name or Representative | Shareholding | |
|---|--------------------------------------|--|--------------|--------|
| | | | Shares | % |
| | Independent Non - Executive Director | Wei Wang | 0 | 0.00 |
| ASIA CEMENT (SINGAPORE) PTE. LTD. | Chairman / Managing Director | Douglas Tong Hsu | 2 | 0.00 |
| | Vice Managing Director | J.H. Lin (ACC Representative) | 10,495,495 | 99.96 |
| | Director | Peter Hsu (ACC Representative) | 10,495,495 | 99.96 |
| | Director | K.Y. Lee (ACC Representative) | 10,495,495 | 99.96 |
| | Director | Y.F. Chang (ACC Representative) | 10,495,495 | 99.96 |
| | Director | R.H. Shao (ACC Representative) | 10,495,495 | 99.96 |
| | Director | Doris Wu (ACC Representative) | 10,495,495 | 99.96 |
| | Director | Gary Lee (ACC Representative) | 10,495,495 | 99.96 |
| DER CHING INVESTMENT CORP. | Chairman | Peter Hsu (ACC Representative) | 595,576,603 | 99.99 |
| | Director | Doris Wu (ACC Representative) | 595,576,603 | 99.99 |
| | Director | T.M. Chen (ACC Representative) | 595,576,603 | 99.99 |
| | Director | H.Y. Kao (ACC Representative) | 595,576,603 | 99.99 |
| | Director | H.T. Peng (ACC Representative) | 595,576,603 | 99.99 |
| | Supervisor | Karen Yang (Asia Investment Corp. Representative) | 5,401 | 0.00 |
| YA LI TRANSPORTATION CORP. | Chairman | Y.F. Chang (Yu Yuan Investment Corp. Representative) | 4,839,183 | 48.39 |
| | Director | Z.P. Chang (Yu Yuan Investment Corp. Representative) | 4,839,183 | 48.39 |
| | Director | C.H. Chung (Yu Yuan Investment Corp. Representative) | 4,839,183 | 48.39 |
| | Director | C.H. Chen (Yu Yuan Investment Corp. Representative) | 4,839,183 | 48.39 |
| | Director | W.T. Hsu (Yu Yuan Investment Corp. Representative) | 4,839,183 | 48.39 |
| | Supervisor | Dana Lee (ACC Representative) | 5,100,000 | 51.00 |
| YA LI PRECAST AND PRESTRESSED CONCRETE INDUSTRIES CORP. | Chairman | C.F. Cheng (ACC Representative) | 16,241,083 | 83.81 |
| | Director | Peter Hsu (ACC Representative) | 16,241,083 | 83.81 |
| | Director | Lin Kuo (ACC Representative) | 16,241,083 | 83.81 |
| | Director | T.L. Yu (ACC Representative) | 16,241,083 | 83.81 |
| | Director | C.H. Chen (ACC Representative) | 16,241,083 | 83.81 |
| | Supervisor | Dana Lee (FEGC Representative) | 3,105,647 | 16.03 |
| YA TUNG READY-MIXED CONCRETE CORP. | Chairman | K.Y. Lee (ACC Representative) | 159,067,779 | 99.99 |
| | President | C.P. Chen | 0 | 0.00 |
| | Director | Peter Hsu | 156 | 0.00 |
| | Director | Y.F. Chang (ACC Representative) | 159,067,779 | 99.99 |
| | Director | W.K. Chou (ACC Representative) | 159,067,779 | 99.99 |
| | Director | C.M. Chen (ACC Representative) | 159,067,779 | 99.99 |
| | Supervisor | Doris Wu (Asia Investment Corp. Representative) | 5,782 | 0.00 |
| | Supervisor | H.Y. Kao (Asia Investment Corp. Representative) | 5,782 | 0.00 |
| ASIA INVESTMENT CORP. | Chairman | Peter Hsu (ACC Representative) | 222,039,596 | 100.00 |
| | Director | Doris Wu (ACC Representative) | 222,039,596 | 100.00 |
| | Director | H.T. Peng (ACC Representative) | 222,039,596 | 100.00 |
| | Director | H.Y. Kao (ACC Representative) | 222,039,596 | 100.00 |
| | Director | T.M. Chen (ACC Representative) | 222,039,596 | 100.00 |
| | Supervisor | Karen Yang (ACC Representative) | 222,039,596 | 100.00 |
| CHIAHUI POWER CORP. | Chairman | Douglas Tong Hsu (ACC Representative) | 280,093,521 | 59.59 |
| | President | C.L. Chen | 0 | 0.00 |
| | Director | Peter Hsu (ACC Representative) | 280,093,521 | 59.59 |

| Company Name | Title | Name or Representative | Shareholding | |
|--|---------------------------------|---|--------------|--------|
| | | | Shares | % |
| | Director | K. Y. Lee (ACC Representative) | 280,093,521 | 59.59 |
| | Director | Michihide Kita (J-Power Investment Netherlands B.V. Representative) | 187,854,807 | 39.97 |
| | Director | Takashi Jahana (J-Power Investment Netherlands B.V. Representative) | 187,854,807 | 39.97 |
| | Independent Director | S.Y. Su | 0 | 0.00 |
| | Independent Director | M.Z. Jiang | 0 | 0.00 |
| | Supervisor | Doris Wu (Asia Investment Corp. Representative) | 37,574 | 0.01 |
| | Supervisor | W.H. Yeh (Asia Investment Corp. Representative) | 37,574 | 0.01 |
| FU DA TRANSPORTATION CO., LTD. | Chairman | Johnny Shih (Fu Ming Transportation Co., Ltd. Representative) | 27,892,834 | 99.87 |
| | Director / President | W.T. Hsu (Fu Ming Transportation Co., Ltd. Representative) | 27,892,834 | 99.87 |
| | Director | K. Y. Lee (Fu Ming Transportation Co., Ltd. Representative) | 27,892,834 | 99.87 |
| | Director | Y.F. Chang (Fu Ming Transportation Co., Ltd. Representative) | 27,892,834 | 99.87 |
| | Director | Y.X. Wu (Fu Ming Transportation Co., Ltd. Representative) | 27,892,834 | 99.87 |
| | Director | Humphrey Cheng (Fu Ming Transportation Co., Ltd. Representative) | 27,892,834 | 99.87 |
| | Supervisor | R.K. Tsai (Asia Investment Corp. Representative) | 7,145 | 0.03 |
| | Supervisor | C.M. Shi (Asia Investment Corp. Representative) | 7,145 | 0.03 |
| PERFECT INDUSTRIAL HOLDINGS PTE. LTD. | Director | Douglas Tong Hsu | 0 | 0.00 |
| | Director | Doris Wu | 0 | 0.00 |
| ORIENTAL CONCRETE PTE. LTD. | Chairman | Douglas Tong Hsu (Asia Cement (Singapore) Pte. Ltd. Representative) | 17,000,000 | 100.00 |
| | Director / Managing Director | J.H. Lin (Asia Cement (Singapore) Pte. Ltd. Representative) | 17,000,000 | 100.00 |
| | Director | Peter Hsu (Asia Cement (Singapore) Pte. Ltd. Representative) | 17,000,000 | 100.00 |
| | Director | K. Y. Lee (Asia Cement (Singapore) Pte. Ltd. Representative) | 17,000,000 | 100.00 |
| | Director | Gary Lee (Asia Cement (Singapore) Pte. Ltd. Representative) | 17,000,000 | 100.00 |
| FU SHAN MINERAL STONE CO., LTD. | Chairman | Y.F. Chang (Der Ching Investment Corp. Representative) | 1,294,270 | 99.56 |
| | Director / President | Z.P. Chang (Der Ching Investment Corp. Representative) | 1,294,270 | 99.56 |
| | Director | Peter Hsu (Der Ching Investment Corp. Representative) | 1,294,270 | 99.56 |
| | Director | C.M. Chen (Der Ching Investment Corp. Representative) | 1,294,270 | 99.56 |

| Company Name | Title | Name or Representative | Shareholding | |
|--|-------------------------|---|---|------------|
| | | | Shares | % |
| | Director | Manfred Wang (Der Ching Investment Corp. Representative) | 1,294,270 | 99.56 |
| | Supervisor | W.H. Yeh (Asia Investment Corp. Representative) | 5,000 | 0.38 |
| KOWLOON CEMENT CORP. LTD. | Chairman | Douglas Tong Hsu | 0 | 0.00 |
| | Director | Johnny Shih | 0 | 0.00 |
| | Director | K. Y. Lee | 0 | 0.00 |
| | Director | Y.F. Chang | 0 | 0.00 |
| | Director | R.H. Shao | 0 | 0.00 |
| | Director | Gary Lee | 0 | 0.00 |
| | AC MEGA INVESTMENT LTD. | Director | C.M. Chen (Der Ching Investment Corp. Representative) | 27,700,000 |
| Director | | Doris Wu (Der Ching Investment Corp. Representative) | 27,700,000 | 100.00 |
| Director | | H. Y. Kao (Der Ching Investment Corp. Representative) | 27,700,000 | 100.00 |
| AC LEAP INVESTMENT LTD. | Director | C.M. Chen (Der Ching Investment Corp. Representative) | 28,300,000 | 100.00 |
| | Director | Doris Wu (Der Ching Investment Corp. Representative) | 28,300,000 | 100.00 |
| | Director | H. Y. Kao (Der Ching Investment Corp. Representative) | 28,300,000 | 100.00 |
| AC MEGA II INVESTMENT LTD. | Director | C.M. Chen (Der Ching Investment Corp. Representative) | 10,000,000 | 100.00 |
| | Director | Doris Wu (Der Ching Investment Corp. Representative) | 10,000,000 | 100.00 |
| | Director | H. Y. Kao Doris Wu (Der Ching Investment Corp. Representative) | 10,000,000 | 100.00 |
| AC MEGA III INVESTMENT LTD. | Director | C.M. Chen (Der Ching Investment Corp. Representative) | 10,000,000 | 100.00 |
| | Director | Doris Wu (Der Ching Investment Corp. Representative) | 10,000,000 | 100.00 |
| | Director | H. Y. Kao Doris Wu (Der Ching Investment Corp. Representative) | 10,000,000 | 100.00 |
| AC MEGA IV INVESTMENT LTD. | Director | C.M. Chen (Der Ching Investment Corp. Representative) | 26,100,000 | 100.00 |
| | Director | Doris Wu (Der Ching Investment Corp. Representative) | 26,100,000 | 100.00 |
| | Director | H. Y. Kao (Der Ching Investment Corp. Representative) | 26,100,000 | 100.00 |
| YA LI PRECAST CONCRETE INDIA PVT. LTD. | Chairman | X.M. He (Ya Li Precast And Prestressed Concrete Industries Corp. Representative) | *INR 1,599,990 | 99.99 |
| | Director | W.H. Yeh (Ya Li Precast And Prestressed Concrete Industries Corp. Representative) | *INR 1,599,990 | 99.99 |
| | Director | H. Y. Kao (Ya Li Precast And Prestressed Concrete Industries Corp. Representative) | *INR 1,599,990 | 99.99 |
| | Director | Gary Lee (Ya Li Precast And Prestressed Concrete Industries Corp. Representative) | *INR 1,599,990 | 99.99 |

| Company Name | Title | Name or Representative | Shareholding | |
|------------------------------------|----------------------|---|-------------------|-------|
| | | | Shares | % |
| | Director | H.C. Lee (Ya Li Precast And Prestressed Concrete Industries Corp. Representative) | *INR 1,599,990 | 99.99 |
| ASIA ORIENTAL (GUAM) L.L.C | Manager | C.P. Chen | 0 | 0.00 |
| PT YATUNG CONCRETE INTERNATIONAL | Chairman | C.P. Chen (Ya Tung Ready-Mixed Concrete Corp. Representative) | *USD 1,980 | 99.00 |
| | Director | P.R. Chen (Ya Tung Ready-Mixed Concrete Corp. Representative) | *USD 1,980 | 99.00 |
| | Director | Karen Yang (Ya Tung Ready-Mixed Concrete Corp. Representative) | *USD 1,980 | 99.00 |
| | Supervisor | H. Y. Kao (Ya Li Precast And Prestressed Concrete Industries Corp. Representative) | *USD 20 | 1.00 |
| YATUNG VIETNAM CO. LTD. | Manager | C.P. Chen | 0 | 0.00 |
| YA SING READY-MIXED CONCRETE CORP. | Chairman | C.P. Chen (Ya Tung Ready-Mixed Concrete Corp. Representative) | 6,993,000 | 69.93 |
| | Director / President | Z.G. He (Ya Tung Ready-Mixed Concrete Corp. Representative) | 6,993,000 | 69.93 |
| | Director | C.H. Chung (Ya Tung Ready-Mixed Concrete Corp. Representative) | 6,993,000 | 69.93 |
| | Director | P.R. Chen (Ya Tung Ready-Mixed Concrete Corp. Representative) | 6,993,000 | 69.93 |
| | Director | W.B. Lin (Ya Tung Ready-Mixed Concrete Corp. Representative) | 6,993,000 | 69.93 |
| | Director | W.S. Tsai (Ya Tung Ready-Mixed Concrete Corp. Representative) | 6,993,000 | 69.93 |
| | Director | J.F. Tsai (Nan Kung Enterprise Corp.Ltd. Representative) | 1,000,000 | 10.00 |
| | Director | J.B. Zhuo (Lien Fang Enterprise Corp.Ltd. Representative) | 500,000 | 5.00 |
| | Director | T.Y. Huang (Chu Chiang Enterprise Corp.Ltd. Representative) | 1,000,000 | 10.00 |
| | Supervisor | F.C. Wu (Ho Hwei Enterprise Corp.Ltd. Representative) | 500,000 | 5.00 |
| | Supervisor | W.K. Chou (Asia Investment Corp. Representative) | 5,000 | 0.05 |

| Company Name | Title | Name or Representative | Shareholding | |
|--|------------|--|--------------|--------|
| | | | Shares | % |
| | Supervisor | H. Y. Kao (Asia Investment Corp. Representative) | 5,000 | 0.05 |
| ASIA CEMENT EXPLORER INVESTMENT LTD. | Director | C.M. Chen (Asia Investment Corp. Representative) | 20,915,000 | 100.00 |
| | Director | Doris Wu (Asia Investment Corp. Representative) | 20,915,000 | 100.00 |
| | Director | H. Y. Kao (Asia Investment Corp. Representative) | 20,915,000 | 100.00 |
| ASIA CEMENT PIONEER INVESTMENT LTD. | Director | C.M. Chen (Asia Investment Corp. Representative) | 68,550,000 | 100.00 |
| | Director | Doris Wu (Asia Investment Corp. Representative) | 68,550,000 | 100.00 |
| | Director | H. Y. Kao (Asia Investment Corp. Representative) | 68,550,000 | 100.00 |
| ASIA CEMENT PIONEER II INVESTMENT LTD. | Director | C.M. Chen (Asia Investment Corp. Representative) | 28,000,000 | 100.00 |
| | Director | Doris Wu (Asia Investment Corp. Representative) | 28,000,000 | 100.00 |
| | Director | H. Y. Kao (Asia Investment Corp. Representative) | 28,000,000 | 100.00 |
| ASIA CEMENT PIONEER III INVESTMENT LTD. | Director | C.M. Chen (Asia Investment Corp. Representative) | 19,500,000 | 100.00 |
| | Director | Doris Wu (Asia Investment Corp. Representative) | 19,500,000 | 100.00 |
| | Director | H. Y. Kao (Asia Investment Corp. Representative) | 19,500,000 | 100.00 |
| ASIA CEMENT PIONEER IV INVESTMENT LTD. | Director | C.M. Chen (Asia Investment Corp. Representative) | 19,010,000 | 100.00 |
| | Director | Doris Wu (Asia Investment Corp. Representative) | 19,010,000 | 100.00 |
| | Director | H. Y. Kao (Asia Investment Corp. Representative) | 19,010,000 | 100.00 |
| ASIA CONTINENT INVESTMENT HOLDINGS PTE. LTD. | Chairman | Douglas Tong Hsu | 0 | 0.00 |
| | Director | Peter Hsu | 0 | 0.00 |
| | Director | K. Y. Lee | 0 | 0.00 |
| | Director | Doris Wu | 0 | 0.00 |
| | Director | Soon Heng Leong | 0 | 0.00 |
| ORIENTAL INDUSTRIAL HOLDINGS PTE. LTD. | Chairman | Douglas Tong Hsu | 4,000 | 0.00 |
| | Director | Peter Hsu | 0 | 0.00 |

| Company Name | Title | Name or Representative | Shareholding | |
|-----------------------------------|------------|--|-----------------|-------|
| | | | Shares | % |
| | Director | R.H. Shao | 1,000 | 0.00 |
| | Director | Doris Wu | 0 | 0.00 |
| | Director | Soon Heng Leong | 0 | 0.00 |
| KOWLOON CONCRETE CORP. LTD. | Chairman | Douglas Tong Hsu | 0 | 0.00 |
| | Director | K. Y. Lee | 0 | 0.00 |
| | Director | L.H. Fang | 0 | 0.00 |
| | Director | Doris Wu | 0 | 0.00 |
| | Director | Gary Lee | 0 | 0.00 |
| JOIN FORTUNE TRADING LTD | Manager | Gary Lee | 0 | 0.00 |
| ASIA ORIENTAL CONCRETE,LLC | Manager | C.L. Lai | 0 | 0.00 |
| JIANGXI YADONG CEMENT CO., LTD. | Chairman | Z.L. Wu (Asia Continent Investment Holdings Pte. Ltd. Representative) | *USD 302,689 | 85.00 |
| | President | J.B. Yu | *USD 0 | 0.00 |
| | Director | H.He (Oriental Holdings Co., Ltd. Representative) | *USD 35,610 | 10.00 |
| | Director | Ping Shen (Jiangxi Provincial Investment Group Corp. Representative) | *USD 17,805 | 5.00 |
| | Supervisor | T.Z. Wu (Asia Continent Investment Holdings Pte. Ltd. Representative) | *USD 302,689 | 85.00 |
| HUANGGANG YADONG CEMENT CO., LTD. | Chairman | L.H. Fang (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 77,553 | 90.00 |
| | President | W.F. Hsu | 0 | 0.00 |
| | Director | L.M. Ou Yang (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 77,553 | 90.00 |
| | Director | S.S. Wu (Oriental Holdings Co., Ltd. Representative) | *USD 8,617 | 10.00 |
| | Supervisor | Michael Ting (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 77,553 | 90.00 |
| WUHAN YADONG CEMENT CO., LTD. | Chairman | J.B. Yu (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 32,526 | 90.00 |
| | President | J.F. Jiang | *USD 0 | 0.00 |
| | Director | H.Q. Zhang (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 32,526 | 90.00 |
| | Director | G Chen (Oriental Holdings Co., Ltd. Representative) | *USD 3,614 | 10.00 |
| | Supervisor | W.Y. Liu (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 32,526 | 90.00 |

| Company Name | Title | Name or Representative | Shareholding | |
|---|----------------------|---|-----------------|--------|
| | | | Shares | % |
| ORIENTAL HOLDINGS CO., LTD. | Chairman / President | Doris Wu (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 204,188 | 100.00 |
| | Director | Dana Lee (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 204,188 | 100.00 |
| | Director | Karen Yang (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 204,188 | 100.00 |
| | Supervisor | J.H. Wu (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 204,188 | 100.00 |
| CHENGDU YALI CEMENT PRODUCTS CO., LTD. | Chairman | L. Tian (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 2,100 | 51.22 |
| | President | L.C. Lee | *USD 0 | 0.00 |
| | Director | G.W. Ciou (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 2,100 | 51.22 |
| | Director | L.J. Zeng (Oriental Holdings Co., Ltd. Representative) | *USD 2,000 | 48.78 |
| | Supervisor | Y. Chen (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 2,100 | 51.22 |
| SHANGHAI YALI CEMENT PRODUCTS CO., LTD. | Chairman | L.H. Fang (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 13,500 | 90.00 |
| | President | H.He | *USD 0 | 0.00 |
| | Director | Y.G. Zhang (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 13,500 | 90.00 |
| | Director | X.W. Xiao (Oriental Holdings Co., Ltd. Representative) | *USD 1,500 | 10.00 |
| | Supervisor | R.F. Huang (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 13,500 | 90.00 |

| Company Name | Title | Name or Representative | Shareholding | |
|---|------------|---|-----------------|-------|
| | | | Shares | % |
| SICHUAN YALI CONCRETE PRODUCE CO., LTD. | Chairman | L. Tian (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 2,970 | 90.00 |
| | President | L.C. Lee | *USD 0 | 0.00 |
| | Director | Y.H. Lu (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 2,970 | 90.00 |
| | Director | X.T. Kao (Oriental Holdings Co., Ltd. Representative) | *USD 330 | 10.00 |
| | Supervisor | Q.P. Zhou (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 2,970 | 90.00 |
| SICHUAN YALI TRANSPORT CO., LTD. | Chairman | L. Tian (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 3,150 | 90.00 |
| | President | Y.H. Lu | *USD 0 | 0.00 |
| | Director | G.C. Wang (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 3,150 | 90.00 |
| | Director | C.H. Xiang (Oriental Holdings Co., Ltd. Representative) | *USD 350 | 10.00 |
| | Supervisor | H.B. Feng (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 3,150 | 90.00 |
| YANGZHOU YADONG CEMENT CO., LTD. | Chairman | L.H. Fang (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 31,977 | 90.00 |
| | President | H.He | *USD 0 | 0.00 |
| | Director | Y.T. Li (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 31,977 | 90.00 |
| | Director | T.M. Jiang (Oriental Holdings Co., Ltd. Representative) | *USD 3,553 | 10.00 |
| | Supervisor | J. Chen (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 31,977 | 90.00 |
| SICHUAN YADONG CEMENT CO., LTD. | Chairman | L. Tian (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 331,506 | 90.00 |
| | President | L.H. Fang | *USD 0 | 0.00 |
| | Director | L.C. Lee (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 331,506 | 90.00 |
| | Director | H.C Wang (Oriental Holdings Co., Ltd. Representative) | *USD 36,834 | 10.00 |

| Company Name | Title | Name or Representative | Shareholding | |
|-------------------------------------|---|--|---|----------------|
| | | | Shares | % |
| | Supervisor | J.X. Shen (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 331,506 | 90.00 |
| HUBEI YADONG CEMENT CO., LTD. | Chairman | J.B. Yu (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 139,320 | 90.00 |
| | President | L. Tian | *USD 0 | 0.00 |
| | Director | L.C Guo (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 139,320 | 90.00 |
| | Director | Z.Y Jing (Oriental Holdings Co., Ltd. Representative) | *USD 15,480 | 10.00 |
| | Supervisor | N.B. Gan (Oriental Industrial Holdings Pte. Ltd. Representative) | *USD 139,320 | 90.00 |
| | NANCHANG YALI CONCRETE PRODUCE LTD. | Chairman | L.H. Fang (Jiangxi Yadong Cement Co., Ltd. Representative) | *RMB 60,000 |
| President | | S.M. Chang | *RMB 0 | 0.00 |
| Director | | Y.M. Dai (Jiangxi Yadong Cement Co., Ltd. Representative) | *RMB 60,000 | 100.00 |
| Director | | J.X. Li (Jiangxi Yadong Cement Co., Ltd. Representative) | *RMB 60,000 | 100.00 |
| Supervisor | | S.P. Hu (Jiangxi Yadong Cement Co., Ltd. Representative) | *RMB 60,000 | 100.00 |
| JIANGXI YALI TRANSPORT CO., LTD. | Chairman | L.H. Fang (Jiangxi Yadong Cement Co., Ltd. Representative) | *RMB 6,499 | 51.99 |
| | President | X.W. Xiao | *RMB 0 | 0.00 |
| | Director | S.H Wang (Oriental Holdings Co., Ltd. Representative) | *RMB 6,000 | 48.00 |
| | Director | D.L. Hsu (A.K. Fu Representative) | *RMB 1 | 0.01 |
| | Supervisor | K.X. Li (Jiangxi Yadong Cement Co., Ltd. Representative) | *RMB 6,499 | 51.99 |
| NANCHANG YADONG CEMENT CO., LTD. | Chairman | L.H. Fang (Jiangxi Yadong Cement Co., Ltd. Representative) | *RMB 45,000 | 50.00 |
| | President | A.K. Fu | *RMB 0 | 0.00 |
| | Director | Y.G. Yao (Oriental Holdings Co., Ltd. Representative) | *RMB 22,500 | 25.00 |

| Company Name | Title | Name or Representative | Shareholding | |
|--|------------|--|----------------|--------|
| | | | Shares | % |
| | Director | Y.S. Yao (Fangda Special Steel Technology Co., Ltd. Representative) | *RMB 22,500 | 25.00 |
| | Supervisor | D.B. Wang (Jiangxi Yadong Cement Co., Ltd. Representative) | *RMB 45,000 | 50.00 |
| WUHAN YALI CEMENT PRODUCTS CO., LTD. | Chairman | J.B. Yu (Wuhan Yadong Cement Co., Ltd. Representative) | *RMB 60,000 | 100.00 |
| | President | X.L. Yu | *RMB 0 | 0.00 |
| | Director | A.C. Hsu (Wuhan Yadong Cement Co., Ltd. Representative) | *RMB 60,000 | 100.00 |
| | Director | G.F. He (Wuhan Yadong Cement Co., Ltd. Representative) | *RMB 60,000 | 100.00 |
| | Supervisor | J.F. Jiang (Wuhan Yadong Cement Co., Ltd. Representative) | *RMB 60,000 | 100.00 |
| TAIZHOU YADONG BUILDING MATERIAL CO., LTD. | Chairman | L.H. Fang (Oriental Holdings Co., Ltd. Representative) | *USD 16,000 | 100.00 |
| | President | H.He | *USD 0 | 0.00 |
| | Director | G.J. Shen (Oriental Holdings Co., Ltd. Representative) | *USD 16,000 | 100.00 |
| | Director | D.M. Yi (Oriental Holdings Co., Ltd. Representative) | *USD 16,000 | 100.00 |
| | Supervisor | M. Zhang (Oriental Holdings Co., Ltd. Representative) | *USD 16,000 | 100.00 |
| Ruichang Yadong New Material Co., Ltd. | Chairman | L.H. Fang (Jiangxi Yadong Cement Co., Ltd. Representative) | *RMB 2,000 | 100.00 |
| | President | J.B. Yu | *RMB 0 | 0.00 |
| | Director | W.T. Chang (Jiangxi Yadong Cement Co., Ltd. Representative) | *RMB 2,000 | 100.00 |
| | Director | W.Y. Wang (Jiangxi Yadong Cement Co., Ltd. Representative) | *RMB 2,000 | 100.00 |
| | Supervisor | B. Dai (Jiangxi Yadong Cement Co., Ltd. Representative) | *RMB 2,000 | 100.00 |
| SICHUAN LANFENG BUILDING MATERIALS CO., LTD. | Chairman | L. Tian (Sichuan Lanfeng Cement Co., Ltd. Representative) | *RMB 20,000 | 100.00 |
| | President | X.M. Guo | *RMB 0 | 0.00 |

| Company Name | Title | Name or Representative | Shareholding | |
|----------------------------------|------------|---|-----------------|--------|
| | | | Shares | % |
| | Director | J.S. Lee (Sichuan Lanfeng Cement Co., Ltd. Representative) | *RMB 20,000 | 100.00 |
| | Director | C. Liu (Sichuan Lanfeng Cement Co., Ltd. Representative) | *RMB 20,000 | 100.00 |
| | Supervisor | Y.P. Xie (Sichuan Lanfeng Cement Co., Ltd. Representative) | *RMB 20,000 | 100.00 |
| SICHUAN LANFENG CEMENT CO., LTD. | Chairman | L. Tian (Sichuan Yadong Cement Co., Ltd. Representative) | *RMB 600,000 | 100.00 |
| | President | X.M. Guo | *RMB 0 | 0.00 |
| | Director | J.S. Lee (Sichuan Yadong Cement Co., Ltd. Representative) | *RMB 600,000 | 100.00 |
| | Director | C. Liu (Sichuan Yadong Cement Co., Ltd. Representative) | *RMB 600,000 | 100.00 |
| | Supervisor | Y.P. Xie (Sichuan Yadong Cement Co., Ltd. Representative) | *RMB 600,000 | 100.00 |
| HUBEI YALI TRANSPORT CO., LTD. | Chairman | J.B. Yu (Hubei Yadong Cement Co., Ltd. Representative) | *RMB 13,000 | 100.00 |
| | President | H.Q. Zhang | *RMB 0 | 0.00 |
| | Director | Z.H. Ye (Hubei Yadong Cement Co., Ltd. Representative) | *RMB 13,000 | 100.00 |
| | Director | B.Y. Zhao (Hubei Yadong Cement Co., Ltd. Representative) | *RMB 13,000 | 100.00 |
| | Supervisor | S.Y. Cheng (Hubei Yadong Cement Co., Ltd. Representative) | *RMB 13,000 | 100.00 |
| WUHAN YAXIN CEMENT CO., LTD. | Chairman | J.B. Yu (Hubei Yadong Cement Co., Ltd. Representative) | *RMB 81,000 | 90.00 |
| | President | W.Y. Liu | *RMB 0 | 0.00 |
| | Director | X.L. Yu (Hubei Yadong Cement Co., Ltd. Representative) | *RMB 81,000 | 90.00 |
| | Director | C.C. Cheng | *RMB 9,000 | 10.00 |
| | Supervisor | C.H. He (Hubei Yadong Cement Co., Ltd. Representative) | *RMB 81,000 | 90.00 |

The above companies marked with the “” sign are not incorporated companies. Therefore the shareholding are shown in capital (Unit: INR, USD, VND and RMB \$1,000) instead of shown in numbers of shares.

8.5 Operating Condition of Affiliated Companies

Unit: NT\$1,000

Book closure date: 31 December 2019

| No. | Company Name | Capital | Total Assets | Total Liabilities | Net Value | Net Sales | Operating Income (Loss) | Income (Loss) After Income Tax | Earnings (Loss) per Share (After Income Tax) |
|-----|---|-----------|--------------|-------------------|------------|-----------|-------------------------|--------------------------------|--|
| 1 | FU MING TRANSPORTATION CO., LTD. | 295,695 | 1,827,649 | 414,647 | 1,413,002 | 1,082,244 | 97,625 | 213,189 | 7.21 |
| 2 | YUAN LONG STAINLESS STEEL CORP. | 2,000,000 | 5,767,420 | 3,963,111 | 1,804,309 | 5,438,907 | 84,752 | 1,347 | 0.01 |
| 3 | SUNRISE INDUSTRIAL HOLDINGS LTD. | 2,909 | 131,287 | 76,365 | 54,922 | 0 | (96) | 3,038 | 33.75 |
| 4 | NAN HWA CEMENT CORP. | 261,440 | 746,513 | 484,983 | 261,530 | 375,711 | 20,873 | 52,531 | 2.01 |
| 5 | ASIA ENGINEERING ENTERPRISE CORP. | 81,144 | 350,356 | 164,798 | 185,558 | 71,586 | 10,410 | 59,946 | 7.39 |
| 6 | ASIA CEMENT (CHINA) HOLDINGS CO. | 634,911 | 92,909,406 | 31,640,052 | 61,269,354 | 0 | (512,748) | 14,106,889 | 9.08 |
| 7 | ASIA CEMENT (SINGAPORE) PTE. LTD. | 250,425 | 5,074,964 | 931,295 | 4,143,669 | 821,802 | (35,512) | 693,709 | 66.07 |
| 8 | DER CHING INVESTMENT CORP. | 5,956,218 | 20,198,633 | 6,541,067 | 13,657,566 | 333,742 | 330,583 | 1,262,905 | 2.12 |
| 9 | YA LI TRANSPORTATION CORP. | 100,000 | 497,048 | 17,883 | 479,165 | 179,498 | (2,463) | 22,796 | 2.28 |
| 10 | YA LI PRECAST AND PRESTRESSED CONCRETE INDUSTRIES CORP. | 193,776 | 329,681 | 239,484 | 90,197 | 176,332 | 7,110 | 1,040 | 0.05 |
| 11 | YA TUNG READY-MIXED CONCRETE CORP. | 1,590,750 | 5,130,833 | 3,329,063 | 1,801,770 | 9,072,752 | 312,414 | 146,801 | 0.92 |
| 12 | ASIA INVESTMENT CORP. | 2,220,396 | 10,232,880 | 6,976,681 | 3,256,199 | 289,257 | 288,423 | 977,016 | 4.40 |
| 13 | CHIAHUI POWER CORP. | 4,700,000 | 16,863,247 | 7,241,999 | 9,621,248 | 7,115,116 | 1,382,268 | 1,097,061 | 2.33 |
| 14 | FU DA TRANSPORTATION CO., LTD. | 279,279 | 1,262,659 | 521,049 | 741,610 | 881,218 | 87,835 | 109,850 | 3.93 |
| 15 | PERFECT INDUSTRIAL HOLDINGS PTE. LTD. | 290,905 | 74,365,545 | 0 | 74,365,545 | 0 | (80) | 15,638,825 | 1,609.01 |
| 16 | ORIENTAL CONCRETE PTE. LTD. | 377,230 | 261,152 | 908 | 260,244 | 12,440 | 4,947 | 3,400 | 0.20 |
| 17 | FU SHAN MINERAL STONE CO.,LTD. | 13,000 | 77,478 | 49,617 | 27,861 | 1,897 | (6,357) | (6,936) | (5.34) |
| 18 | KOWLOON CEMENT CORP. LTD. | 93,150 | 929,482 | 18,964 | 910,518 | 12,070 | (4,748) | 40,881 | 17.77 |
| 19 | AC MEGA INVESTMENT LTD. | 828,313 | 774,004 | 0 | 774,004 | 1,787 | 1,635 | 86,138 | 3.11 |
| 20 | AC LEAP INVESTMENT LTD. | 846,224 | 855,589 | 0 | 855,589 | 1,787 | 1,635 | 100,918 | 3.57 |
| 21 | AC MEGA II INVESTMENT LTD. | 289,050 | 281,337 | 0 | 281,337 | 0 | (85) | 46,877 | 4.69 |
| 22 | AC MEGA III INVESTMENT LTD. | 289,050 | 319,223 | 0 | 319,223 | 0 | (85) | 52,787 | 5.28 |

| No. | Company Name | Capital | Total Assets | Total Liabilities | Net Value | Net Sales | Operating Income (Loss) | Income (Loss) After Income Tax | Earnings (Loss) per Share (After Income Tax) |
|-----|--|------------|--------------|-------------------|------------|------------|-------------------------|--------------------------------|--|
| 23 | AC MEGA IV INVESTMENT LTD. | 780,510 | 888,698 | 0 | 888,698 | 1,787 | 1,638 | 106,605 | 4.08 |
| 24 | YA LI PRECAST CONCRETE INDIA PVT. LTD. | 8,338 | 4,927 | 3,011 | 1,916 | 0 | (219) | (219) | Note 1 |
| 25 | ASIA ORIENTAL (GUAM) L.L.C | 242,046 | 68,628 | 18 | 68,610 | 804 | (893) | (43,552) | Note 1 |
| 26 | PT YATUNG CONCRETE INTERNATIONAL CORP. | 62,060 | 211,374 | 142,092 | 69,282 | 116,547 | (46,897) | (72,481) | Note 1 |
| 27 | YATUNG VIETNAM CO., LTD. | 201,823 | 338,251 | 47,005 | 291,246 | 130,085 | 2,500 | 7,838 | Note 1 |
| 28 | YA SING READY-MIXED CONCRETE CORP. | 100,000 | 269,305 | 143,912 | 125,393 | 720,312 | 42,125 | 27,530 | 2.75 |
| 29 | ASIA CEMENT EXPLORER INVESTMENT LTD. | 623,340 | 442,420 | 0 | 442,420 | 0 | (89) | 14,774 | 0.71 |
| 30 | ASIA CEMENT PIONEER INVESTMENT LTD. | 2,100,779 | 2,121,134 | 56,808 | 2,064,326 | 0 | (89) | 306,888 | 4.48 |
| 31 | ASIA CEMENT PIONEER II INVESTMENT LTD. | 833,410 | 891,935 | 0 | 891,935 | 0 | (85) | 101,257 | 3.62 |
| 32 | ASIA CEMENT PIONEER III INVESTMENT LTD. | 578,325 | 542,204 | 0 | 542,204 | 0 | (85) | 36,662 | 1.88 |
| 33 | ASIA CEMENT PIONEER IV INVESTMENT LTD. | 575,538 | 588,459 | 0 | 588,459 | 0 | (85) | 48,009 | 2.53 |
| 34 | ASIA CONTINENT INVESTMENT HOLDINGS PTE. LTD. | 8,645,188 | 21,926,906 | 93 | 21,926,813 | 0 | (151) | 5,472,063 | 16.50 |
| 35 | ORIENTAL INDUSTRIAL HOLDINGS PTE. LTD. | 25,073,666 | 52,420,077 | 142 | 52,419,935 | 0 | (324) | 9,991,482 | 14.26 |
| 36 | KOWLOON CONCRETE CORP. LTD. | 38 | 138,999 | 410 | 138,589 | 2,852 | (663) | 13,198 | 1,319.76 |
| 37 | JOIN FORTUNE TRADING LTD. | 88,372 | 36,282 | 17,325 | 18,957 | 0 | (99) | 584 | 0.20 |
| 38 | ASIA ORINTAL CONCRETE,LLC | 347,188 | 191,177 | 178,188 | 12,989 | 188,063 | (62,093) | (66,247) | Note 1 |
| 39 | JIANGXI YADONG CEMENT CO., LTD. | 10,658,193 | 30,117,749 | 4,322,780 | 25,794,969 | 23,344,232 | 8,290,223 | 6,675,264 | Note 1 |
| 40 | HUANGGANG YADONG CEMENT CO., LTD. | 2,579,068 | 6,046,607 | 593,413 | 5,453,194 | 3,754,736 | 1,476,295 | 1,191,577 | Note 1 |
| 41 | WUHAN YADONG CEMENT CO., LTD. | 1,081,670 | 2,947,858 | 334,690 | 2,613,168 | 1,652,541 | 46,766 | 130,126 | Note 1 |
| 42 | ORIENTAL HOLDINGS CO., LTD. | 3,903,082 | 12,389,715 | 8,250 | 12,381,465 | 0 | (676) | 1,730,872 | Note 1 |
| 43 | CHENGDU YA LI CEMENT PRODUCTS CO., LTD. | 122,713 | 432,973 | 79,986 | 352,987 | 465,699 | 32,364 | 63,381 | Note 1 |
| 44 | SHANGHAI YALI CEMENT PRODUCTS CO., LTD. | 448,950 | 262,643 | 200,640 | 62,003 | 37,712 | (15,057) | 63,986 | Note 1 |
| 45 | SICHUAN YALI CONCRETE PRODUCE CO., LTD. | 98,769 | 837,133 | 606,879 | 230,254 | 1,323,776 | 135,524 | 79,571 | Note 1 |

| No. | Company Name | Capital | Total Assets | Total Liabilities | Net Value | Net Sales | Operating Income (Loss) | Income (Loss) After Income Tax | Earnings (Loss) per Share (After Income Tax) |
|-----|--|------------|--------------|-------------------|------------|-----------|-------------------------|--------------------------------|--|
| 46 | SICHUAN YALI TRANSPORT CO., LTD. | 104,755 | 219,717 | 33,473 | 186,244 | 346,637 | 15,020 | 18,323 | Note 1 |
| 47 | YANGZHOU YADONG CEMENT CO., LTD. | 1,063,413 | 2,250,627 | 357,114 | 1,893,513 | 4,078,292 | 357,732 | 226,061 | Note 1 |
| 48 | SICHUAN YADONG CEMENT CO., LTD. | 11,024,416 | 24,155,190 | 1,667,157 | 22,488,033 | 9,998,218 | 3,728,794 | 5,671,266 | Note 1 |
| 49 | HUBEI YADONG CEMENT CO., LTD. | 4,633,164 | 12,389,945 | 1,157,575 | 11,232,370 | 7,452,467 | 2,214,273 | 1,930,247 | Note 1 |
| 50 | RUICHANG YADONG NEW MATERIAL CO., LTD. | 8,581 | 321,015 | 107,909 | 213,106 | 389,316 | 284,687 | 213,741 | Note 1 |
| 51 | NANCHANG YALI CONCRETE PRODUCE LTD. | 257,419 | 827,186 | 122,826 | 704,360 | 756,225 | 57,858 | (29,379) | Note 1 |
| 52 | JIANGXI YALI TRANSPORT CO., LTD. | 53,629 | 232,954 | 75,225 | 157,729 | 368,861 | 37,972 | 28,680 | Note 1 |
| 53 | NANCHANG YADONG CEMENT CO., LTD. | 386,128 | 882,611 | 154,880 | 727,731 | 1,319,721 | 78,909 | 69,883 | Note 1 |
| 54 | WUHAN YALI CEMENT PRODUCTS CO., LTD. | 257,419 | 548,026 | 160,476 | 387,550 | 843,423 | 101,453 | 103,702 | Note 1 |
| 55 | TAIZHOU YADONG BUILDING MATERIAL CO., LTD. | 478,880 | 1,026,493 | 493,388 | 533,105 | 1,459,198 | 83,177 | 58,875 | Note 1 |
| 56 | SICHUAN LANFENG BUILDING MATERIALS CO., LTD. | 85,806 | 54,416 | 143,879 | (89,463) | 0 | (1,992) | (2,254) | Note 1 |
| 57 | SICHUAN LANFENG CEMENT CO., LTD. | 2,574,190 | 8,135,637 | 1,682,006 | 6,453,631 | 6,990,157 | 3,061,142 | 2,550,570 | Note 1 |
| 58 | HUBEI YALI TRANSPORT CO., LTD. | 55,774 | 91,286 | 11,939 | 79,347 | 109,194 | 568 | 501 | Note 1 |
| 59 | WUHAN YAXIN CEMENT CORP. LTD. | 386,128 | 1,870,672 | 251,454 | 1,619,218 | 1,783,301 | 232,266 | 202,157 | Note 1 |

Note 1: The subsidiaries in China or overseas are limited liability companies; therefore it's not able to count earnings per share.

Note 2: The data in Balance Sheet are converted according to the exchange rate at the end of 2019(USD : 29.93 ; SGD : 22.19 ; RMB : 4.290316 ; HKD : 3.819 ; INR : 0.42 ; VND : 0.001293 ; IDR : 0.002153); the data in Income Statement are converted according to the 2019 average exchange rate (USD : 30.9119 ; SGD : 22.6642 ; RMB : 4.483617 ; HKD : 3.9449 ; INR : 0.4387 ; VND : 0.00134 ; IDR : 0.002188).

◎**Consolidated Financial Reports:** Please read section 6.4 for details.

◎**Relationship Report:** Not applicable.

◎**Private placement:** None.

◎**The shares held or disposed by subsidiaries in the most recent fiscal year and the current fiscal year up to the date of printing of the annual report:** None.

◎**In the most recent fiscal year and the current fiscal year up to the date of printing of the annual report, any event which has a material impact on shareholders' equity or securities prices:** About the information of the Company's investment in China Shanshui Cement Group Ltd., please refer to the Note 7,18,24, 41 in consolidated financial report.

◎**Any other matters listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act which might materially affect shareholders' equity or the price of the company's securities, occurred during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report:** None.



亞洲水泥

ASIA CEMENT CORPORATION

Asia Cement Corporation and Subsidiaries

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2019 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

ASIA CEMENT CORPORATION

By

DOUGLAS TONG HSU
Chairman

March 25, 2020

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Asia Cement Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2019 are stated as follows:

Estimated Impairment of Trade Receivables

The estimated provision for impairment of trade receivables is based on the assumptions of defaults and expected loss rates. The assumptions and selection of inputs for impairment calculation are based on the Group's historical experience, existing market conditions as well as forward looking estimates. When the actual future cash flows are less than expected, a material impairment loss may arise, refer to Notes 5 and 13 to the consolidated financial statements. Because key assumptions and inputs used for measuring expected credit losses on trade receivables involve significant judgments and uncertainties, we considered the estimated impairment of trade receivables as one of the key audit matters.

The corresponding audit procedures that we performed for the estimated impairment of trade receivables are as follows:

1. We obtained an understanding of the internal control procedures with respect to management's allowance for impairment loss of trade receivables.
2. We evaluated the reasonableness of allowance for impairment loss by testing the aging of trade receivables and by quantifying the potential risk of trade receivables that were overdue at the balance sheet date.
3. We tested the recoverability of the trade receivables by vouching cash receipts after the balance sheet date.
4. For the estimated impairment of accounts receivable, we evaluated the adequacy of management's provision for impairment based on customers' past default experience, current financial position, any collateral pledged, existing market conditions as well as forward looking estimates.

Fair Value Measurement of Investment Properties

The Group's investment properties are subsequently measured using the fair value model and valued by an independent qualified professional appraiser, a member of the ROC certified real estate appraisers, refer to Notes 5 and 18 to the consolidated financial statements. Because the valuation of investment properties involves significant judgments and uncertainties, we considered the fair value measurement of investment properties as one of the key audit matters.

The corresponding audit procedures that we performed for the fair value measurement of investment properties are as follows:

1. We assessed the professional competence and independence of the appraiser engaged by management and we obtained an understanding of the appraiser's scope of work and process of engagement to confirm that no circumstances affect the appraiser's independence and limit the scope of his work.
2. We obtained an understanding of and assessed the reasonableness of management's assumptions and methods used in the valuation.

3. We sample-tested items from management's supporting documents, which include the effective gross income, expenses, and property rights of land and buildings to verify the valuation process used by management and recalculated the fair value of investment properties to assess the reasonableness of management's calculation.

Other Matter

The financial statements of China Shanshui Cement Group Limited (CSCGL), an associate accounted for using equity method, were audited by other auditors as of December 31, 2019 and 2018. Our opinion, insofar as it relates to the amounts included in the accompanying financial statements for CSCGL, is based solely on the reports of other auditors. As of December 31, 2019 and 2018, the aggregate carrying value of the equity-method investments in CSCGL was NT\$12,024,837 thousand and NT\$10,217,370 thousand, respectively, both representing 4% of the consolidated total assets. For the years ended December 31, 2019 and 2018, the share of profit or loss of CSCGL was NT\$2,211,559 thousand and NT\$376,557 thousand, respectively, representing 8% and 2%, respectively, of the consolidated profit before income tax.

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

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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Tai, Xin Wei and Fan, Yu Wei.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 25, 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.

ASIA CEMENT CORPORATION AND SUBSIDIARIES

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

| ASSETS | 2019 | | 2018 | |
|--|-----------------------|------------|-----------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Notes 6 and 37) | \$ 24,735,495 | 8 | \$ 14,929,411 | 5 |
| Financial assets at fair value through profit or loss - current (Notes 7 and 36) | 4,728,223 | 2 | 9,046,583 | 3 |
| Financial assets at fair value through other comprehensive income - current (Notes 8 and 38) | 3,978,366 | 1 | 3,800,923 | 2 |
| Financial assets at amortized cost - current (Notes 6, 9, 36 and 38) | 23,016,985 | 8 | 14,322,874 | 5 |
| Contract assets - current (Notes 31 and 37) | 68,412 | - | 147,528 | - |
| Notes receivable | | | | |
| Third parties | 11,159,687 | 4 | 12,928,203 | 5 |
| Trade receivables | | | | |
| Third parties (Notes 10 and 11) | 10,159,263 | 3 | 9,251,854 | 3 |
| Related parties (Notes 10 and 37) | 803,340 | - | 976,266 | - |
| Other receivables (Notes 12 and 37) | 481,800 | - | 2,964,751 | 1 |
| Current tax assets (Note 33) | 6,785 | - | 15,901 | - |
| Inventories (Note 13) | 7,789,794 | 3 | 9,804,276 | 4 |
| Prepayments (Notes 21 and 37) | 1,812,789 | 1 | 1,684,612 | 1 |
| Other current assets (Note 22) | 501,127 | - | 485,324 | - |
| Total current assets | 89,242,066 | 30 | 80,358,506 | 29 |
| NON-CURRENT ASSETS | | | | |
| Investments accounted for using equity method (Notes 15, 37 and 38) | 84,412,240 | 28 | 78,846,276 | 28 |
| Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 38) | 11,692,138 | 4 | 9,784,743 | 4 |
| Financial assets at amortized cost - non-current (Notes 6, 9, 37 and 38) | 36,064 | - | 14,642 | - |
| Property, plant and equipment (Notes 16 and 38) | 50,681,281 | 17 | 52,549,341 | 19 |
| Right-of-use assets (Notes 17 and 37) | 5,080,287 | 2 | - | - |
| Investment properties (Notes 18 and 38) | 36,176,439 | 12 | 35,965,203 | 13 |
| Intangible assets (Notes 19 and 20) | 7,000,317 | 2 | 3,694,783 | 1 |
| Deferred tax assets (Note 33) | 474,929 | - | 436,238 | - |
| Lease receivables - non-current (Note 11) | - | - | 8,894,355 | 3 |
| Finance lease receivables - non-current (Note 11) | 8,170,867 | 3 | - | - |
| Long-term prepayments for leases (Note 21) | - | - | 3,779,353 | 1 |
| Other non-current assets (Notes 22, 29 and 37) | 4,311,884 | 2 | 4,864,558 | 2 |
| Total non-current assets | 208,036,446 | 70 | 198,829,492 | 71 |
| TOTAL | \$ 297,278,512 | 100 | \$ 279,187,998 | 100 |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term borrowings (Notes 23 and 37) | \$ 23,811,603 | 8 | \$ 24,805,239 | 9 |
| Short-term bills payable (Note 24) | 18,932,294 | 6 | 18,564,469 | 7 |
| Financial liabilities at fair value through profit or loss - current (Note 7) | 112,070 | - | 268,218 | - |
| Contract liabilities - current (Notes 31 and 37) | 987,496 | - | 731,015 | - |
| Accounts payable and accrued expenses | | | | |
| Third parties (Note 20) | 13,266,966 | 5 | 8,028,077 | 3 |
| Related parties (Note 37) | 256,803 | - | 250,857 | - |
| Dividends and bonuses payable | 230,151 | - | 231,722 | - |
| Other payables - others (Note 25) | 312,069 | - | 334,305 | - |
| Current tax liabilities (Note 33) | 2,957,672 | 1 | 2,181,268 | 1 |
| Provisions - current (Note 28) | 50,661 | - | 48,200 | - |
| Lease liabilities - current (Note 17) | 190,607 | - | - | - |
| Deferred revenue - current (Note 27) | 75,912 | - | 75,912 | - |
| Current portion of long-term liabilities (Notes 26 and 37) | 13,151,315 | 5 | 7,285,012 | 2 |
| Total current liabilities | 74,335,619 | 25 | 62,804,294 | 22 |
| NON-CURRENT LIABILITIES | | | | |
| Bonds payable (Note 26) | 19,280,807 | 7 | 12,192,567 | 5 |
| Long-term borrowings (Notes 26 and 37) | 20,820,990 | 7 | 33,593,896 | 12 |
| Provisions - non-current (Notes 22, 28 and 39) | 715,432 | - | 679,377 | - |
| Lease liabilities - non-current (Note 17) | 1,264,765 | 1 | - | - |
| Deferred tax liabilities (Note 33) | 9,991,422 | 3 | 9,365,429 | 4 |
| Net defined benefit liabilities - non-current (Note 29) | 164,208 | - | 185,107 | - |
| Deferred revenue - non-current (Note 27) | 847,893 | - | 923,805 | - |
| Other non-current liabilities | 408,338 | - | 395,177 | - |
| Total non-current liabilities | 53,493,855 | 18 | 57,335,358 | 21 |
| Total liabilities | 127,829,474 | 43 | 120,139,652 | 43 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 30) | | | | |
| Share capital | 33,614,472 | 11 | 33,614,472 | 12 |
| Capital surplus | 1,456,054 | - | 1,362,554 | - |
| Retained earnings | | | | |
| Legal reserve | 16,727,089 | 6 | 15,615,380 | 6 |
| Special reserve | 64,463,426 | 22 | 63,945,145 | 23 |
| Unappropriated earnings | 27,373,840 | 9 | 20,358,461 | 7 |
| Total retained earnings | 108,564,355 | 37 | 99,918,986 | 36 |
| Other equity | 2,432,477 | 1 | 2,996,214 | 1 |
| Total equity attributable to owners of the Corporation | 146,067,358 | 49 | 137,892,226 | 49 |
| NON-CONTROLLING INTERESTS (Note 30) | 23,381,680 | 8 | 21,156,120 | 8 |
| Total equity | 169,449,038 | 57 | 159,048,346 | 57 |
| TOTAL | \$ 297,278,512 | 100 | \$ 279,187,998 | 100 |

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

(With Deloitte & Touche auditors' report dated March 25, 2020)

ASIA 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 31 and 37) | \$ 89,347,637 | 100 | \$ 82,741,004 | 100 |
| OPERATING COSTS (Notes 13, 31 and 37) | <u>63,746,928</u> | <u>71</u> | <u>61,584,690</u> | <u>74</u> |
| GROSS PROFIT | 25,600,709 | 29 | 21,156,314 | 26 |
| UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES | 14,392 | - | - | - |
| REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES | <u>-</u> | <u>-</u> | <u>15,147</u> | <u>-</u> |
| REALIZED GROSS PROFIT | <u>25,586,317</u> | <u>29</u> | <u>21,171,461</u> | <u>26</u> |
| OPERATING EXPENSES | | | | |
| Administrative expenses (Notes 32 and 37) | 3,332,110 | 4 | 2,875,798 | 4 |
| Expected credit loss (Note 10) | <u>191,031</u> | <u>-</u> | <u>142,553</u> | <u>-</u> |
| Total operating expenses | <u>3,523,141</u> | <u>4</u> | <u>3,018,351</u> | <u>4</u> |
| OPERATING INCOME | <u>22,063,176</u> | <u>25</u> | <u>18,153,110</u> | <u>22</u> |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Other income (Note 32) | 1,998,600 | 2 | 1,479,803 | 2 |
| Other gains and losses (Note 32) | 661,654 | 1 | (1,733,766) | (2) |
| Finance costs (Note 32) | (1,820,623) | (2) | (1,673,185) | (2) |
| Share of profit of associates and joint ventures | <u>5,490,375</u> | <u>6</u> | <u>4,144,156</u> | <u>5</u> |
| Total non-operating income and expenses | <u>6,330,006</u> | <u>7</u> | <u>2,217,008</u> | <u>3</u> |
| PROFIT BEFORE INCOME TAX | 28,393,182 | 32 | 20,370,118 | 25 |
| INCOME TAX EXPENSE (Note 33) | <u>6,149,229</u> | <u>7</u> | <u>5,480,921</u> | <u>7</u> |
| NET INCOME FOR THE YEAR | <u>22,243,953</u> | <u>25</u> | <u>14,889,197</u> | <u>18</u> |

(Continued)

ASIA CEMENT CORPORATION AND SUBSIDIARIES

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

| | 2019 | | 2018 | |
|---|----------------------|------------|----------------------|-----------|
| | Amount | % | Amount | % |
| OTHER COMPREHENSIVE INCOME, NET | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Unrealized gain on investments in equity instruments at fair value through other comprehensive income | \$ 1,193,292 | 1 | \$ 707,605 | 1 |
| Remeasurement of defined benefit plans | 486,711 | 1 | 265,511 | - |
| Share of other comprehensive income of associates and joint ventures | <u>1,778,252</u> | <u>2</u> | <u>723,519</u> | <u>1</u> |
| | <u>3,458,255</u> | <u>4</u> | <u>1,696,635</u> | <u>2</u> |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translating the financial statements of foreign operations | (2,635,629) | (3) | (894,761) | (1) |
| Cash flow hedges | - | - | (2,434) | - |
| Share of other comprehensive (loss) income of associates and joint ventures | <u>(1,439,930)</u> | <u>(2)</u> | <u>636,733</u> | <u>1</u> |
| | <u>(4,075,559)</u> | <u>(5)</u> | <u>(260,462)</u> | <u>-</u> |
| Other comprehensive (loss) income for the year, net of income tax | <u>(617,304)</u> | <u>(1)</u> | <u>1,436,173</u> | <u>2</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ 21,626,649</u> | <u>24</u> | <u>\$ 16,325,370</u> | <u>20</u> |
| NET PROFIT ATTRIBUTABLE TO: | | | | |
| Owners of the Corporation | \$ 17,459,673 | 20 | \$ 11,117,094 | 13 |
| Non-controlling interests | <u>4,784,280</u> | <u>5</u> | <u>3,772,103</u> | <u>5</u> |
| | <u>\$ 22,243,953</u> | <u>25</u> | <u>\$ 14,889,197</u> | <u>18</u> |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | |
| Owners of the Corporation | \$ 17,652,536 | 20 | \$ 12,811,353 | 16 |
| Non-controlling interests | <u>3,974,113</u> | <u>4</u> | <u>3,514,017</u> | <u>4</u> |
| | <u>\$ 21,626,649</u> | <u>24</u> | <u>\$ 16,325,370</u> | <u>20</u> |
| EARNINGS PER SHARE (Note 34) | | | | |
| Basic | <u>\$ 5.56</u> | | <u>\$ 3.54</u> | |
| Diluted | <u>\$ 5.25</u> | | <u>\$ 3.49</u> | |

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

(With Deloitte & Touche auditors' report dated March 25, 2020)

(Concluded)

ASIA 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)

| | Equity Attributable to Owners of the Corporation | | | | | | | Other Equity | | | | | Non-controlling Interests | Total Equity |
|--|--|----------------------|---------------------|----------------------|----------------------|-------------------------|--|---|-------------------------------|------------------|---------------------|-----------------------|---------------------------|-----------------------|
| | Share Capital Issued | | Capital Surplus | Retained Earnings | | | Exchange Differences on Translating the Financial Statements of Foreign Operations | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | Gains on Property Revaluation | Cash Flow Hedges | Total Other Equity | Total | | |
| | Shares | Amount | | Legal Reserve | Special Reserve | Unappropriated Earnings | | | | | | | | |
| BALANCE AT JANUARY 1, 2018 | 3,361,447 | \$ 33,614,472 | \$ 1,168,692 | \$ 15,068,480 | \$ 63,001,957 | \$ 17,839,296 | \$ (2,638,153) | \$ 516,962 | \$ 307,728 | \$ 58,485 | \$ (1,754,978) | \$ 128,937,919 | \$ 18,365,609 | \$ 147,303,528 |
| Appropriation of 2017 earnings | | | | | | | | | | | | | | |
| Legal reserve | - | - | - | 546,900 | - | (546,900) | - | - | - | - | - | - | - | - |
| Special reserve | - | - | - | - | 943,188 | (943,188) | - | - | - | - | - | - | - | - |
| Cash dividends - \$1.2 per share | - | - | - | - | - | (4,033,736) | - | - | - | - | - | (4,033,736) | - | (4,033,736) |
| Equity component of convertible bonds issued by the Corporation | - | - | 185,411 | - | - | - | - | - | - | - | - | 185,411 | - | 185,411 |
| Changes in capital surplus from investments in associates accounted for using equity method | - | - | 8,451 | - | - | - | - | - | - | - | - | 8,451 | - | 8,451 |
| Net profit for the year ended December 31, 2018 | - | - | - | - | - | 11,117,094 | - | - | - | - | - | 11,117,094 | 3,772,103 | 14,889,197 |
| Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax | - | - | - | - | - | 351,764 | (3,211) | 1,343,257 | - | 2,449 | 1,342,495 | 1,694,259 | (258,086) | 1,436,173 |
| Cash dividends distributed by subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | (723,504) | (723,504) |
| Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates | - | - | - | - | - | (3,408,697) | - | 3,408,697 | - | - | 3,408,697 | - | - | - |
| Other changes in equity from investments in associates accounted for using equity method | - | - | - | - | - | (17,172) | - | - | - | - | - | (17,172) | (2) | (17,174) |
| BALANCE AT DECEMBER 31, 2018 | 3,361,447 | 33,614,472 | 1,362,554 | 15,615,380 | 63,945,145 | 20,358,461 | (2,641,364) | 5,268,916 | 307,728 | 60,934 | 2,996,214 | 137,892,226 | 21,156,120 | 159,048,346 |
| Effect of retrospective application and retrospective restatement | - | - | - | - | - | (143,100) | - | - | - | - | - | (143,100) | (4) | (143,104) |
| BALANCE AT JANUARY 1, 2019 AS RESTATED | 3,361,447 | 33,614,472 | 1,362,554 | 15,615,380 | 63,945,145 | 20,215,361 | (2,641,364) | 5,268,916 | 307,728 | 60,934 | 2,996,214 | 137,749,126 | 21,156,116 | 158,905,242 |
| Appropriation of 2018 earnings | | | | | | | | | | | | | | |
| Legal reserve | - | - | - | 1,111,709 | - | (1,111,709) | - | - | - | - | - | - | - | - |
| Special reserve | - | - | - | - | 518,281 | (518,281) | - | - | - | - | - | - | - | - |
| Cash dividends - \$2.8 per share | - | - | - | - | - | (9,412,052) | - | - | - | - | - | (9,412,052) | - | (9,412,052) |
| Changes in capital surplus from investments in associates accounted for using equity method | - | - | 93,500 | - | - | - | - | - | - | - | - | 93,500 | - | 93,500 |
| Net profit for the year ended December 31, 2019 | - | - | - | - | - | 17,459,673 | - | - | - | - | - | 17,459,673 | 4,784,280 | 22,243,953 |
| Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax | - | - | - | - | - | 676,889 | (3,271,837) | 2,719,118 | 77,486 | (8,793) | (484,026) | 192,863 | (810,167) | (617,304) |
| Cash dividends distributed by subsidiaries | - | - | - | - | - | - | - | - | - | - | - | - | (1,748,520) | (1,748,520) |
| Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates | - | - | - | - | - | 79,711 | - | (79,711) | - | - | (79,711) | - | - | - |
| Other changes in equity from investments in associates accounted for using equity method | - | - | - | - | - | (15,752) | - | - | - | - | - | (15,752) | (29) | (15,781) |
| BALANCE AT DECEMBER 31, 2019 | <u>3,361,447</u> | <u>\$ 33,614,472</u> | <u>\$ 1,456,054</u> | <u>\$ 16,727,089</u> | <u>\$ 64,463,426</u> | <u>\$ 27,373,840</u> | <u>\$ (5,913,201)</u> | <u>\$ 7,908,323</u> | <u>\$ 385,214</u> | <u>\$ 52,141</u> | <u>\$ 2,432,477</u> | <u>\$ 146,067,358</u> | <u>\$ 23,381,680</u> | <u>\$ 169,449,038</u> |

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

(With Deloitte & Touche auditors' report dated March 25, 2020)

ASIA 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 | \$ 28,393,182 | \$ 20,370,118 |
| Adjustments for: | | |
| Share of loss of associates and joint ventures | (5,490,375) | (4,144,156) |
| Depreciation expenses | 4,827,418 | 4,649,561 |
| Finance costs | 1,820,623 | 1,673,185 |
| Amortization expenses | 1,292,725 | 269,631 |
| Net (gain) loss on fair value changes of financial assets and liabilities designated as at fair value through profit or loss | (1,129,040) | 256,294 |
| Interest income | (1,126,001) | (370,571) |
| Dividend income | (761,309) | (770,314) |
| Gain on disposal of financial assets | (365,192) | (251,859) |
| Unrealized gain on foreign exchange | (295,492) | (15,575) |
| Gain on changes in fair value of investment properties | (197,647) | (98,015) |
| Expected credit loss recognized on trade receivables | 191,031 | 142,553 |
| (Reversal of) write-downs of inventories | (18,619) | 315,353 |
| Loss on disposal of property, plant and equipment | 44,225 | 33,455 |
| Loss on disposal of investments accounted for using equity method | 5,761 | - |
| Impairment loss recognized on investments accounted for using equity method | - | 200,245 |
| Impairment loss recognized on goodwill | - | 630,631 |
| Impairment loss on property, plant and equipment | - | 51,888 |
| Gain on disposal of subsidiaries | - | (40,440) |
| Effect of changes in exchange rate of bonds payable | - | 300 |
| Other items | - | (755) |
| Changes in operating assets and liabilities | | |
| Financial assets mandatorily classified as at fair value through profit or loss | 5,660,259 | (3,051,110) |
| Contract assets | 79,116 | (44,533) |
| Notes receivable | 1,351,524 | (4,805,502) |
| Trade receivables | 273,510 | 525,258 |
| Other receivables | 1,769,088 | (487,332) |
| Inventories | 1,857,463 | (3,566,055) |
| Prepayments | (408,758) | (31,307) |
| Other current assets | (34,246) | (74,718) |
| Contract liabilities | 256,481 | (20,934) |
| Accounts payable and accrued expenses | 697,124 | 806,044 |
| Provisions | 35,916 | 176,021 |
| Net defined benefit liabilities | (5,682) | (12,254) |
| Deferred revenue | (75,912) | (68,085) |
| Cash generated from operations | 38,647,173 | 12,247,022 |
| Interests received | 1,161,528 | 254,393 |
| Dividends received | 4,062,869 | 3,172,662 |

(Continued)

ASIA 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 |
|--|---------------------|---------------------|
| Interests paid | \$ (1,803,500) | \$ (1,658,691) |
| Income tax paid | <u>(4,796,169)</u> | <u>(3,304,318)</u> |
| Net cash generated from operating activities | <u>37,271,901</u> | <u>10,711,068</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of financial assets at amortized cost | (8,715,533) | (9,537,968) |
| Payments for property, plant and equipment | (3,754,851) | (4,274,600) |
| Acquisition of associates | (3,326,114) | (123,120) |
| Decrease (increase) in refundable deposits | 596,780 | (9,678) |
| Purchase of financial assets at fair value through other comprehensive income | (275,281) | (556,016) |
| Increase in long-term prepayments for investment | (11,224) | (83,721) |
| Net cash inflow on disposal of associates | 63,008 | - |
| Payments for intangible assets | (58,941) | (13,037) |
| Proceeds from disposal of property, plant and equipment | 37,708 | 90,395 |
| Payments for investment properties | (27,224) | (1,269) |
| Decrease in other non-current assets | 5,300 | 1,559 |
| Net cash inflow on disposal of subsidiaries | <u>-</u> | <u>48,391</u> |
| Net cash used in investing activities | <u>(15,466,372)</u> | <u>(14,459,064)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayments of long-term borrowings | (92,064,122) | (30,396,615) |
| Proceeds from long-term borrowings | 86,653,202 | 34,819,996 |
| Proceeds from issuance of bonds | 10,000,000 | 6,574,843 |
| Dividends paid | (9,412,164) | (4,033,715) |
| Repayments of bonds | (4,000,000) | (4,089,430) |
| Dividends paid to non-controlling interests | (1,748,520) | (723,504) |
| (Decrease) increase in short-term borrowings | (704,248) | 6,445,333 |
| Increase in short-term bills payable | 369,075 | 2,439,125 |
| Repayment of the principal portion of lease liabilities | (267,792) | - |
| Increase (decrease) in other non-current liabilities | 21,680 | (59,096) |
| (Decrease) increase in guarantee deposits received | <u>(10,073)</u> | <u>14,691</u> |
| Net cash (used in) generated from financing activities | <u>(11,162,962)</u> | <u>10,991,628</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES | | |
| | <u>(836,483)</u> | <u>(53,713)</u> |

(Continued)

ASIA 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 | \$ 9,806,084 | \$ 7,189,919 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>14,929,411</u> | <u>7,739,492</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 24,735,495</u> | <u>\$ 14,929,411</u> |

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

(With Deloitte & Touche auditors' report dated March 25, 2020)

(Concluded)

ASIA 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. ORGANIZATION AND OPERATIONS

Asia Cement Corporation (the “Corporation”) was incorporated in March 1957. It manufactures and sells cement, clinker, cement-related products and ready-mixed concrete, and engages in leasing activities. The Corporation is also required to undertake reforestation activities in designated areas. The Corporation’s shares have been listed on the Taiwan Stock Exchange since June 1962.

In June 1992 and September 1996, certain shares of the Corporation were sold by Far Eastern New Century Corporation (FENC) in the form of global depository shares (GDSs). Such GDSs have been quoted through the SEAQ system of the London Stock Exchange and traded through the portal system of the National Association of Securities Dealers, Inc. As of December 31, 2019, the issued and outstanding GDSs aggregated 17,049 units, representing 170,487 shares of the Corporation.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors and authorized for issue 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), IFRIC Interpretations (IFRIC), and SIC Interpretations (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 Group’s accounting policies:

IFRS 16 “Leases”

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

Definition of a lease

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

The Group as lessee

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

The Group elects 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 an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. The Group applies IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

- 1) The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- 2) The Group accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- 3) The Group 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 are determined as at the carrying amounts of the respective leased assets and finance lease payables on December 31, 2018.

The lessee's incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 1.06%-3.79%. The difference between the lease liabilities recognized and operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

| | |
|---|---------------------|
| The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018 | \$ 3,765,752 |
| Less: Recognition exemption for short-term leases and low-value assets leases | (217,813) |
| Less: Adjustments relating to changes in the index or rate affecting variable payments | <u>(1,786,274)</u> |
| Undiscounted amounts on January 1, 2019 | <u>\$ 1,761,665</u> |
| Lease liabilities recognized on January 1, 2019 | <u>\$ 1,260,607</u> |

The Group as lessor

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

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

| | As Originally Stated on January 1, 2019 | Adjustments Arising from Initial Application | Restated on January 1, 2019 |
|---|--|---|--|
| Lease receivables - current | \$ 672,230 | \$ (672,230) | \$ - |
| Lease receivables - non-current | 8,894,355 | (8,894,355) | - |
| Finance lease receivables - current | - | 672,230 | 672,230 |
| Finance lease receivables - non-current | - | 8,894,355 | 8,894,355 |
| Prepayments | 1,684,612 | (126,825) | 1,557,787 |
| Prepayments for leases - non-current | 3,779,353 | (3,779,353) | - |
| Right-of-use assets | - | 5,166,785 | 5,166,785 |
| Investments accounted for using equity method | <u>78,846,276</u> | <u>(143,104)</u> | <u>78,703,172</u> |
| Total effect on assets | <u>\$ 93,876,826</u> | <u>\$ 1,117,503</u> | <u>\$ 94,994,329</u> |
| Lease liabilities - current | \$ - | \$ 199,578 | \$ 199,578 |
| Lease liabilities - non-current | <u>-</u> | <u>1,061,029</u> | <u>1,061,029</u> |
| Total effect on liabilities | <u>\$ -</u> | <u>\$ 1,260,607</u> | <u>\$ 1,260,607</u> |
| Retained earnings | \$ 99,918,986 | \$ (143,100) | \$ 99,775,886 |
| Non-controlling interests | <u>21,156,120</u> | <u>(4)</u> | <u>21,156,116</u> |
| Total effect on equity | <u>\$ 121,075,106</u> | <u>\$ (143,104)</u> | <u>\$ 120,932,002</u> |

- b. The IFRSs endorsed by the 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 retrospectively 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.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of the above 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. New IFRSs in issue 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 reporting periods beginning on or after their respective effective dates.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers 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, investment properties which are measured at fair value, and net defined benefit assets (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.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

- a. Assets held primarily for the purpose of trading;
- b. Assets expected to be realized within 12 months after the reporting period; and
- c. 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:

- a. Liabilities held primarily for the purpose of trading;
- b. Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- c. 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.

Ya Li Precast and Prestressed Concrete Industries Corp., Asia Engineering Enterprise Corp. and Ya Li Precast Concrete India Pvt. Ltd. engage in construction related businesses, which have operating cycles of over one year. The assets and liabilities of the aforementioned companies related to the construction contracts are classified as current or non-current according to the length of their operating cycles.

Basis of Consolidation

Principles for preparing consolidated financial statements

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

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

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

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the 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 Corporation.

Refer to Note 14, Tables 7 and 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

Foreign Currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period 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 (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Corporation) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Corporation and non-controlling interests as appropriate).

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 Corporation are reclassified to profit or loss.

Inventories

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

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 venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

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

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of 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 equity of associates and joint ventures attributable to the Group.

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

If the measurement of the fair values of the identifiable net assets and liabilities of an associate acquired in stage is incomplete by the end of the reporting period, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. The measurement period does not exceed 1 year from the acquisition date.

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

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 deducted from 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 if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When 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 unrelated parties' interests in the associate and joint venture.

The Group's share of comprehensive income of associates or joint ventures is recognized using the treasury share method if there are reciprocal holdings between investors and investees. The reciprocally held shares of the Group are treated as treasury shares and are deducted from the outstanding shares in computing basic earnings per share.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss. Major renewals and betterments are capitalized, while maintenance and repairs are expensed currently. Properties in the course of construction are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation is recognized using the fixed-percentage-on-declining-balance method or the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate 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.

Investment Properties

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

Freehold investment properties are initially measured at cost, including transaction costs, and are subsequently measured using the fair value model. Changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

For a transfer from property, plant and equipment to investment property at the end of owner-occupation, any difference between the fair value and the carrying amount of the property at the date of transfer is recognized in other comprehensive income.

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.

Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit is tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

Intangible Assets

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 life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

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.

Impairment of Tangible and Intangible Assets Other than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

When an impairment loss is subsequently reversed, the carrying amount of 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 that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

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 an 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.

Financial assets

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

a. Measurement category

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

1) Financial assets at FVTPL

Financial asset is classified as at FVTPL when the 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 and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 36.

2) Financial assets at amortized cost

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

- a) The financial asset is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows; and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables, other receivables and debt instruments at amortized cost, are measured at amortized cost, which is the gross carrying amount determined by 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 the financial asset.

Cash equivalents include time deposits, bonds sold under repurchase agreements and commercial papers 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.

3) 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 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, they 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 loss (ECLs) on financial assets at amortized cost (including trade receivables) as well as finance lease receivables at the end of each reporting period.

The Group always recognizes lifetime ECLs for trade receivables. For all other financial instruments and finance lease receivables, 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 the 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.

ECLs 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.

Impairment loss on all financial instruments is recognized with a corresponding adjustment to their carrying amount through a loss allowance account.

c. Derecognition of financial assets

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

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

Financial liabilities

a. Subsequent measurement

Except the following situation, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities are held for trading and are stated at fair value, and any interest paid on such financial liabilities is recognized in finance costs; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses. Fair value is determined in the manner described in Note 36.

b. Derecognition of financial liabilities

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

Convertible bonds

The component parts of convertible bonds issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the liability component are included in the carrying amount of the liability component. Transaction costs relating to the equity component are recognized directly in equity.

Derivative financial instruments

The Group enters into cross-currency swap contracts to manage its exposure to interest rate and foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the mixed contracts are not measured at FVTPL.

Provisions

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Revenue Recognition

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

When another party is involved in providing goods or services to a customer, the Group is a principal if it controls the specified good or service before that good or service is transferred to a customer; otherwise, the Group is acting as an agent. The principal recognizes revenues and costs associated with providing the goods or services at the gross amount, while an agent recognizes revenue at the net amount. When a specified good or service is a distinct good or service, the Group determines whether it is a principal or an agent for each specified good or service.

The Group is a principal if it obtains control of any one of the following:

- a. Before the good or another asset transfers to the customer, the Group acquires the good or the control of asset from another party.
- b. The right to a service to be performed by another party which gives the Group the ability to direct that party to provide the service to the customer on its behalf.
- c. A good or service from another party that it then combines with other goods or services in providing a specified good or service to the customer.

Indicators to support the Group's assessment of whether it controls a specified good or service include, but are not limited to, the following:

- a. The Group is primarily responsible for fulfilling the promise to provide the specified good or service.
- b. The Group has inventory risk before or after the specified good or service is transferred to the customer.
- c. The Group has discretion in establishing the price of the specified good or service.

Leases

2019

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

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

- a. The Group as lessor

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

Under finance leases, the lease payments comprise fixed payments, variable lease payments which depend on an index or a rate, and residual value guarantees. 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 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.

b. 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 and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

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

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

2018

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

a. The Group as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortized on a straight-line basis over the lease term.

b. The Group as lessee

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

c. Leasehold land for own use

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 minimum 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 the lease.

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.

Government Grants

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

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

Employee Benefits

a. 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.

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

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.

c. Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

Taxation

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

a. Current tax

According to the Income Tax Law, an additional tax of unappropriated earnings is provided for as income tax 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.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements 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 carry forward 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 ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset 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. If investment properties measured using the fair value model are non-depreciable assets, or are held under a business model whose objective is not to consume substantially all of the economic benefits embodied in the assets over time, the carrying amounts of such assets are presumed to be recovered entirely through sale.

c. Current tax and deferred tax for the year

Current tax and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income, in which case, the current tax and deferred tax are also recognized in other comprehensive income, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Estimated Impairment of Trade Receivables

The provision for 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 10.

Fair Value Measurements and Valuation Process

If some of the Group's assets and liabilities measured at fair value have no quoted prices in active markets, the Group determines whether to engage third party qualified appraisers for the application of appropriate valuation techniques for fair value measurements in accordance with related regulations or professional standards.

Where Level 1 inputs are not available, the engaged appraisers would determine appropriate inputs by referring to the existing lease contracts and rentals of similar properties in the vicinity of the Group's investment properties. If the actual changes of inputs in the future differ from expectation, fair value might vary accordingly.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in Notes 18.

6. CASH AND CASH EQUIVALENTS

| | <u>December 31</u> | |
|---|----------------------|----------------------|
| | 2019 | 2018 |
| Checking accounts and demand deposits | \$ 7,579,735 | \$ 6,003,398 |
| Petty cash | 4,070 | 3,706 |
| Cash on hand | 746 | 3,843 |
| Cash equivalents (investments with original maturities of less than 3 months) | | |
| Time deposits | 15,689,128 | 8,745,170 |
| Repurchase agreements collateralized by bonds | <u>1,461,816</u> | <u>173,294</u> |
| | <u>\$ 24,735,495</u> | <u>\$ 14,929,411</u> |

The market rate intervals of time deposits and repurchase agreements collateralized by bonds at the end of the reporting period were as follows:

| | <u>December 31</u> | |
|---|--------------------|-------------|
| | 2019 | 2018 |
| Time deposits | 0.52%-5.50% | 1.00%-4.80% |
| Repurchase agreements collateralized by bonds | 0.45%-2.36% | 0.52%-2.52% |

As of December 31, 2019 and 2018, the Group's bank deposits in the amounts of \$419,742 thousand and \$169,139 thousand, respectively, are restricted as collaterals for bank loans and classified as financial assets at amortized cost in the balance sheets. Time deposits with original maturities of more than 3 months in the amounts of \$22,633,007 thousand and \$14,168,377 thousand, respectively, are also classified as financial assets at amortized cost in the balance sheets as of December 31, 2019 and 2018. Refer to Note 9.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

| | <u>December 31</u> | |
|---|---------------------|---------------------|
| | 2019 | 2018 |
| <u>Financial assets at FVTPL</u> | | |
| Financial assets mandatorily classified as at FVTPL | | |
| Non-derivative financial assets | | |
| Beneficiary certificates | \$ 1,253,617 | \$ 5,543,595 |
| Listed shares | <u>3,474,606</u> | <u>3,502,988</u> |
| | <u>\$ 4,728,223</u> | <u>\$ 9,046,583</u> |
| <u>Financial liabilities at FVTPL</u> | | |
| Financial liabilities held for trading | | |
| Derivative financial liabilities (not under hedge accounting) | | |
| Bond options (Note 26) | \$ 81,724 | \$ 223,501 |
| Cross-currency swap contracts | <u>30,346</u> | <u>44,717</u> |
| | <u>\$ 112,070</u> | <u>\$ 268,218</u> |

The Group entered into cross-currency swap contracts to manage exposures to exchange rate fluctuations. The Group's financial hedging strategy is to avoid most of the cash flow risk exposure. As of December 31, 2019 and 2018, outstanding cross-currency swap contracts not under hedge accounting were as follows:

| Notional Amounts (In Thousands) | Maturity Date | Range of Interest Rates Paid | Range of Interest Rates Received |
|------------------------------------|---------------|---------------------------------|-------------------------------------|
| US\$215,000 | 2021.09.15 | - | 2.68%-2.80% |

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | December 31 | | | |
|----------------------|---------------------|----------------------|---------------------|---------------------|
| | 2019 | | 2018 | |
| | Current | Non-current | Current | Non-current |
| Domestic investments | | | | |
| Listed shares | \$ 3,765,869 | \$ 9,472,552 | \$ 3,648,586 | \$ 8,125,426 |
| Unlisted shares | - | 1,614,601 | - | 1,537,291 |
| | <u>3,765,869</u> | <u>11,087,153</u> | <u>3,648,586</u> | <u>9,662,717</u> |
| Foreign investments | | | | |
| Listed shares | 212,497 | - | 152,337 | - |
| Unlisted shares | - | 604,985 | - | 122,026 |
| | <u>212,497</u> | <u>604,985</u> | <u>152,337</u> | <u>122,026</u> |
| | <u>\$ 3,978,366</u> | <u>\$ 11,692,138</u> | <u>\$ 3,800,923</u> | <u>\$ 9,784,743</u> |

- a. These investments in equity instruments are not held for trading. Instead, they 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 Group's strategy of holding these investments for long-term purposes.
- b. The board of directors of China Shanshui Cement Group Limited (CSCGL) announced on April 16, 2015 that the percentage of CSCGL's securities held by the public fell below the prescribed minimum requirement of 25% according to the Main Board Listing Rules 8.08 of Hong Kong Exchanges and Clearing Limited (the "Exchange"). Therefore, the Exchange suspended the trading of CSCGL's securities until the percentage of securities in public hands satisfies the minimum requirement.

On October 30, 2018, CSCGL's shareholders resolved to restore the minimum public float requirement of 25% by issuing new shares of 974,825,988 at HK\$4.2 per share. Then CSCGL resumed its trading on the Exchange effective on October 31, 2018.

The Group originally held 22.50% equity interest in CSCGL but the shareholding was reduced to 17.46% after the subscription mentioned above. However, Mrs. Wu Ling-Ling, the Corporation's chief financial officer, was elected to be the executive director of CSCGL on May 23, 2018. As CSCGL already addressed the audit issues raised by the Exchange and confirmed the potential dilution of shareholding in the Group's interests in CSCGL, the Group objectively demonstrated that it was able to exercise significant influence over CSCGL although the Group only held less than 20% of the voting power. Accordingly, the Group's investment in CSCGL was reclassified from financial assets at fair value through other comprehensive income to investments accounted for using the equity method at the closing price of the Exchange on October 31, 2018. Refer to Note 15.

- c. Asia Cement Pioneer Investment Ltd. (ACP) acquired the shares of Cementon Micronesia LLC for US\$3,900 thousand in September 2010. As of December 31, 2019, 50% of the investment consideration was not paid and accounted for as accounts payable and accrued expenses - third parties. The consideration will be paid once the counterparty asks for payment.
- d. Refer to Note 38 for information relating to financial assets at fair value through other comprehensive income pledged as collaterals.

9. FINANCIAL ASSETS AT AMORTIZED COST

| | <u>December 31</u> | |
|--|----------------------|----------------------|
| | <u>2019</u> | <u>2018</u> |
| Time deposits with original maturities of more than 3 months | \$ 22,633,307 | \$ 14,168,377 |
| Restricted assets | <u>419,742</u> | <u>169,139</u> |
| | <u>\$ 23,053,049</u> | <u>\$ 14,337,516</u> |
| Current | <u>\$ 23,016,985</u> | <u>\$ 14,322,874</u> |
| Non-current | <u>\$ 36,064</u> | <u>\$ 14,642</u> |

Based on the Group's assessment, the credit risk of these financial assets is not expected to be high and has not increased since initial recognition.

Refer to Note 38 for information relating to financial assets at amortized cost pledged as collaterals.

10. TRADE RECEIVABLES

| | <u>2019</u> | <u>2018</u> |
|--|----------------------|----------------------|
| <u>At amortized cost</u> | | |
| Trade receivables - sales | \$ 11,145,513 | \$ 10,322,875 |
| Finance lease receivable - current (Note 11) | 723,487 | 672,230 |
| Construction receivable | 114,242 | 105,262 |
| Operating lease receivable | 23,119 | 12,438 |
| Less: Allowance for impairment loss - sales | (1,042,840) | (884,685) |
| Less: Allowance for impairment loss - construction | <u>(918)</u> | <u>-</u> |
| | <u>\$ 10,962,603</u> | <u>\$ 10,228,120</u> |

Trade Receivables - Sales

The average credit period of receivables from sales of goods was 30-90 days. Specific customers with good credit records were given longer credit period occasionally. The average credit period for customers of concrete products was 180-365 days after construction of building was finished.

The Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. The Group obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated by reference to 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 forecast direction of economic conditions at the reporting date.

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.

December 31, 2019

| | Less than 90 Days | 91 to 180 Days | 181 to 365 Days | Over 366 Days | Total |
|--------------------------------|------------------------------|-----------------------|----------------------------|----------------------|----------------------|
| Gross carrying amount | \$ 6,690,351 | \$ 2,202,629 | \$ 885,134 | \$ 1,367,399 | \$ 11,145,513 |
| Loss allowance (lifetime ECLs) | <u>(51,582)</u> | <u>(79,468)</u> | <u>(112,300)</u> | <u>(799,490)</u> | <u>(1,042,840)</u> |
| Amortized cost | <u>\$ 6,638,769</u> | <u>\$ 2,123,161</u> | <u>\$ 772,834</u> | <u>\$ 567,909</u> | <u>\$ 10,102,673</u> |

December 31, 2018

| | Less than 90 Days | 91 to 180 Days | 181 to 365 Days | Over 366 Days | Total |
|--------------------------------|------------------------------|-----------------------|----------------------------|----------------------|---------------------|
| Gross carrying amount | \$ 6,595,347 | \$ 1,864,201 | \$ 553,258 | \$ 1,310,069 | \$ 10,322,875 |
| Loss allowance (lifetime ECLs) | <u>(109,335)</u> | <u>(73,046)</u> | <u>(119,917)</u> | <u>(582,387)</u> | <u>(884,685)</u> |
| Amortized cost | <u>\$ 6,486,012</u> | <u>\$ 1,791,155</u> | <u>\$ 433,341</u> | <u>\$ 727,682</u> | <u>\$ 9,438,190</u> |

The above aging schedule was based on the invoice date.

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

| | 2019 | 2018 |
|---|---------------------|-------------------|
| Balance at January 1 | \$ 884,685 | \$ 761,114 |
| Add: Impairment losses recognized on receivables | 191,031 | 142,553 |
| Add: Amounts recovered from the prior year write-offs | 32,035 | 2,318 |
| Less: Amounts written off | (21,687) | (6,845) |
| Effect of foreign currency exchange differences | <u>(42,306)</u> | <u>(14,455)</u> |
| Balance at December 31 | <u>\$ 1,043,758</u> | <u>\$ 884,685</u> |

11. FINANCE LEASE RECEIVABLES

2019

| | December 31, 2019 |
|---|------------------------------|
| <u>Undiscounted lease payments</u> | |
| Year 1 | \$ 1,401,682 |
| Year 2 | 1,401,682 |
| Year 3 | 1,401,682 |
| Year 4 | 1,401,682 |
| Year 5 | 1,401,682 |
| Year 6 onwards | <u>5,606,728</u> |
| | 12,615,138 |
| Less: Unearned finance income | <u>(3,720,784)</u> |
| Net investment in leases presented as finance lease receivables | <u>\$ 8,894,354</u> |
| Current | \$ 723,487 |
| Non-current | <u>8,170,867</u> |
| | <u>\$ 8,894,354</u> |

2018

| | December 31, 2018 |
|--|------------------------------|
| <u>Minimum lease payments</u> | |
| Not later than 1 year | \$ 1,401,682 |
| Later than 1 year and not later than 5 years | 5,606,728 |
| Later than 5 years | <u>7,008,410</u> |
| | 14,016,820 |
| Less: Unearned finance income | <u>4,450,235</u> |
| Present value of minimum lease payments | <u>\$ 9,566,585</u> |
| <u>Lease receivables</u> | |
| Not later than 1 year | \$ 672,230 |
| Later than 1 year and not later than 5 years | 3,242,092 |
| Later than 5 years | <u>5,652,263</u> |
| Present value of minimum lease payments | <u>\$ 9,566,585</u> |
| Current | \$ 672,230 |
| Non-current | <u>8,894,355</u> |
| | <u>\$ 9,566,585</u> |

Chiahui Power Corp. (CHP) entered into a 25-year purchase and sale agreement with Taiwan Power Company (TPC). According to the agreement, all electricity generated by CHP is sold to TPC. CHP started its operation on December 15, 2003. Because the nature of the agreement is considered as conveyance of rights to use asset, the agreement is regarded as finance lease.

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 lessees operate.

12. OTHER RECEIVABLES

Asia Cement (China) Holdings Corp. (ACCHC), Far Eastern Polytex (Holding) Limited (FEPHL) and FEDS Development (BVI) Ltd. (FEDSBVI) intend to invest in Yuan Ding Enterprise (Shanghai) Limited (YDES) and acquire 40%, 40% and 20% equity, respectively. Through this investment, ACCHC can join projects on land development and commercial building construction in the World Exposition district in Shanghai.

YDES was initially established with registered capital of RMB500,000 thousand by Far Eastern New Century (China) Corporation (FENCC), a wholly owned subsidiary of FEPHL. When the completion of the construction process of the commercial building reaches 25%, ACCHC will subscribe to new shares issued by YDES, and ACCHC's ultimate ownership is expected to be 40%. ACCHC has signed related investment contracts with FEPHL and FEDSBVI.

YDES's board of directors resolved to issue new shares for cash on February 18, 2019 and June 30, 2019, respectively. After the capital increase, YDES's registered capital increased to RMB1,763,425 thousand. ACCHC subscribed for cash capital increase of YDES through Oriental Holdings Co., Ltd., its indirect subsidiary, for RMB714,190 thousand. The investment was accounted for using equity method. Refer to Note 15.

As of December 31, 2018, ACCHC agreed to grant one-year interest-free credit loan to FENCC (a subsidiary of FENC) and YDES in the amount of RMB431,900 thousand and RMB230,000 thousand, respectively. The borrower can use the loan during the loan period. As of December 31, 2018, the loan amounts drawn by FENCC and YDES were RMB431,900 thousand and RMB114,699 thousand, respectively. The aforementioned amounts were accounted for as other receivables.

The Group believes that potential benefit from the investment will exceed potential interest income if interest is charged on the loan. The Group did not consider the loan an independent transaction but took it as part of a more beneficial investment strategy. Accordingly, the borrowers were not required to pay any interest unless the development project failed to be implemented. In addition, FENC is FENCC's and YDES's ultimate parent company, so the Group believes that the borrowers have sufficient financial resources to repay the loan and thus did not take any collateral. As of December 31, 2019, the loans receivable have been fully recovered.

13. INVENTORIES

| | <u>December 31</u> | |
|------------------|---------------------|---------------------|
| | <u>2019</u> | <u>2018</u> |
| Finished goods | \$ 2,597,488 | \$ 3,095,204 |
| Work in progress | 928,473 | 1,176,038 |
| Raw materials | 2,236,836 | 3,519,927 |
| Supplies | <u>2,026,997</u> | <u>2,013,107</u> |
| | <u>\$ 7,789,794</u> | <u>\$ 9,804,276</u> |

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2019 and 2018 was \$56,533,839 thousand and \$54,480,379 thousand, respectively. The cost of goods sold included reversals of inventory write-downs of \$18,619 thousand and inventory write-downs of \$315,353 thousand.

14. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

| Investor | Subsidiary | <u>Proportion of Ownership and Voting Rights</u> | | Remark |
|--|---|--|-------------|--------|
| | | <u>December 31</u> | | |
| | | <u>2019</u> | <u>2018</u> | |
| The Corporation | Der Ching Investment Corp. (DCI) | 99.99 | 99.99 | |
| | Ya Tung Ready-Mixed Concrete Corp. (YTRMC) | 99.99 | 99.99 | |
| | Nan Hwa Cement Corp. (NHC) | 99.94 | 99.94 | |
| | Chiahui Power Corp. (CHP) | 59.59 | 59.59 | Note 1 |
| | Asia Cement (Singapore) Pte. Ltd. (ACSPL) | 99.96 | 99.96 | |
| | ACCHC | 67.73 | 67.73 | Note 1 |
| | Ya Li Precast and Prestressed Concrete Industries Corp. (YLPPC) | 83.81 | 83.81 | |
| | Asia Investment Corp. (AIC) | 100.00 | 100.00 | |
| | Fu Ming Transport Corp. (FMT) | 99.82 | 99.82 | |
| | Asia Engineering Enterprise Corp. (AEE) | 98.23 | 98.23 | |
| | Sunrise Industrial Holdings Ltd. (SIHL) | 100.00 | 100.00 | |
| | Yuan Long Stainless Steel Corp. (YLSS) | 100.00 | 100.00 | |
| | Yali Transportation Corp. (YLT) | 51.00 | 51.00 | |
| | DCI | Kowloon Cement Corp. Ltd. (KCC) | 49.00 | 49.00 |
| Fu Shan Mineral Stone Co., Ltd. (FSMS) | | 99.56 | 99.56 | |
| AC Mega Investment Ltd. (ACM) | | 100.00 | 100.00 | Note 6 |
| AC Mega II Investment Ltd. (ACM II) | | 100.00 | 100.00 | Note 6 |
| AC Mega III Investment Ltd. (ACM III) | | 100.00 | 100.00 | |
| AC Mega IV Investment Ltd. (ACM IV) | | 100.00 | 100.00 | |
| AC Leap Investment Ltd. (ACL) | | 100.00 | 100.00 | Note 6 |
| YTRMC | Ya Sing Ready-Mixed Concrete Corp. (YSRMC) | 69.93 | 69.93 | |
| | Ya Tung Vietnam Co., Ltd. (YTV) | 100.00 | 100.00 | |
| | PT Yatung Concrete International (PYCI) | 99.00 | 99.00 | Note 2 |
| | Asia Oriental (Guam) LLC (AOG) | 95.04 | 77.69 | Note 5 |
| AOG | Asia Oriental Concrete, LLC (AOC) | 71.70 | 64.50 | Note 5 |
| FMT | Fu Da Transportation Corp. (FDT) | 99.87 | 99.87 | |
| AEE | ACCHC | 0.20 | 0.20 | |
| AIC | CHP | 0.01 | 0.01 | |
| | DCI | - | - | |
| | NHC | 0.02 | 0.02 | |
| | FMT | 0.02 | 0.02 | |
| | FSMS | 0.39 | 0.39 | |
| | FDT | 0.03 | 0.03 | |
| | YSRMC | 0.05 | 0.05 | |

(Continued)

| Investor | Subsidiary | Proportion of Ownership and Voting Rights | | Remark |
|----------|---|--|--------|--------|
| | | December 31 | | |
| | | 2019 | 2018 | |
| | AEE | 0.07 | 0.07 | |
| | YTRMC | - | - | |
| | Asia Cement Explorer Investment Ltd. (ACE) | 100.00 | 100.00 | Note 7 |
| | Asia Cement Pioneer Investment Ltd. (ACP) | 100.00 | 100.00 | Note 7 |
| | Asia Cement Pioneer II Investment Ltd. (ACP II) | 100.00 | 100.00 | Note 7 |
| | Asia Cement Pioneer III Investment Ltd. (ACP III) | 100.00 | 100.00 | Note 7 |
| | Asia Cement Pioneer IV Investment Ltd. (ACP IV) | 100.00 | 100.00 | Note 7 |
| YLPPC | PYCI | 1.00 | 1.00 | Note 2 |
| | Ya Li Precast Concrete India Pvt. Ltd. (YLPCIP) | 99.99 | 99.99 | |
| | AOG | 4.96 | 22.31 | Note 5 |
| ACSPL | Oriental Concrete Pte. Ltd. (OCPL) | 100.00 | 100.00 | |
| | ACCHC | 4.07 | 4.07 | |
| ACCHC | Perfect Industrial Holdings Pte. Ltd. (PIHPL) | 100.00 | 100.00 | |
| PIHPL | Asia Continent Investment Holdings Pte. Ltd. (ACIHPL) | 100.00 | 100.00 | |
| | Oriental Industrial Holdings Pte. Ltd. (OIHPL) | 99.99 | 99.99 | |
| ACIHPL | Jiangxi Yadong Cement Co., Ltd. (JYDC) | 85.00 | 85.00 | |
| OIHPL | Wuhan Yadong Cement Co., Ltd. (WYDC) | 90.00 | 90.00 | |
| | Oriental Holdings Co., Ltd. (OHC) | 100.00 | 100.00 | |
| | Shanghai Yafu Cement Products Co., Ltd. (SHYFCP) | - | - | Note 3 |
| | Shanghai Yali Cement Products Co., Ltd. (SHYLCP) | 90.00 | 90.00 | |
| | Hubei Yadong Cement Co., Ltd. (HYDCCL) | 90.00 | 90.00 | |
| | Sichuan Yali Concrete Produce Co., Ltd. (SYCPCL) | 90.00 | 90.00 | |
| | Sichuan Yali Transport Co., Ltd. (SYTCL) | 90.00 | 90.00 | |
| | Yangzhou Yadong Cement Co., Ltd. (YYDCCL) | 90.00 | 90.00 | |
| | Sichuan Yadong Cement Co., Ltd. (SIYDCCL) | 90.00 | 90.00 | |
| | Chengdu Yali Cement Products Co., Ltd. (CYCPCL) | 51.22 | 51.22 | |
| | Huanggang Yadong Cement Co., Ltd. (HGYDC) | 90.00 | 90.00 | |
| JYDC | Jiangxi Yali Transport Co., Ltd. (JYLTC) | 51.99 | 51.99 | |
| | Nanchang Yadong Cement Co., Ltd. (NYDC) | 50.00 | 50.00 | |
| | Nanchang Yali Concrete Produce Ltd. (NYLC) | 100.00 | 100.00 | |
| | Ruichang Yadong New Material Co., Ltd. (RYNM) | 100.00 | - | Note 4 |
| OHC | JYDC | 10.00 | 10.00 | |
| | WYDC | 10.00 | 10.00 | |
| | SHYFCP | - | - | Note 3 |
| | NYDC | 25.00 | 25.00 | |
| | JYLTC | 48.00 | 48.00 | |
| | SHYLCP | 10.00 | 10.00 | |
| | SYTCL | 10.00 | 10.00 | |
| | SIYDCCL | 10.00 | 10.00 | |
| | HGYDC | 10.00 | 10.00 | |
| | YYDCCL | 10.00 | 10.00 | |
| | CYCPCL | 48.78 | 48.78 | |
| | HYDCCL | 10.00 | 10.00 | |
| | SYCPCL | 10.00 | 10.00 | |
| | Tai Zhou Oriental Construction Co., Ltd. (TZOCCL) | 100.00 | 100.00 | |
| WYDC | Wuhan Yali Cement Products Co., Ltd. (WYCPCL) | 100.00 | 100.00 | |
| SIYDCCL | Sichuan Lanfeng Cement Co., Ltd. (SLCL) | 100.00 | 100.00 | |
| SLCL | Sichuan Lanfeng Construction Co., Ltd. (SLCCL) | 100.00 | 100.00 | |
| HYDCCL | Hubei Yali Transport Co., Ltd. (HYTCL) | 100.00 | 100.00 | |
| | Wuhan Yaxin Cement Co., Ltd. (WYXC) | 90.00 | 90.00 | |
| KCC | Kowloon Concrete Corporation Limited (KCCL) | 100.00 | 100.00 | |
| | Join Fortune Trading Ltd. (JFTL) | 100.00 | 100.00 | |
| SHYLCP | SHYFCP | - | - | Note 3 |

(Concluded)

Remarks:

Note 1: Subsidiaries that have material non-controlling interests. See Tables 7 and 8 for the information on the places of incorporation and principal places of business.

- Note 2: On October 30, 2018, YTRMC and YLPPC entered into an agreement to jointly establish PYCI and held 99% and 1% interests in PYCI, respectively. As of December 31, 2019, total investments accumulated amounted to US\$2,000 thousand. PYCI manufactures and sells ready-mixed concrete.
- Note 3: On July 26, 2018, the Group disposed of SHYFCP. The proceeds from disposal and net gain on disposal of subsidiary amounted to RMB29,421 thousand and RMB9,051 thousand, respectively.
- Note 4: On January 29, 2019, JYDC established a 100% owned subsidiary, RYNM. As of December 31, 2019, accumulated investments amounted to RMB2,000 thousand. RYNM mainly manufactures new building materials products and construction waste.
- Note 5: On December 2, 2019, YTRMC subscribed for additional new shares of AOC through AOG for US\$2,000 at a percentage different from its existing ownership percentage, increasing its continuing interest in AOG from 77.69% to 95.04%. After the subscription, AOG's interest in AOC increased from 64.5% to 71.7%. YLPPC's percentage of ownership in AOG decreased from 22.31% to 4.96% accordingly since it did not participate in this subscription.
- Note 6: In January 2019, the Corporation's subsidiary, DCI, fully subscribed for cash capital increase of its subsidiaries, ACL, ACM and ACM II, for US\$8,700 thousand, US\$8,100 thousand and US\$6,700 thousand, respectively.
- Note 7: In December 2019, the Corporation's subsidiary, AIC, fully subscribed for cash capital increase of its subsidiaries, ACE, ACP, ACP II, ACP III and ACP IV for US\$9,500 thousand, US\$2,000 thousand, US\$9,500 thousand, US\$9,500 thousand and US\$9,500 thousand, respectively.
- b. Subsidiaries excluded from the consolidated financial statements: None.
- c. Details of subsidiaries that have material non-controlling interests

| Name of Subsidiary | Principal Place of Business | Proportion of Ownership and Voting Rights Held by Non-controlling Interests | | |
|--------------------|---|---|---|----------------------|
| | | December 31 | | |
| | | 2019 | 2018 | |
| CHP | Refer to Table 7 | 40.40% | 40.40% | |
| ACCHC | Refer to Tables 7 and 8 | 28.00% | 28.00% | |
| Name of Subsidiary | Profit (Loss) Allocated to Non-controlling Interests For the Year Ended December 31 | | Accumulated Non-controlling Interests December 31 | |
| | 2019 | 2018 | 2019 | 2018 |
| ACCHC | \$ 4,321,381 | \$ 3,443,947 | \$ 18,753,394 | \$ 16,698,351 |
| CHP | 443,213 | 352,011 | 3,886,984 | 3,728,503 |
| Others | 19,686 | (23,855) | 741,302 | 729,266 |
| | <u>\$ 4,784,280</u> | <u>\$ 3,772,103</u> | <u>\$ 23,381,680</u> | <u>\$ 21,156,120</u> |

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

CHP:

| | December 31 | |
|---|---------------------------------------|---------------------|
| | 2019 | 2018 |
| Current assets | \$ 3,143,217 | \$ 1,981,089 |
| Non-current assets | 13,720,031 | 11,948,216 |
| Current liabilities | 3,506,027 | 3,843,336 |
| Non-current liabilities | <u>3,735,973</u> | <u>857,002</u> |
| Equity | <u>\$ 9,621,248</u> | <u>\$ 9,228,967</u> |
| Equity attributable to: | | |
| Owners of the Corporation | \$ 5,734,264 | \$ 5,500,464 |
| Non-controlling interests of CHP | <u>3,886,984</u> | <u>3,728,503</u> |
| | <u>\$ 9,621,248</u> | <u>\$ 9,228,967</u> |
| | For the Year Ended December 31 | |
| | 2019 | 2018 |
| Revenue | <u>\$ 7,115,116</u> | <u>\$ 6,682,384</u> |
| Profit for the year | \$ 1,097,061 | \$ 871,315 |
| Other comprehensive income (loss) for the year | <u>220</u> | <u>(1,109)</u> |
| Total comprehensive income for the year | <u>\$ 1,097,281</u> | <u>\$ 870,206</u> |
| Profit attributable to: | | |
| Owners of the Corporation | \$ 653,848 | \$ 519,304 |
| Non-controlling interests of CHP | <u>443,213</u> | <u>352,011</u> |
| | <u>\$ 1,097,061</u> | <u>\$ 871,315</u> |
| Total comprehensive income attributable to: | | |
| Owners of the Corporation | \$ 653,980 | \$ 518,643 |
| Non-controlling interests of CHP | <u>443,301</u> | <u>351,563</u> |
| | <u>\$ 1,097,281</u> | <u>\$ 870,206</u> |
| Dividends paid to non-controlling interest CHP | <u>\$ 284,820</u> | <u>\$ 284,860</u> |

ACCHC and its subsidiaries:

| | December 31 | |
|---|---------------------------------------|----------------------|
| | 2019 | 2018 |
| Current assets | \$ 54,137,126 | \$ 46,700,020 |
| Non-current assets | 48,712,010 | 45,832,407 |
| Current liabilities | 33,015,509 | 18,119,166 |
| Non-current liabilities | <u>7,057,620</u> | <u>18,865,216</u> |
| Equity | <u>\$ 62,776,007</u> | <u>\$ 55,548,045</u> |
| Equity attributable to: | | |
| Owners of the Corporation | \$ 44,022,613 | \$ 38,849,694 |
| Non-controlling interests of ACCHC | 17,119,905 | 15,108,214 |
| Non-controlling interests of ACCHC's subsidiaries | <u>1,633,489</u> | <u>1,590,137</u> |
| | <u>\$ 62,776,007</u> | <u>\$ 55,548,045</u> |
| | For the Year Ended December 31 | |
| | 2019 | 2018 |
| Revenue | <u>\$ 56,622,141</u> | <u>\$ 51,612,506</u> |
| Profit for the year | \$ 14,478,342 | \$ 11,364,401 |
| Other comprehensive loss for the year | <u>(2,606,473)</u> | <u>(898,139)</u> |
| Total comprehensive income for the year | <u>\$ 11,871,869</u> | <u>\$ 10,466,262</u> |
| Profit attributable to: | | |
| Owners of the Corporation | \$ 10,156,961 | \$ 7,920,454 |
| Non-controlling interests of ACCHC | 3,949,929 | 3,080,176 |
| Non-controlling interests of ACCHC's subsidiaries | <u>371,452</u> | <u>363,771</u> |
| | <u>\$ 14,478,342</u> | <u>\$ 11,364,401</u> |
| Total comprehensive income attributable to: | | |
| Owners of the Corporation | \$ 8,280,300 | \$ 7,273,794 |
| Non-controlling interests of ACCHC | 3,220,117 | 2,828,698 |
| Non-controlling interests of ACCHC's subsidiaries | <u>371,452</u> | <u>363,770</u> |
| | <u>\$ 11,871,869</u> | <u>\$ 10,466,262</u> |
| Dividends paid to non-controlling interest | | |
| ACCHC | <u>\$ 1,208,421</u> | <u>\$ 319,715</u> |
| ACCHC's subsidiaries | <u>\$ 248,835</u> | <u>\$ 116,017</u> |

15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

| | <u>December 31</u> | |
|-------------------------------|----------------------|----------------------|
| | 2019 | 2018 |
| Investments in associates | \$ 83,943,246 | \$ 78,499,814 |
| Investments in joint ventures | <u>468,994</u> | <u>346,462</u> |
| | <u>\$ 84,412,240</u> | <u>\$ 78,846,276</u> |

a. Investments in associates

| | <u>December 31</u> | |
|--|----------------------|----------------------|
| | 2019 | 2018 |
| <u>Material associates</u> | | |
| Listed shares | | |
| FENC | \$ 42,414,539 | \$ 43,204,676 |
| U-Ming Marine Transport Corp. (U-Ming) | 10,899,366 | 10,394,553 |
| CSCGL | <u>12,024,837</u> | <u>10,217,370</u> |
| | <u>65,338,742</u> | <u>63,816,599</u> |
| <u>Associates that are not individually material</u> | | |
| Unlisted shares | | |
| Yuan Ding Co., Ltd. (YDC) | 4,538,927 | 4,602,067 |
| Far Eastern Construction Co., Ltd. (FEC) | 4,398,357 | 4,200,160 |
| Yuan Ding Enterprise (Shanghai) (YDES) | 3,031,722 | - |
| Yue Yuan Investment Corp. (YYI) | 2,560,533 | 1,939,588 |
| Oriental Securities Corp. (OSC) | 1,921,049 | 1,877,359 |
| Yue Ding Enterprise Corp. (YDEC) | 669,788 | 648,674 |
| FEDS Development Ltd. (FEDSDL) | 640,867 | 617,872 |
| Yuan Ding Leasing Corp. (YDLC) | 373,481 | 368,032 |
| Drive Catalyst SPC - SP Tranche One (Catalyst Tranche One) | 120,649 | 122,662 |
| Drive Catalyst SPC - SP Tranche Three (Catalyst Tranche Three) | 118,975 | - |
| Everstrong Iron & Steel Foundry Ltd. (EISF) | 97,282 | 99,473 |
| Hubei Zhongjian Yadong Concrete Co., Ltd. (HZYCCL) | 79,282 | 74,013 |
| Pao-Good Industry Co., Ltd. (PGIC) | 51,455 | 60,232 |
| Opas Fund Segregated Portfolio Company (OFSPC) | 1,607 | 1,610 |
| Drive Catalyst SPC (Catalyst) | 488 | 493 |
| Perez-Mtec-ACC, LLC (PMA) | 42 | 43 |
| Shih Hsin Storage & Transportation Co., Ltd. (SHSTC) | - | 70,937 |
| | <u>18,604,504</u> | <u>14,683,215</u> |
| | <u>\$ 83,943,246</u> | <u>\$ 78,499,814</u> |

At the end of the reporting period, the percentages of owners' voting rights in associates held by the Group were as follows:

| Name of Associate | December 31 | |
|------------------------|-------------|--------|
| | 2019 | 2018 |
| FENC | 25.74% | 25.74% |
| U-Ming | 41.41% | 41.41% |
| CSCGL | 17.46% | 17.46% |
| YDC | 49.99% | 49.99% |
| FEC | 33.76% | 33.76% |
| YDES | 40.00% | - |
| YYI | 29.92% | 29.92% |
| OSC | 18.93% | 18.93% |
| YDEC | 30.84% | 30.84% |
| FEDSDL | 25.00% | 25.00% |
| YDLC | 43.60% | 43.60% |
| Catalyst Tranche One | 25.00% | 25.00% |
| Catalyst Tranche Three | 25.00% | - |
| EISF | 48.73% | 48.73% |
| HZYCCL | 40.00% | 40.00% |
| PGIC | 31.00% | 31.00% |
| OFSPC | 33.00% | 33.00% |
| Catalyst | 33.00% | 33.00% |
| PMA | 33.00% | 33.33% |
| SHSTC | - | 28.91% |

DCI, the Corporation's subsidiary, subscribed for 4,000 shares of Catalyst Tranche One for US\$4,000 thousand in December 2018. After the subscription, DCI owned 25% of the shares of Catalyst Tranche One.

DCI, the Corporation's subsidiary, subscribed for 4,000 shares of Catalyst Tranche Three for US\$4,000 thousand in October 2019. After the subscription, DCI owned 25% of the shares of Catalyst Tranche Three.

Due to the liquidation of SHSTC in 2019, DCI and NHC, the Corporation's subsidiary, recovered its investments and recognized losses from disposal of \$63,008 thousand and \$5,761 thousand, respectively.

As described in Note 12, ACCHC, the Corporation's subsidiary, subscribed for YDES's cash capital increase for RMB714,190 thousand YDES's new shares through its subsidiary OHC; after the subscription, ACCHC's percentage of ownership in YDES was 40%.

As of December 31, 2019 and 2018, the information of associates was as follows:

- 1) Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

| Name of Associate | December 31 | |
|-------------------|----------------------|----------------------|
| | 2019 | 2018 |
| FENC | <u>\$ 41,124,212</u> | <u>\$ 38,437,706</u> |
| U-Ming | <u>\$ 11,757,137</u> | <u>\$ 11,284,752</u> |
| CSCGL | <u>\$ 8,855,602</u> | <u>\$ 6,241,835</u> |

2) The summarized financial information in respect of the Group's material associates is set out below:

FENC:

| | December 31 | |
|-------------------------------------|----------------------|----------------------|
| | 2019 | 2018 |
| Current assets | \$ 31,823,888 | \$ 31,423,092 |
| Non-current assets | 297,297,715 | 285,607,062 |
| Current liabilities | 24,007,226 | 23,339,671 |
| Non-current liabilities | <u>100,592,089</u> | <u>90,155,346</u> |
| Equity | 204,522,288 | 203,535,137 |
| Proportion of the Group's ownership | 25.74% | 25.74% |
| Equity attributable to the Group | 52,644,037 | 52,389,944 |
| Cross shareholdings | <u>(10,229,498)</u> | <u>(9,185,268)</u> |
| Carrying amount | <u>\$ 42,414,539</u> | <u>\$ 43,204,676</u> |

| | For the Year Ended December 31 | |
|---|---------------------------------------|----------------------|
| | 2019 | 2018 |
| Operating revenue | <u>\$ 46,477,960</u> | <u>\$ 54,063,801</u> |
| Net profit for the year | \$ 10,732,669 | \$ 12,028,294 |
| Other comprehensive (loss) income | <u>(186,100)</u> | <u>855,093</u> |
| Total comprehensive income for the year | <u>\$ 10,546,569</u> | <u>\$ 12,883,387</u> |
| Dividends received from FENC | <u>\$ 2,479,866</u> | <u>\$ 1,653,235</u> |

U-Ming:

| | December 31 | |
|---|----------------------|----------------------|
| | 2019 | 2018 |
| Current assets | \$ 2,225,116 | \$ 1,985,037 |
| Non-current assets | 49,594,962 | 50,008,362 |
| Current liabilities | 11,281,141 | 17,453,879 |
| Non-current liabilities | <u>13,694,378</u> | <u>8,913,985</u> |
| Equity | 26,844,559 | 25,625,535 |
| Proportion of the Group's ownership | 41.41% | 41.41% |
| Equity attributable to the Group | 11,116,333 | 10,611,534 |
| Unrealized gain or loss with associates | (87,524) | (87,523) |
| Other adjustments | <u>(129,443)</u> | <u>(129,458)</u> |
| Carrying amount | <u>\$ 10,899,366</u> | <u>\$ 10,394,553</u> |

| | For the Year Ended December 31 | |
|---|---------------------------------------|---------------------|
| | 2019 | 2018 |
| Operating revenue | <u>\$ 1,062,972</u> | <u>\$ 1,080,444</u> |
| Net profit for the year | \$ 1,621,695 | \$ 1,668,840 |
| Other comprehensive income | <u>1,118,819</u> | <u>2,007,257</u> |
| Total comprehensive income for the year | <u>\$ 2,740,514</u> | <u>\$ 3,676,097</u> |
| Dividends received from U-Ming | <u>\$ 618,330</u> | <u>\$ 419,898</u> |

CSCGL and its subsidiaries:

| | December 31 | |
|-------------------------------------|----------------------|----------------------|
| | 2019 | 2018 |
| Current assets | \$ 26,673,504 | \$ 26,174,052 |
| Non-current assets | 88,426,257 | 90,319,977 |
| Current liabilities | 47,973,181 | 59,104,108 |
| Non-current liabilities | 13,066,715 | 14,557,750 |
| Non-controlling interests | <u>442,928</u> | <u>286,348</u> |
| Equity attributable to CSCGL | 53,616,937 | 42,545,823 |
| Proportion of the Group's ownership | 17.46% | 17.46% |
| Equity attributable to the Group | 9,416,541 | 7,427,489 |
| Goodwill | 1,856,015 | 1,856,015 |
| Quarry Right | <u>752,281</u> | <u>933,866</u> |
| Carrying amount | <u>\$ 12,024,837</u> | <u>\$ 10,217,370</u> |

| | For the Year Ended December 31 | |
|---|---------------------------------------|----------------------|
| | 2019 | 2018 |
| Operating revenue | <u>\$ 96,302,852</u> | <u>\$ 80,162,793</u> |
| Net profit for the year | \$ 13,578,105 | \$ 9,856,967 |
| Other comprehensive income (loss) | <u>8,286</u> | <u>(1,082,166)</u> |
| Total comprehensive income for the year | <u>\$ 13,586,391</u> | <u>\$ 8,774,801</u> |

As described in Note 8, the Group's investments in CSCGL were reclassified from financial assets at fair value through other comprehensive income to investments accounted for using equity method in 2018.

3) Aggregate information of associates that are not individually material:

| | For the Year Ended December 31 | |
|---|---------------------------------------|-------------------|
| | 2019 | 2018 |
| The Group's share of: | | |
| Profit for the year | \$ 687,961 | \$ 520,731 |
| Other comprehensive income | <u>365,142</u> | <u>220,999</u> |
| Total comprehensive income for the year | <u>\$ 1,053,103</u> | <u>\$ 741,730</u> |

4) The amounts of investments in associates pledged as collateral for bank borrowings are disclosed in Note 38.

b. Investments in joint ventures that are not individually material:

| | December 31 | |
|--|--------------------|-------------------|
| | 2019 | 2018 |
| <u>Unlisted companies</u> | | |
| Alliance Concrete Singapore Pte. Ltd. (Alliance) | \$ 206,833 | \$ 107,842 |
| Wuhan Asia Marine Transport Co., Ltd. (WAMTC) | 201,735 | 195,115 |
| Hubei Xinlongyuan Mining Co., Ltd. (HXMC) | 40,629 | 24,020 |
| Empire Success Corp. Ltd. (ESC) | 16,508 | 17,371 |
| Profit Enterprises Int'l Ltd. (PEI) | <u>3,289</u> | <u>2,114</u> |
| | <u>\$ 468,994</u> | <u>\$ 346,462</u> |

At the end of the reporting period, the percentages of owners' voting rights in joint ventures held by the Group were as follows:

| Name of Joint Ventures | December 31 | |
|-------------------------------|--------------------|-------------|
| | 2019 | 2018 |
| Alliance | 50.00% | 50.00% |
| WAMTC | 50.00% | 50.00% |
| HXMC | 40.00% | 40.00% |
| ESC | 50.00% | 50.00% |
| PEI | 50.00% | 50.00% |

Aggregate information of joint ventures that are not individually material:

| | For the Year Ended December 31 | |
|---|---------------------------------------|------------------|
| | 2019 | 2018 |
| The Group's share of: | | |
| Income for the year | \$ 145,736 | \$ 19,089 |
| Other comprehensive income | <u>-</u> | <u>-</u> |
| Total comprehensive income for the year | <u>\$ 145,736</u> | <u>\$ 19,089</u> |

All the associates and joint ventures are accounted for using equity method.

For the years ended December 31, 2018, impairment loss on individually not material joint ventures amounted to \$200,245 thousand, was recognized in profit or loss.

Refer to Table 7 "Information on Investees" and Table 8 "Information on Investments in Mainland China" for the nature of activities, principal place of business and country of incorporation of the associates and joint ventures.

16. PROPERTY, PLANT AND EQUIPMENT

a. Assets used by the Group - 2019

| | Land | Buildings | Equipment | Other Equipment | Property Under Construction | Total |
|---|---------------------|----------------------|----------------------|---------------------|-----------------------------|----------------------|
| <u>Cost</u> | | | | | | |
| Balance at January 1, 2019 | \$ 6,592,017 | \$ 24,647,228 | \$ 75,252,256 | \$ 12,233,576 | \$ 3,260,791 | \$ 121,985,868 |
| Additions | - | 6,315 | 87,409 | 272,718 | 3,614,732 | 3,981,174 |
| Disposals | - | (61,376) | (468,773) | (376,656) | - | (906,805) |
| Transferred from supplies | - | - | 16,141 | 56,531 | - | 72,672 |
| Transferred to intangible assets | - | - | - | - | (2,363) | (2,363) |
| Transferred from completed construction | - | 310,159 | 725,892 | 258,817 | (1,294,868) | - |
| Transferred from prepayments for leases | - | - | - | 27,626 | - | 27,626 |
| Effect of foreign currency exchange differences | - | (740,764) | (2,125,141) | (125,566) | (8,920) | (3,000,391) |
| Balance at December 31, 2019 | <u>6,592,017</u> | <u>24,161,562</u> | <u>73,487,784</u> | <u>12,347,046</u> | <u>5,569,372</u> | <u>122,157,781</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | |
| Balance at January 1, 2019 | 12,595 | 9,710,242 | 49,670,369 | 10,043,321 | - | 69,436,527 |
| Depreciation expense | - | 635,628 | 3,146,778 | 660,987 | - | 4,443,393 |
| Disposals | - | (33,166) | (431,123) | (360,583) | - | (824,872) |
| Transferred from supplies | - | - | 16,141 | - | - | 16,141 |
| Effect of foreign currency exchange differences | - | (217,059) | (1,296,585) | (81,045) | - | (1,594,689) |
| Balance at December 31, 2019 | <u>12,595</u> | <u>10,095,645</u> | <u>51,105,580</u> | <u>10,262,680</u> | <u>-</u> | <u>71,476,500</u> |
| Carrying amounts at December 31, 2019 | <u>\$ 6,579,422</u> | <u>\$ 14,065,917</u> | <u>\$ 22,382,204</u> | <u>\$ 2,084,366</u> | <u>\$ 5,569,372</u> | <u>\$ 50,681,281</u> |

The above items of property, plant and equipment are depreciated on a fixed-percentage-on-declining-balance basis or on a straight-line basis over the estimated useful life of the asset taken apart into major component elements:

| | |
|------------------|-------------|
| Building | |
| Main buildings | 15-60 years |
| Other facilities | 2-15 years |
| Equipment | 2-20 years |
| Other equipment | 2-20 years |

As of December 31, 2019, the titles of land with carrying value of \$88,718 thousand were temporarily registered in the name of trustees who had either signed an agreement or had pledged the land to the Corporation or to the subsidiaries.

Refer to Note 38 for the carrying amount of property, plant and equipment pledged by the Group as collaterals for borrowings.

b. 2018

| | Land | Buildings | Equipment | Other Equipment | Property Under Construction | Total |
|---|---------------------|----------------------|----------------------|---------------------|-----------------------------|----------------------|
| <u>Cost</u> | | | | | | |
| Balance at January 1, 2018 | \$ 6,591,954 | \$ 24,940,297 | \$ 76,074,327 | \$ 12,716,754 | \$ 191,440 | \$ 120,514,772 |
| Additions | 63 | 11,061 | 324,480 | 493,934 | 3,499,440 | 4,328,978 |
| Disposals | - | (137,449) | (360,313) | (956,539) | - | (1,454,301) |
| Disposal of subsidiary | - | (17,215) | (45,449) | (617) | - | (63,281) |
| Transferred to supplies | - | - | - | (37,670) | - | (37,670) |
| Transferred to intangible assets | - | - | - | (577) | (1,333) | (1,910) |
| Transferred to other assets | - | - | - | (15,622) | - | (15,622) |
| Transferred from investment properties to property, plant and equipment | - | 22,270 | - | - | - | 22,270 |
| Transferred from completed construction | - | 153,845 | 131,726 | 138,943 | (424,514) | - |
| Reclassifications | - | - | 57,159 | (57,159) | - | - |
| Others | - | - | - | - | (156) | (156) |
| Effect of foreign currency exchange differences | - | (325,581) | (929,674) | (47,871) | (4,086) | (1,307,212) |
| Balance at December 31, 2018 | <u>6,592,017</u> | <u>24,647,228</u> | <u>75,252,256</u> | <u>12,233,576</u> | <u>3,260,791</u> | <u>121,985,868</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | |
| Balance at January 1, 2018 | 12,595 | 9,247,376 | 47,223,741 | 10,292,222 | - | 66,775,934 |
| Depreciation expense | - | 640,439 | 3,308,785 | 700,337 | - | 4,649,561 |
| Disposals | - | (97,604) | (317,576) | (915,271) | - | (1,330,451) |
| Disposal of subsidiary | - | (14,074) | (40,833) | (555) | - | (55,462) |
| Impairment loss recognized | - | 18,365 | 32,341 | 1,182 | - | 51,888 |
| Transferred to intangible assets | - | - | - | (577) | - | (577) |
| Transferred to other assets | - | - | - | (15,622) | - | (15,622) |
| Reclassifications | - | - | (15,680) | 15,680 | - | - |
| Effect of foreign currency exchange differences | - | (84,260) | (520,409) | (34,075) | - | (638,744) |
| Balance at December 31, 2018 | <u>12,595</u> | <u>9,710,242</u> | <u>49,670,369</u> | <u>10,043,321</u> | <u>-</u> | <u>69,436,527</u> |
| Carrying amounts at December 31, 2018 | <u>\$ 6,579,422</u> | <u>\$ 14,936,986</u> | <u>\$ 25,581,887</u> | <u>\$ 2,190,255</u> | <u>\$ 3,260,791</u> | <u>\$ 52,549,341</u> |

The above items of property, plant and equipment are depreciated on a fixed-percentage-on-declining-balance basis or on a straight-line basis over the estimated useful life of the asset taken apart into major component elements:

| | |
|------------------|-------------|
| Building | |
| Main buildings | 15-60 years |
| Other facilities | 2-15 years |
| Equipment | 2-20 years |
| Other equipment | 2-20 years |

As of December 31, 2018, the titles of land with carrying value of \$88,655 thousand were temporarily registered in the name of trustees who had either signed an agreement or had pledged the land to the Corporation or to the subsidiaries.

Refer to Note 38 for the carrying amount of property, plant and equipment pledged by the Group as collaterals for borrowings.

17. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

| | December 31, 2019 |
|---|---|
| <u>Carrying amounts</u> | |
| Land | \$ 3,585,342 |
| Buildings | 890,167 |
| Equipment | <u>604,778</u> |
| | <u>\$ 5,080,287</u> |
| | For the Year Ended December 31, 2019 |
| Additions to right-of-use assets | <u>\$ 434,029</u> |
| Depreciation charge for right-of-use assets | |
| Land | \$ 141,027 |
| Buildings | 95,394 |
| Equipment | <u>147,604</u> |
| | <u>\$ 384,025</u> |

b. Lease liabilities - 2019

| | December 31, 2019 |
|-------------------------|------------------------------|
| <u>Carrying amounts</u> | |
| Current | <u>\$ 190,607</u> |
| Non-current | <u>\$ 1,264,765</u> |

Range of discount rate for lease liabilities was as follows:

| | December 31, 2019 |
|-----------|------------------------------|
| Land | 1.06%-3.50% |
| Buildings | 1.30%-4.90% |
| Equipment | 1.17%-13.50% |

c. Material lease-in activities and terms

The Group leases harbors, land, buildings and equipment for the use in business operations and has obtained land use rights in mainland China, Hong Kong, Singapore and Vietnam. Certain lease contracts specify that lease payment will be adjusted on the basis of changes in market rental rates or announced land value prices. The Group does not have bargain purchase options to acquire the leasehold assets at the end of the lease terms.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 18. 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 | <u>\$ 269,676</u> |
| Expenses relating to low-value asset leases | <u>\$ 890</u> |
| Expenses relating to variable lease payments not included in the measurement of lease liabilities | <u>\$ 148,475</u> |
| Total cash outflow for leases | <u>\$ (686,833)</u> |

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 | \$ 355,724 |
| Later than 1 year and not later than 5 years | 805,922 |
| Later than 5 years | <u>2,604,106</u> |
| | <u>\$ 3,765,752</u> |

The Group's rent expenses on the above operating lease contracts were \$408,049 thousand for the year ended December 31, 2018.

18. INVESTMENT PROPERTIES

| | December 31 | |
|---------------------------------|----------------------|----------------------|
| | 2019 | 2018 |
| Measured at fair value | | |
| Leased investment property | \$ 29,867,028 | \$ 29,481,076 |
| Undeveloped investment property | <u>6,309,411</u> | <u>6,484,127</u> |
| | <u>\$ 36,176,439</u> | <u>\$ 35,965,203</u> |

| | Leased Investment Property | Undeveloped Investment Property | Total |
|--|---|--|----------------------|
| Balance at January 1, 2018 | \$ 29,352,403 | \$ 6,393,008 | \$ 35,745,411 |
| Additions | 1,269 | - | 1,269 |
| Accounts receivable write-offs | - | 149,528 | 149,528 |
| Transferred to property, plant and equipment | - | (22,270) | (22,270) |
| Changes in fair value of investment properties | 128,575 | (30,560) | 98,015 |
| Effect of foreign currency exchange difference | <u>(1,171)</u> | <u>(5,579)</u> | <u>(6,750)</u> |
| Balance at December 31, 2018 | <u>\$ 29,481,076</u> | <u>\$ 6,484,127</u> | <u>\$ 35,965,203</u> |
| Balance at January 1, 2019 | \$ 29,481,076 | \$ 6,484,127 | \$ 35,965,203 |
| Additions | 24,834 | 2,390 | 27,224 |
| Changes in fair value of investment properties | 363,361 | (165,714) | 197,647 |
| Effect of foreign currency exchange difference | <u>(2,243)</u> | <u>(11,392)</u> | <u>(13,635)</u> |
| Balance at December 31, 2019 | <u>\$ 29,867,028</u> | <u>\$ 6,309,411</u> | <u>\$ 36,176,439</u> |

The investment properties for lease were as follows:

- a. On January 1, 1998, the Corporation granted FEDSDL the right to construct a shopping center on a parcel of land it owned with an area of 6,976 square meters located in Lin-Ya, Kaohsiung. As consideration for the right to construct and the continued use of the land for fifty years, FEDSDL shall pay the following: (a) land use rights in the amount of \$1,073,000 thousand and (b) annual rental at 5% of the reference price of such land announced by the local government. The proceeds of the land use rights were recorded as long-term deferred revenue and recognized as rental revenue on a periodic basis.
- b. The Corporation and Far Eastern Resources Development Co. (FERD) equally owned a parcel of land located at Tun Hwa South Road, Taipei City. Under an agreement entered into with YDC, the Corporation and FERD had agreed on the following: (a) construction of a twin tower building (Taipei Metro) by YDC on the said land, (b) continued use of the land without additional compensation for 30 years starting from the date of the completion of the building, (c) transfer to each of the Corporation and FERD 12% of the usable area of the building, and (d) transfer to FERD and the Corporation the remaining usable area of the building after the end of 30 years in exchange for the carrying amount of the property. In view of the foregoing agreement, the Corporation recorded the 12% of the building construction cost or \$1,402,753 thousand as building acquired and as long-term deferred revenue, and recognized as revenue on a periodic basis.
- c. SYDCCL signed a contract with Mie Business Services Co., Ltd. (Mie Business). The contract fully authorized Mie Business to manage and operate SYDCCL's store located in area A of Guosetianxiang Second-Stage in Wenjiang District of Chengdu City, with an area of 932.49 square meters. The contract started from May 1, 2017 and will end on March 31, 2022.
- d. The Corporation also has lease contract for Asia-Cement Building and Pao-Ching Building, as well as land and building located in Chiayi City and Wuhan. These investment properties are leased out for 1 to 10 years with monthly lease payments.

The Group's undeveloped investment properties included a parcel of land located in Lin-Ya, Kaohsiung, as well as stores, apartments, and office buildings acquired by SIYDCCL and HYDCCL as collaterals for overdue balances from customers.

The fair values of investment properties were valued by independent qualified professional appraisers. According to local requirements, entities are required to have independent appraisal for the investment properties with individual carrying amount of \$300 million or higher. The fair values of investment properties as of December 31, 2019 and 2018 were determined by qualified professional appraisers, Mr. Chang from Savills (Taiwan) Limited and Mr. Tsai from DTZ real estate appraisers firm on March 4, 2020 and March 4, 2019, respectively.

The fair value of investment properties was estimated using unobservable inputs (Level 3). The movements in the fair value were as follows:

| | Completed Investment Property | Investment Property under Construction | Total |
|---|--|---|----------------------|
| Balance at January 1, 2018 | \$ 29,352,403 | \$ 6,393,008 | \$ 35,745,411 |
| Recognized in profit or loss (gain or loss from changes in fair value of investment property) | 128,575 | (30,560) | 98,015 |
| Recognized in other comprehensive income | | | |
| Exchange differences on translating the financial statements of foreign operations | (1,171) | (5,579) | (6,750) |
| Purchases | 1,269 | - | 1,269 |
| Transfers into Level 3 | - | 149,528 | 149,528 |
| Transfers out of Level 3 | <u>-</u> | <u>(22,270)</u> | <u>(22,270)</u> |
| Balance at December 31, 2018 | <u>\$ 29,481,076</u> | <u>\$ 6,484,127</u> | <u>\$ 35,965,203</u> |
| Balance at January 1, 2019 | \$ 29,481,076 | \$ 6,484,127 | \$ 35,965,203 |
| Recognized in profit or loss (gain or loss from changes in fair value of investment property) | 363,361 | (165,714) | 197,647 |
| Recognized in other comprehensive income | | | |
| Exchange differences on translating the financial statements of foreign operations | (2,243) | (11,392) | (13,635) |
| Purchases | <u>24,834</u> | <u>2,390</u> | <u>27,224</u> |
| Balance at December 31, 2019 | <u>\$ 29,867,028</u> | <u>\$ 6,309,411</u> | <u>\$ 36,176,439</u> |

The fair value measurement of undeveloped land located in Lin-Ya, Kaohsiung, was measured by land development analysis. The increase in estimated total selling price, the increase in rate of return, or the decrease in overall capital interest rate would result in an increase in the fair value. The significant assumptions used were as follows:

| | December 31 | |
|-------------------------------|----------------------|----------------------|
| | 2019 | 2018 |
| Estimated total selling price | <u>\$ 19,379,643</u> | <u>\$ 18,991,547</u> |
| Rate of return | 22% | 22% |
| Overall capital interest rate | 5.99% | 6.08% |

The total selling price is estimated on the basis of the most effective use of the land or property available for sale after development is completed, taking into account the related regulations, domestic macroeconomic prospects, local land use, and market rates.

The fair value of investment properties, except for undeveloped land, was measured using the income approach. The significant assumptions used were stated below. The increase in estimated future net cash inflows or the decrease in discount rates would result in increase in the fair value.

| | December 31 | |
|-----------------------------------|----------------------|----------------------|
| | 2019 | 2018 |
| Expected future cash inflows | \$ 36,224,173 | \$ 35,860,267 |
| Expected future cash outflows | <u>1,517,032</u> | <u>1,499,390</u> |
| Expected future cash inflows, net | <u>\$ 34,707,141</u> | <u>\$ 34,360,877</u> |
| Discount rate | 2.07%-6.25% | 2.07%-6.25% |

The market rentals in the area where the investment property is located were between \$1 thousand and \$5 thousand per ping (i.e., per 3.3 square meters).

The rental income generated for the years ended December 31, 2019 and 2018 was \$352,671 thousand and \$342,591 thousand, respectively.

The expected future cash inflows to be generated by investment properties include rental income, interest income on rental deposits and disposal value. The rental income was extrapolated using the Group's current rental contract, regional and market quotation, taking into account the annual rental growth rate; the income analysis covers a 10-year period, the interest income on rental deposits was extrapolated using the interest rate for one-year central bank-announced demand deposit interest rate; the disposal value was determined using the direct capitalization method under the income approach. The expected future cash outflows to be incurred by investment properties include expenditure such as land value taxes, house taxes, insurance premium, maintenance costs and others. This expenditure was extrapolated on the basis of the current level of expenditure, taking into account the future adjustment to the government-announced land value, and the tax rate promulgated under the House Tax Act.

The discount rate was determined by reference to the interest rate for two-year time deposits as posted by Chunghwa Post Co., Ltd., plus 0.75%, or estimated income capitalization rate, whichever is higher, as well as any asset-specific risk premiums. As of December 31, 2019 and 2018, the risk premiums were both 0.225%-4.50%.

Refer to Note 38 for the carrying amount of investment properties pledged by the Group as collaterals for borrowings.

19. INTANGIBLE ASSETS - GOODWILL

| | 2019 | 2018 |
|---|---------------------|---------------------|
| <u>Cost</u> | | |
| Balance at January 1 | \$ 2,497,148 | \$ 3,171,735 |
| Impairment losses recognized | - | (630,631) |
| Effect of foreign currency exchange differences | <u>(98,504)</u> | <u>(43,956)</u> |
| Balance at December 31 | <u>\$ 2,398,644</u> | <u>\$ 2,497,148</u> |

The goodwill comprised of the following:

- a. In July 2010, HYDCCL acquired 70% ownership of WYXC. The investment cost in excess of the fair value of net identifiable assets of the investee was the amount of goodwill, which was RMB138,759 thousand. The recoverable amount of the cash generating unit were lower than the related carrying amount, and impairment loss of RMB138,759 thousand were recognized for the year ended December 31, 2018.
- b. In April 2014, SYDCCL acquired 100% ownership of SLCL. The investment cost in excess of the fair value of net identifiable assets of the investee was the amount of goodwill, which was RMB554,241 thousand.
- c. On December 31, 2014, the Corporation acquired control power over YLT. The investment cost in excess of the fair value of net identifiable assets of the investee was the amount of goodwill, which was \$20,780 thousand.

As of December 31, 2019, the Group assessed that there was no indication of impairment on the cash-generating units including the goodwill listed above.

20. INTANGIBLE ASSETS - OTHERS

| | Quarry Right | Computer Software | Others | Total |
|--|-------------------|----------------------|-------------------|---------------------|
| <u>Cost</u> | | | | |
| Balance at January 1, 2018 | \$ 1,734,896 | \$ 246,703 | \$ 419,776 | \$ 2,401,375 |
| Additions | - | 13,037 | - | 13,037 |
| Disposals | - | (379) | - | (379) |
| Transferred from completed construction | - | 1,333 | - | 1,333 |
| Effect of foreign currency exchange differences | <u>(28,227)</u> | <u>(1,346)</u> | <u>(1,619)</u> | <u>(31,192)</u> |
| Balance at December 31, 2018 | <u>1,706,669</u> | <u>259,348</u> | <u>418,157</u> | <u>2,384,174</u> |
| <u>Accumulated amortization and impairment</u> | | | | |
| Balance at January 1, 2018 | 711,637 | 217,219 | 91,693 | 1,020,549 |
| Amortization expense | 171,621 | 11,292 | 1,336 | 184,249 |
| Disposals | - | (379) | - | (379) |
| Effect of foreign currency exchange differences | <u>(15,232)</u> | <u>(1,036)</u> | <u>(1,612)</u> | <u>(17,880)</u> |
| Balance at December 31, 2018 | <u>868,026</u> | <u>227,096</u> | <u>91,417</u> | <u>1,186,539</u> |
| Carrying amounts at December 31, 2018 | <u>\$ 838,643</u> | <u>\$ 32,252</u> | <u>\$ 326,740</u> | <u>\$ 1,197,635</u> |

| | Quarry Right | Computer Software | Others | Total |
|---|---------------------|-------------------|-------------------|---------------------|
| <u>Cost</u> | | | | |
| Balance at January 1, 2019 | \$ 1,706,669 | \$ 259,348 | \$ 418,157 | \$ 2,384,174 |
| Additions | 49,836 | 9,105 | - | 58,941 |
| Disposals | - | (937) | - | (937) |
| Accruals | 4,820,027 | - | - | 4,820,027 |
| Transferred from completed construction | - | 2,363 | - | 2,363 |
| Effect of foreign currency exchange differences | <u>(273,628)</u> | <u>(3,174)</u> | <u>(3,655)</u> | <u>(280,457)</u> |
| Balance at December 31, 2019 | <u>6,302,904</u> | <u>266,705</u> | <u>414,502</u> | <u>6,984,111</u> |
| <u>Accumulated amortization and impairment</u> | | | | |
| Balance at January 1, 2019 | 868,026 | 227,096 | 91,417 | 1,186,539 |
| Amortization expense | 1,279,440 | 12,846 | 439 | 1,292,725 |
| Disposals | - | (937) | - | (937) |
| Effect of foreign currency exchange differences | <u>(89,688)</u> | <u>(2,546)</u> | <u>(3,655)</u> | <u>(95,889)</u> |
| Balance at December 31, 2019 | <u>2,057,778</u> | <u>236,459</u> | <u>88,201</u> | <u>2,382,438</u> |
| Carrying amounts at December 31, 2019 | <u>\$ 4,245,126</u> | <u>\$ 30,246</u> | <u>\$ 326,301</u> | <u>\$ 4,601,673</u> |

The above items of other intangible assets with finite useful lives are amortized on a straight-line basis. Quarry rights are amortized over 40 to 47 years and the computer software and others are amortized over 2 to 6 years. The other items with indefinite useful lives will not be amortized until their useful lives are determined to be finite. Instead, they will be tested for impairment annually and whenever there is an indication that they may be impaired.

According to the Plan for the Reform of the Mineral Resource Royalty System issued by the State Council of the People's Republic of China, proceeds from prospecting and mining rights shall be changed into proceeds from assignment of mining rights and shall be determined according to valuation and benchmark market prices under similar conditions, whichever is higher. The proceeds from the transfer of mining rights shall be determined at one time and paid in the form of monetary funds. The specific measures for payment shall be developed separately by the Ministry of Finance in conjunction with the Ministry of Land and Resources.

In 2019, the Group finalized the independent valuer report in accordance with the aforementioned reform plans on the mine reserves and the estimated amount of the provision of mine reserve fund was RMB1,075,031 thousand, which was capitalized into the cost of quarry. In addition, the Group was required to accrue an amount of RMB275,076 thousand as cost of production of mine, which represented the amount of mine excavated times the agreed amount of unit cost for the current and past years, and such amount was charged to the cost of sales of the Group for the year ended December 31, 2019. As of the balance sheet date, the mine reserve fund of RMB1,075,031 thousand was accounted for as accounts payable and accrued expenses - third parties since the actual payment date and amounts have not yet been finalized with the local government.

21. PREPAYMENTS FOR LEASES

| | December 31, 2018 |
|--|------------------------------|
| Current assets (included in prepayments line item) | \$ 142,246 |
| Non-current assets | <u>3,779,353</u> |
| | <u>\$ 3,921,599</u> |

The above prepayments for leases include land use rights in mainland China, Hong Kong, Singapore and Vietnam. The amortization expense is \$85,382 thousand for the year ended December 31, 2018.

22. OTHER NON-CURRENT ASSETS

| | December 31 | |
|---|---------------------|---------------------|
| | 2019 | 2018 |
| Prepaid investments | \$ 1,437,673 | \$ 2,042,722 |
| Net defined benefit assets | 2,536,388 | 1,898,029 |
| Refundable deposits | 328,403 | 914,114 |
| Others | <u>9,420</u> | <u>9,693</u> |
| | <u>\$ 4,311,884</u> | <u>\$ 4,864,558</u> |
| Refundable deposits | | |
| Current (accounted for as other current assets) | <u>\$ 71,424</u> | <u>\$ 82,493</u> |
| Non-current | <u>\$ 328,403</u> | <u>\$ 914,114</u> |

The prepaid investments comprised of the following:

- a. On March 23, 2017, the Corporation acquired 155 thousand issued shares of China Shanshui Investment Company Limited (CSI) in the amount of HK\$577,662 thousand from six shareholders of CSI under a share purchase agreement. The Corporation already obtained the physical share certificates of the acquired CSI shares. Pursuant to the Articles of Association of CSI, the share ownership can only be recorded on the register of shareholders if the board of directors of CSI approves the share transfer. The Corporation submitted all necessary documents to CSI for registration of the share transfer. However, CSCGL and its subsidiaries obtained from the High Court of Hong Kong an injunction order by way of an ex-parte application on April 11, 2017. Pursuant to the injunction order, four out of the abovementioned six shareholders, Mi Jingtian, Zhao Liping, Li Maohuan and Yu Yuchuan, are prohibited from removing any of their assets in Hong Kong. Each of their assets' value is up to RMB142 million (or its Hong Kong dollar equivalent), in particular, their shares in CSI and/or any proceeds from sales of any such CSI shares. The Corporation is neither a plaintiff nor a defendant in the aforesaid proceedings. But, for the purpose of securing and exercising the rights and interests of the acquired shares of CSI, the Corporation provided a bank guarantee of RMB142 million to the High Court of Hong Kong according to the High Court's ruling on April 21, 2017. On the same day, the High Court of Hong Kong lifted the injunction order on the shares of CSI acquired by the Corporation. Since the payment liability event as agreed in the bank guarantee did not occur before due date and the bank guarantee expired on April 21, 2019, the Corporation's obligations were terminated on the same day.

In addition, Chan Hongqing, a PRC individual, claimed that the CSI shares which the Corporation acquired from the abovementioned four shareholders were pledged as collaterals under a loan contract signed on August 17, 2015 with him and thus applied for arbitration with China International Economic and Trade Arbitration Commission in Beijing. Later, by an order of the High Court of Hong Kong on June 27, 2017, it requested the appointment of interim receivers in respect of the CSI shares held by the four shareholders until the end of the arbitral proceedings. On May 17, 2018, the High Court of Hong Kong set aside the order before the final award of the arbitration. The arbitral proceeding was therefore terminated on June 12, 2018.

On October 2, 2018, Chan Hongqing applied to the High Court of Hong Kong for interlocutory relief in another proceedings against the Corporation to prohibit the Corporation and the abovementioned four CSI shareholders from transferring and registering their CSI shares. Then his application for interlocutory relief was dismissed by the High Court of Hong Kong. The Corporation engaged lawyers to proactively liaise with the board of directors of CSI in connection with the registration of the share transfer.

As for the shares acquired from the other two CSI shareholders, Dong Chengtian and Wang Yongping, Chan Hongqing also claimed that the CSI shares held by the two shareholders were pledged as collaterals under the same loan contract mentioned above. As a result, the board of directors of CSI refused to approve the share transfer. Later, as the Corporation filed a lawsuit to the High Court of Hong Kong against CSI, the board of directors of CSI finally approved the share transfer. The registration of the CSI shares acquired from the two shareholders, Dong Chengtian and Wang Yongping, were completed and the prepaid investments in the balance sheets was therefore reclassified to financial assets at fair value through other comprehensive income - non-current. Refer to Note 8.

- b. Chu Feng Power Corporation, Preparatory Office (Chu Feng), founded in October 2016, was created by DCI, the Corporation's subsidiary, for the development of offshore wind power in Taiwan. As of December 31, 2019 and 2018, the accumulated prepaid investments were \$142,768 thousand and \$131,544 thousand, respectively. In March 2018, Chu Feng submitted an application to the Bureau of Energy, Ministry of Economic Affairs, ROC, for the offshore wind power project's selection. However, Chu Feng did not pass the selection according to the announcement on April 30, 2018. In June 2018, Chu Feng joined the second stage auction and its bid failed again. Later, on March 25, 2020, DCI's board of directors resolved to enter into a bidding contract (including the final version of the joint venture contract) with Innogy Renewables Beteiligungs GmbH Company. As of the balance sheet date, the Group recognized the amounts paid within the preparatory period as other receivables or prepaid investments. The Group also recognized full amounts of provisions based on the preparatory loss of Chu Feng. Refer to Note 28.

23. SHORT-TERM BORROWINGS

| | December 31 | |
|-----------------------|----------------------|----------------------|
| | 2019 | 2018 |
| Unsecured | \$ 22,211,603 | \$ 23,099,239 |
| Secured | <u>1,600,000</u> | <u>1,706,000</u> |
| | <u>\$ 23,811,603</u> | <u>\$ 24,805,239</u> |
| Interest rate (%) | 0.95-3.79 | 1.04-5.30 |
| Final repayment date: | | |
| Unsecured | 2020.12.24 | 2019.10.31 |
| Secured | 2020.2.19 | 2019.3.26 |

24. SHORT-TERM BILLS PAYABLE

| | <u>December 31</u> | |
|--|----------------------|----------------------|
| | 2019 | 2018 |
| Commercial paper | \$ 18,938,500 | \$ 18,569,425 |
| Less: Unamortized discounts on bills payable | <u>6,206</u> | <u>4,956</u> |
| | <u>\$ 18,932,294</u> | <u>\$ 18,564,469</u> |
| Interest rate (%) | 0.38%-1.3% | 0.36%-1.26% |

Short-term bills payable were issued under guarantee obtained from financial institutions.

25. OTHER PAYABLES

| | <u>December 31</u> | |
|-----------------------|--------------------|-------------------|
| | 2019 | 2018 |
| Payable on investment | <u>\$ 312,069</u> | <u>\$ 334,305</u> |

Payable on investment is the unpaid consideration for SIYDCCL's acquisition of SLCL, which amounted to RMB72,738 thousand.

26. LONG-TERM LIABILITIES

| | <u>December 31</u> | |
|--|----------------------|----------------------|
| | 2019 | 2018 |
| Bank loans | \$ 30,972,304 | \$ 31,886,897 |
| Long-term commercial paper | - | 5,000,000 |
| Less: Unamortized discounts | <u>-</u> | <u>7,989</u> |
| | <u>30,972,304</u> | <u>36,878,908</u> |
| Bonds | | |
| Domestic bonds | | |
| 1 st unsecured bonds issued in 2014 | - | 4,000,000 |
| 1 st unsecured bonds issued in 2016 | 6,000,000 | 6,000,000 |
| 1 st unsecured bonds issued in 2019 | 6,500,000 | - |
| 2 nd unsecured bonds issued in 2019 | <u>3,500,000</u> | <u>-</u> |
| | <u>16,000,000</u> | <u>10,000,000</u> |
| Overseas bonds | | |
| 3 rd Euro convertible bonds issued in 2018 - US\$215,000 thousand | <u>6,280,808</u> | <u>6,192,567</u> |
| | 53,253,112 | 53,071,475 |
| Less: Current portion | <u>13,151,315</u> | <u>7,285,012</u> |
| | <u>\$ 40,101,797</u> | <u>\$ 45,786,463</u> |

- a. Bank loans are repayable in installments at varying amounts or in one lump-sum payment prior to April 3, 2039. The Group has signed long-term revolving credit facilities with banks. As of December 31, 2019 and 2018, interest rates were 0.89%-6.75% and 0.89%-5.58%, respectively.
- b. Long-term commercial paper was issued by contract. As of December 31, 2018, interest rates were 0.83%-0.84%. The maturity date of the contract is December 19, 2020.

- c. Domestic bonds are repayable in installments at varying amounts or in one lump-sum on maturity prior to August 16, 2024. As of December 31, 2019 and 2018, interest rates were 0.79%-0.88% and 0.80%-1.36%, respectively.
- d. In order to redeem bonds and pay interest expenses, on May 13, 2013, the Corporation issued 2nd US\$220,000 thousand (equivalent to NT\$6,551,380 thousand) zero coupon Euro convertible bonds due 2018.

The terms of the zero coupon Euro convertible bonds included the following:

1) Final redemption

Unless previously redeemed, repurchased and cancelled, or converted, the bonds will be redeemed on the maturity date at a redemption price equal to 100% of the unpaid principal amount thereof.

- 2) The bonds are convertible into the Corporation's ordinary shares ("Shares") at any time on or after June 23, 2013 and prior to the close of business on April 13, 2018. The initial conversion price was NT\$48 per Share, determined on the basis of a fixed exchange rate of NT\$29.53=US\$1.00.

3) Redemption at the option of the Corporation

At any time on or after May 13, 2016, the Corporation may redeem the bonds in whole, or from time to time in part, at the early redemption amount, if the closing price of the Shares, translated into U.S. dollars at the prevailing rate, during a period of 30 consecutive trading days, is at least 130% of the quotient of the early redemption amount divided by the number of Shares to be issued upon conversion of US\$200,000 principal amount of bonds on the applicable trading day based on the conversion price then in effect, translated into U.S. dollars at a fixed exchange rate of NT\$29.53=US\$1.00. Notwithstanding the foregoing, at any time, the Corporation may redeem the bonds in whole, but not in part, at the early redemption amount in U.S. dollars if at least 90% in principal amount of the bonds has already been redeemed, repurchased and cancelled, or converted.

4) Redemption at the option of the bondholders

Unless previously redeemed, repurchased and cancelled or converted, each holder will have the right to require the Corporation to redeem in whole or in part of the bonds held by such holder on May 13, 2016 at a redemption price equal to 100% of the principal amount thereof. (Refer to item 6 below for information on the redemption of bonds.)

- 5) The conversion price shall be subject to adjustment when there is occurrence of, including (but not limited to), the following:
- a) Declaration of dividend in Shares or free distribution or bonus issue of Shares.
 - b) Subdivision, consolidation and reclassification of Shares.
 - c) Rights issues to shareholders.
 - d) Employee share bonus.
 - e) Warrants issued to holders of Shares.
 - f) Issues of rights or warrants for equity-related securities to holders of Shares.
 - g) Capital distributions, other distributions to shareholders.

- h) Issue of convertible or exchangeable securities other than to holders of Shares or on exercise of warrants.
 - i) Other issues of Shares.
 - j) Issue of equity related securities.
 - k) Capital reduction.
 - l) Tender or exchange offer.
 - m) Any other event or circumstance which would have an effect analogous to any of the events in a) to l) above.
- 6) As bondholders exercised the put option, the Corporation had redeemed the principal amount of US\$217,000 thousand on May 11, 2016. After the redemption, the bonds outstanding in the amount of US\$3,000 thousand had been paid on May 10, 2018.
- e. In order to repay the debt, save interest expenses, and strengthen the Corporation's financial structure, on September 21, 2018, the Corporation issued US\$215,000 thousand (equivalent to NT\$6,620,710 thousand), which is the third zero coupon Euro convertible bond due on 2023.

The terms of the zero coupon Euro convertible bonds included the following:

1) Final redemption

Unless previously redeemed, repurchased and canceled, or converted, the Bonds will be redeemed on the maturity date at the settlement equivalent of 103.04% of the unpaid principal amount thereof.

2) The bonds are convertible into the Corporation's ordinary shares ("Shares") at any time on or after December 21, 2018 and prior to the close of business on August 22, 2023. The initial conversion price was NT\$42.24 per Share, determined on the basis of a fixed exchange rate of NT\$30.794=US\$1.00.

3) Redemption at the option of the Corporation

At any time on or after September 21, 2021, the Corporation may redeem the bonds in whole, or from time to time in part, at the early redemption amount, if the closing price of the Shares, translated into U.S. dollars at the prevailing rate, during a period of 30 consecutive trading days, is at least 130% of the quotient of the early redemption amount divided by the number of Shares to be issued upon conversion of US\$200,000 principal amount of the bonds on the applicable trading day based on the conversion price then in effect, translated into U.S. dollars at a fixed exchange rate of NT\$30.794=US\$1.00. Notwithstanding the foregoing, at any time, the Corporation may redeem the bonds in whole, but not in part, at the early redemption amount in U.S. dollars if at least 90% in principal amount of the bonds has already been redeemed, repurchased and cancelled, or converted.

4) Redemption at the option of the bondholders

Unless previously redeemed, repurchased and cancelled or converted, each holder will have the right to require the Corporation to redeem in whole or in part of the bonds held by such holder on September 21, 2021 at a redemption price equal to the settlement equivalent of 101.81% of the principal amount in U.S. dollars. Any U.S. dollar denominated amount payable in respect of the bonds will be converted into NT dollars using a fixed exchange rate and then converted back to a U.S. dollar amount using the applicable prevailing rate at the time of redemption.

- 5) The conversion price shall be subject to adjustment when there is occurrence of, including (but not limited to), the following:
- a) Declaration of dividend in Shares or free distribution or bonus issue of Shares.
 - b) Subdivision, consolidation and reclassification of Shares.
 - c) Rights issues to shareholders.
 - d) Employee share bonus.
 - e) Warrants issued to holders of Shares.
 - f) Issues of rights or warrants for equity-related securities to holders of Shares.
 - g) Capital distributions, other distributions to shareholders.
 - h) Issue of convertible or exchangeable securities other than to holders of Shares or on exercise of warrants.
 - i) Other issues of Shares.
 - j) Issue of equity related securities.
 - k) Capital reduction.
 - l) Tender or exchange offer.
 - m) Any other event or circumstance which would have an effect analogous to any of the events in a) to l) above. The conversion price was NT\$39.7 as of December 31, 2019.
- f. As of December 31, 2019, CHP had used its credit lines as follows:

| Loan Item | Category | Amount (In Thousands) | Interest Rate | Contract Period |
|------------------|-----------------|----------------------------------|----------------------|----------------------------|
| A | Loan | NT\$ 2,850,000 | 1.797 | 20 years |

The financial commitment that should be maintained by CHP under the payment terms are as follows:

- 1) Debt ratio as of year-end (total debt divided by total equity);
 - a) Under 200% from 2019 to 2023.
 - b) Under 150% from 2024 to 2039.
- 2) Interest coverage ratio should be at least 150% from 2019 to 2039.

The above financial ratios are based on audited financial statements. Debt ratio and interest coverage ratio should be reviewed at least on annual basis.

g. As of December 31, 2019, CHP had used its credit lines as follows:

| Bank | Amount (In Thousands) | Interest Rate/ Guarantee Fee Rate (%) | Contract Period |
|-------------|----------------------------------|--|------------------------|
| Mizuho | NT\$ 184,252 | 0.45 | 2019.09.18-2020.09.18 |
| Mizuho | NT\$ 275,000 | 0.45 | 2019.09.18-2020.09.18 |
| Mizuho | US\$ 4,470 | 0.45 | 2020.09.18-2020.09.18 |

27. DEFERRED REVENUE

| | December 31 | |
|----------------|--------------------|-------------------|
| | 2019 | 2018 |
| Land use right | \$ 790,753 | \$ 858,838 |
| Others | <u>133,052</u> | <u>140,879</u> |
| | <u>\$ 923,805</u> | <u>\$ 999,717</u> |
| Current | \$ 75,912 | \$ 75,912 |
| Non-current | <u>847,893</u> | <u>923,805</u> |
| | <u>\$ 923,805</u> | <u>\$ 999,717</u> |

- a. The deferred revenue on land use rights in Lin-Ya, Kaohsiung granted to FEDSDL (Note 18) is amortized to income over 50 years on a straight-line basis.
- b. The deferred revenue on land use rights of Taipei Metro granted to YDC (Note 18) is amortized to income over 30 years on a straight-line basis.

28. OTHER LIABILITIES

| | December 31 | |
|--|--------------------|-------------------|
| | 2019 | 2018 |
| Preparatory costs provisions (Note 22) | \$ 263,015 | \$ 222,729 |
| Decommissioning of electric factory provisions | 217,942 | 217,942 |
| Accrued reward provisions | 130,172 | 140,572 |
| Compensation of traffic accident provisions | 134,324 | 127,894 |
| Other provisions (Note 39) | <u>20,640</u> | <u>18,440</u> |
| | <u>\$ 766,093</u> | <u>\$ 727,577</u> |
| Current | \$ 50,661 | \$ 48,200 |
| Non-current | <u>715,432</u> | <u>679,377</u> |
| | <u>\$ 766,093</u> | <u>\$ 727,577</u> |

29. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation and the subsidiaries in the ROC adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at specific rate of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Corporation and domestic subsidiaries 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 six months or last month before retirement. The Corporation and domestic subsidiaries contribute amounts equal to 2%-15% 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 plans were as follows:

| | December 31 | |
|---|-----------------------|-----------------------|
| | 2019 | 2018 |
| Present value of defined benefit obligation | \$ 1,296,487 | \$ 1,322,473 |
| Fair value of plan assets | <u>(3,668,667)</u> | <u>(3,035,395)</u> |
| Deficit (surplus) | <u>(2,372,180)</u> | <u>(1,712,922)</u> |
| Net defined benefit liabilities (asset) | <u>\$ (2,372,180)</u> | <u>\$ (1,712,922)</u> |

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 Liability (Asset) |
|---|--|--|--|
| Balance at January 1, 2018 | <u>\$ 1,527,968</u> | <u>\$ (2,860,286)</u> | <u>\$ (1,332,318)</u> |
| Service cost | | | |
| Current service cost | 19,607 | - | 19,607 |
| Net interest expense (income) | <u>17,492</u> | <u>(33,798)</u> | <u>(16,306)</u> |
| Recognized in profit or loss | <u>37,099</u> | <u>(33,798)</u> | <u>3,301</u> |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | (303,940) | (303,940) |
| Actuarial loss - changes in demographic assumptions | 259 | - | 259 |

(Continued)

| | Present Value of the Defined Benefit Obligation | Fair Value of the Plan Assets | Net Defined Benefit Liability (Asset) |
|--|--|--|--|
| Actuarial loss - changes in financial assumptions | \$ 20,848 | \$ - | \$ 20,848 |
| Actuarial loss - experience adjustments | <u>(46,872)</u> | <u>-</u> | <u>(46,872)</u> |
| Recognized in other comprehensive income | <u>(25,765)</u> | <u>(303,940)</u> | <u>(329,705)</u> |
| Contributions from the employer | - | (25,085) | (25,085) |
| Benefits paid | (216,873) | 183,077 | (33,796) |
| Others | <u>44</u> | <u>4,637</u> | <u>4,681</u> |
| Balance at December 31, 2018 | <u>\$ 1,322,473</u> | <u>\$ (3,035,395)</u> | <u>\$ (1,712,922)</u> |
| Balance at January 1, 2019 | <u>\$ 1,322,473</u> | <u>\$ (3,035,395)</u> | <u>\$ (1,712,922)</u> |
| Service cost | | | |
| Current service cost | 15,773 | - | 15,773 |
| Net interest expense (income) | <u>13,951</u> | <u>(32,999)</u> | <u>(19,048)</u> |
| Recognized in profit or loss | <u>29,724</u> | <u>(32,999)</u> | <u>(3,275)</u> |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | (674,330) | (674,330) |
| Actuarial loss - changes in demographic assumptions | 125 | - | 125 |
| Actuarial loss - changes in financial assumptions | 17,531 | - | 17,531 |
| Actuarial loss - experience adjustments | <u>52,335</u> | <u>-</u> | <u>52,335</u> |
| Recognized in other comprehensive income | <u>69,991</u> | <u>(674,330)</u> | <u>(604,339)</u> |
| Contributions from the employer | - | (18,447) | (18,447) |
| Benefits paid | (125,701) | 91,676 | (34,025) |
| Liabilities extinguished on settlement | <u>-</u> | <u>828</u> | <u>828</u> |
| Balance at December 31, 2019 | <u>\$ 1,296,487</u> | <u>\$ (3,668,667)</u> | <u>\$ (2,372,180)</u> (Concluded) |

Through the defined benefit plans 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 corporate 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 were as follows:

| | December 31 | |
|-------------------------------------|--------------------|-------------|
| | 2019 | 2018 |
| Discount rate(s) | 0.65%-1.15% | 0.75%-1.40% |
| Expected rate(s) of salary increase | 2.00%-2.50% | 2.00%-2.50% |

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

| | December 31 | |
|-------------------------------------|---------------------|---------------------|
| | 2019 | 2018 |
| Discount rate(s) | | |
| 0.25% increase | <u>\$ (27,702)</u> | <u>\$ (30,402)</u> |
| 0.25% decrease | <u>\$ 28,636</u> | <u>\$ 31,476</u> |
| Expected rate(s) of salary increase | | |
| 1% increase | <u>\$ 126,052</u> | <u>\$ 139,268</u> |
| 1% decrease | <u>\$ (116,810)</u> | <u>\$ (128,585)</u> |

The major categories of plan assets at the end of the reporting period are disclosed based on the information announced by the Bureau:

| | December 31 | |
|-------------------------------------|--------------------|---------------|
| | 2019 | 2018 |
| Equity instruments | 82.07 | 84.40 |
| Deposited in financial institutions | 9.86 | 6.75 |
| Others | <u>8.07</u> | <u>8.85</u> |
| | <u>100.00</u> | <u>100.00</u> |

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

| | December 31 | |
|--|--------------------|------------------|
| | 2019 | 2018 |
| The expected contributions to the plan for the next year | <u>\$ 10,954</u> | <u>\$ 14,925</u> |
| The average duration of the defined benefit obligation | 6.6-11.5 years | 7-12.5 years |

30. EQUITY

a. Share capital

| | <u>December 31</u> | |
|---|----------------------|----------------------|
| | <u>2019</u> | <u>2018</u> |
| Number of shares authorized (in thousands) | 4,000,000 | 4,000,000 |
| Shares authorized | <u>\$ 40,000,000</u> | <u>\$ 40,000,000</u> |
| Number of shares issued and fully paid (in thousands) | 3,361,447 | 3,361,447 |
| Shares issued | <u>\$ 33,614,472</u> | <u>\$ 33,614,472</u> |

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

The total of 350,000 thousand and 10,000 thousand shares of the Corporation's authorized shares are reserved for the issuance of convertible bonds and employee share option, respectively.

b. Capital surplus

| | <u>December 31</u> | |
|---|---------------------|---------------------|
| | <u>2019</u> | <u>2018</u> |
| <u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u> | | |
| Donation | \$ 41,790 | \$ 41,790 |
| The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition | 54,907 | 54,907 |
| Change of capital surplus of associates and joint ventures accounted for using equity method (2) | <u>992,530</u> | <u>992,530</u> |
| | <u>1,089,227</u> | <u>1,089,227</u> |
| <u>May be used to offset a deficit only</u> | | |
| Change of capital surplus of associates and joint ventures accounted for using equity method (3) | <u>128,141</u> | <u>38,085</u> |
| <u>May not be used for any purpose</u> | | |
| Share warrants | 185,411 | 185,411 |
| Change of capital surplus of associates and joint ventures accounted for using equity method | <u>53,275</u> | <u>49,831</u> |
| | <u>238,686</u> | <u>235,242</u> |
| | <u>\$ 1,456,054</u> | <u>\$ 1,362,554</u> |

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

2) Such capital surplus from the effect of changes in associate's ownership interest in its subsidiary that resulted from actual acquisition and disposal of equity may be used to offset a deficit or distributed as cash dividends or share dividends under Article 241-1 of Company Act.

3) Such capital surplus from the effect of changes in associate's ownership interest in its subsidiary that resulted from equity transactions other than actual acquisition and disposal may be used to offset a deficit under Article 239-1 of Company Act.

c. Retained earnings and dividends policy

Under the dividend policy, where the Corporation has a profit at the end of a fiscal year, the Corporation shall first pay business income taxes based on law and then offset losses of previous years, and if there is any remaining profit, 10% of the balance shall be appropriated as legal reserve. In addition, appropriation for special reserve shall be made based on provisions of law. Any remaining amount of profit together with the accumulated undistributed earnings of the previous year shall be allocated for distribution to shareholders. However, depending on the condition of the business, part of the profit may be retained. In case of an increase in the capital of the Corporation, the shareholders' bonus for the new shares in the year of issue shall be decided in the shareholders' meeting. For the policies on distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 32 (f).

The distribution of shareholders' dividend shall take into consideration the changes in the outlook of the Corporation's businesses, the lifespan of the various products or services that have an impact on future capital needs and taxation. Shareholders' dividend shall be distributed with the aim of maintaining stable shareholders' dividend distributions. Save for the purposes of improving the financial structure, reinvestments, production expansion or other capital expenditures in which capital is required, when distributing shareholders' dividend, the dividend payout ratio each fiscal year shall be no less than 50% of the final surplus which is the sum of after-tax profit of the fiscal year to withhold previous loss, if any, legal reserve and special reserve as required by law; the cash dividend shall not be less than 10% of the total shareholders' dividend distributed in the same year.

These appropriations shall be resolved by the shareholders in the following year and given effect to in the financial statements of that year.

The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Corporation is required to appropriate to or reverse from special reserve amounts that pertains to items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs".

The appropriation of earnings and dividends per share for 2018 and 2017 were approved in the shareholders' meetings on June 24, 2019 and June 26, 2018, respectively, were as follows:

| | Appropriation of Earnings | |
|---------------------------------|---------------------------------------|---------------------|
| | For the Year Ended December 31 | |
| | 2018 | 2017 |
| Legal reserve | <u>\$ 1,111,709</u> | <u>\$ 546,900</u> |
| Special reserve | <u>\$ 518,281</u> | <u>\$ 943,188</u> |
| Cash dividends | <u>\$ 9,412,052</u> | <u>\$ 4,033,737</u> |
| Cash dividends per share (NT\$) | <u>\$ 2.8</u> | <u>\$ 1.2</u> |

The appropriation of earnings for 2019 had been proposed by the Corporation's board of directors on March 25, 2020. The proposed appropriation of earnings and dividend per share were as follows:

| | For the Year Ended December 31, 2019 |
|---------------------------------|---|
| Legal reserve | <u>\$ 1,745,967</u> |
| Special reserve | <u>\$ 804,347</u> |
| Cash dividends | <u>\$ 10,084,341</u> |
| Cash dividends per share (NT\$) | <u>\$ 3.0</u> |

Assuming that the shares reciprocally held by associates were not treated as treasury shares and not deducted from weighted average number of shares outstanding, the basic EPS would be NT\$5.19 for the year ended December 31, 2019.

The appropriations of earnings for 2019 are subject to the resolution of the shareholders' meeting to be held on June 23, 2020.

d. Special reserve recognized at the date of transition

In the first-time adoption of IFRSs, the amounts of adjusted unrealized revaluation increments, cumulative translation adjustments and unappropriated earnings recognized from the investment properties of associates which used fair value as deemed cost were \$10,715,430 thousand, \$3,163,258 thousand and \$52,494 thousand, respectively; the Corporation appropriated the amounts to special reserve.

In addition, on the initial application of the fair value model to investment properties, the Corporation appropriated to special reserve the amount of the net increase in fair value of investment properties and transferred it to retained earnings. Additional special reserve should be appropriated for subsequent net increases in fair value. The amount appropriated may be reversed to the extent that the cumulative net increases in fair value decrease or on the disposal of investment properties.

The Group and its associates used and disposed of some of the related assets; accordingly, special reserve reversed to unappropriated earnings amounted to \$548,152 thousand as of December 31, 2019.

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 | \$ (2,641,364) | \$ (2,638,153) |
| Exchange differences on translating the financial statements of foreign operations | (1,818,030) | (627,348) |
| Share of exchange difference of associates and joint ventures accounted for using equity method | <u>(1,453,807)</u> | <u>624,137</u> |
| Balance at December 31 | <u>\$ (5,913,201)</u> | <u>\$ (2,641,364)</u> |

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

| | For the Year Ended December 31 | |
|---|---------------------------------------|---------------------|
| | 2019 | 2018 |
| Balance at January 1 | \$ 5,268,916 | \$ 516,962 |
| Unrealized gain - equity instruments | 1,190,260 | 926,188 |
| Related income tax | - | (219,554) |
| Share from associates and joint ventures accounted for using equity method | | |
| Equity instruments | 1,502,271 | 634,103 |
| Debt instruments | 26,587 | 2,520 |
| Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal | <u>(79,711)</u> | <u>3,408,697</u> |
| Balance at December 31 | <u>\$ 7,908,323</u> | <u>\$ 5,268,916</u> |

3) Cash flow hedges

| | For the Year Ended December 31 | |
|--|---------------------------------------|------------------|
| | 2019 | 2018 |
| Balance at January 1 | \$ 60,934 | \$ 58,485 |
| Cash flow hedges | - | (2,434) |
| Share from associates and joint ventures accounted for using equity method | <u>(8,793)</u> | <u>4,883</u> |
| Balance at December 31 | <u>\$ 52,141</u> | <u>\$ 60,934</u> |

4) Gains on property revaluation

| | For the Year Ended December 31 | |
|--|---------------------------------------|-------------------|
| | 2019 | 2018 |
| Balance at January 1 | \$ 307,728 | \$ 307,728 |
| Share from associates and joint ventures accounted for using equity method | <u>77,486</u> | <u>-</u> |
| Balance at December 31 | <u>\$ 385,214</u> | <u>\$ 307,728</u> |

f. Non-controlling interests

| | For the Year Ended December 31 | |
|---|---------------------------------------|---------------|
| | 2019 | 2018 |
| Balance at January 1 | \$ 21,156,120 | \$ 18,365,609 |
| Effect of retrospective application | <u>(4)</u> | <u>-</u> |
| Balance at January 1, 2019 as restated | 21,156,116 | 18,365,609 |
| Attributable to non-controlling interests: | | |
| Share of profit for the year | 4,784,280 | 3,772,103 |
| Other comprehensive income (loss) during the year | | |
| Exchange difference on translating the financial statements of foreign operations | (817,599) | (267,413) |
| Unrealized gain on financial assets at FVTOCI | 3,032 | 1,497 |
| Related income tax | - | (526) |

(Continued)

| | For the Year Ended December 31 | |
|--|---------------------------------------|-------------------------------------|
| | 2019 | 2018 |
| Remeasurement on defined benefit plans | \$ 736 | \$ (309) |
| Related income tax | (118) | 3 |
| Share of other comprehensive income of associates and joint ventures accounted for using equity method | 3,782 | 8,662 |
| Share of other changes in equity of associates and joint ventures accounted for using equity method | (29) | (2) |
| Cash dividends from subsidiaries | <u>(1,748,520)</u> | <u>(723,504)</u> |
| Balance at December 31 | <u>\$ 23,381,680</u> | <u>\$ 21,156,120</u> (Concluded) |

31. OPERATING REVENUE

a. Revenue from contracts with customers

| | For the Year Ended December 31 | |
|-----------------------------------|---------------------------------------|----------------------|
| | 2019 | 2018 |
| Operating revenue | | |
| Sales of goods | \$ 79,348,234 | \$ 73,071,313 |
| Electric power revenue | 6,385,664 | 5,905,306 |
| Transportation revenue | 1,751,490 | 1,803,059 |
| Rental revenue | 1,110,758 | 1,142,218 |
| Engineering revenue | 183,836 | 286,691 |
| Income from investments | | |
| Sale of investments | 5,969,730 | 3,135,587 |
| Cost of investments sold | <u>5,651,384</u> | <u>2,883,728</u> |
| Gain on sale of investments, net | 318,346 | 251,859 |
| Dividends | <u>310,015</u> | <u>335,416</u> |
| Total income from investments | 628,361 | 587,275 |
| Less: Sales returns and discounts | <u>60,706</u> | <u>54,858</u> |
| Total operating revenue, net | <u>\$ 89,347,637</u> | <u>\$ 82,741,004</u> |

b. Contract balances

| | For the Year Ended December 31 | |
|----------------------|---------------------------------------|-------------------|
| | 2019 | 2018 |
| Contract assets | <u>\$ 68,412</u> | <u>\$ 147,528</u> |
| Contract liabilities | <u>\$ 987,496</u> | <u>\$ 731,015</u> |

The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Group's performance and the respective customer's payment

32. NET PROFIT

Net profit was as follows:

a. Other income

| | For the Year Ended December 31 | |
|-------------------|---------------------------------------|---------------------|
| | 2019 | 2018 |
| Interest income | \$ 1,126,001 | \$ 370,571 |
| Dividends | 451,294 | 434,898 |
| Government grants | 219,549 | 430,015 |
| Rental income | 15,826 | 51,105 |
| Others | <u>185,930</u> | <u>193,214</u> |
| | <u>\$ 1,998,600</u> | <u>\$ 1,479,803</u> |

b. Other gains and losses

| | For the Year Ended December 31 | |
|---|---------------------------------------|-----------------------|
| | 2019 | 2018 |
| Net gain (loss) gain on financial assets and liabilities designated as at FVTPL | \$ 1,129,040 | \$ (256,294) |
| Net foreign exchange (losses) gains | (260,069) | 90,672 |
| Gain on changes in fair value of investment properties (Note 18) | 197,647 | 98,015 |
| Bank charges | (129,895) | (142,401) |
| Gain on disposal of investments | 46,846 | - |
| Loss on disposal of property, plant and equipment | (44,225) | (33,455) |
| Preparatory costs (Note 22) | (40,286) | (159,275) |
| Loss on disposal of investments accounted for using equity method | (5,761) | - |
| Impairment losses of goodwill | - | (630,631) |
| Impairment losses recognized on investments accounted for using equity method | - | (200,245) |
| Gain on disposal of subsidiaries | - | 40,440 |
| Miscellaneous expenses | <u>(231,643)</u> | <u>(540,592)</u> |
| | <u>\$ 661,654</u> | <u>\$ (1,733,766)</u> |

c. Finance costs

| | For the Year Ended December 31 | |
|--|---------------------------------------|---------------------|
| | 2019 | 2018 |
| Interest on bank loans | \$ 1,745,355 | \$ 1,645,742 |
| Interest on lease liabilities | 38,518 | - |
| Amortization of discount on bonds payable | 88,240 | 24,567 |
| Other interest expense | 5,842 | 3,103 |
| Less: Amounts included in the cost of qualifying assets (capitalized interest) | <u>(57,332)</u> | <u>(227)</u> |
| | <u>\$ 1,820,623</u> | <u>\$ 1,673,185</u> |

Information about capitalized interest was as follows:

| | For the Year Ended December 31 | |
|----------------------|---------------------------------------|---------------|
| | 2019 | 2018 |
| Capitalized interest | <u>\$ 57,332</u> | <u>\$ 227</u> |
| Capitalization rate | 0.758%-1.797% | 0.726%-1.139% |

d. Depreciation and amortization

| | For the Year Ended December 31 | |
|---|---------------------------------------|---------------------|
| | 2019 | 2018 |
| An analysis of depreciation by function | | |
| Operating costs | \$ 4,614,621 | \$ 4,524,970 |
| Operating expenses | 207,601 | 115,507 |
| Non-operating expenses | <u>5,196</u> | <u>9,084</u> |
| | <u>\$ 4,827,418</u> | <u>\$ 4,649,561</u> |
| An analysis of amortization by function | | |
| Operating costs | \$ 1,281,762 | \$ 172,655 |
| Operating expenses | <u>10,963</u> | <u>11,594</u> |
| | <u>\$ 1,292,725</u> | <u>\$ 184,249</u> |

e. Employee benefits expense

| | For the Year Ended December 31, 2019 | | | |
|------------------------------------|---|---------------------------|-------------------------------|---------------------|
| | Operating Costs | Operating Expenses | Non-operating Expenses | Total |
| Post-employment benefits (Note 29) | | | | |
| Defined contribution plans | \$ 153,661 | \$ 36,735 | \$ - | \$ 190,396 |
| Defined benefit plans | (457) | (2,818) | - | (3,275) |
| Short-term benefits | | | | |
| Salary | 3,115,692 | 1,062,143 | 9,492 | 4,187,327 |
| Remuneration of directors | - | 246,812 | - | 246,812 |
| Labor and health insurance | 173,266 | 48,568 | (1) | 221,833 |
| Other employees - related expenses | 95,147 | 84,028 | 6 | 179,181 |
| Termination benefits | 174 | - | 1,235 | 1,409 |
| Other employee benefits | <u>-</u> | <u>180,062</u> | <u>-</u> | <u>180,062</u> |
| Total employee benefits expense | <u>\$ 3,537,483</u> | <u>\$ 1,655,530</u> | <u>\$ 10,732</u> | <u>\$ 5,203,745</u> |
| | For the Year Ended December 31, 2018 | | | |
| | Operating Costs | Operating Expenses | Non-operating Expenses | Total |
| Post-employment benefits (Note 29) | | | | |
| Defined contribution plans | \$ 160,404 | \$ 41,020 | \$ 80 | \$ 201,504 |
| Defined benefit plans | 3,743 | (442) | - | 3,301 |
| Short-term benefits | | | | |
| Salary | 2,869,723 | 932,725 | 3,200 | 3,805,648 |
| Remuneration of directors | - | 250,692 | - | 250,692 |
| Labor and health insurance | 176,539 | 50,966 | 153 | 227,658 |
| Other employees - related expenses | 86,654 | 12,285 | 70 | 99,009 |
| Termination benefits | - | - | 3,270 | 3,270 |
| Other employee benefits | <u>-</u> | <u>71,340</u> | <u>432</u> | <u>71,772</u> |
| Total employee benefits expense | <u>\$ 3,297,063</u> | <u>\$ 1,358,586</u> | <u>\$ 7,205</u> | <u>\$ 4,662,854</u> |

f. Employees' compensation and remuneration of directors

The Corporation accrued employees' compensation and remuneration of directors at the rates between 1% and 4% and no higher than 2.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2019 and 2018, which have been approved by the Corporation's board of directors on March 25, 2020 and March 21, 2019, respectively, were as follows:

| | For the Year Ended December 31 | | | |
|---------------------------|---------------------------------------|---------------|-------------|---------------|
| | 2019 | | 2018 | |
| | Cash | Shares | Cash | Shares |
| Employees' compensation | \$ 261,064 | \$ - | \$ 253,436 | \$ - |
| Remuneration of directors | 230,296 | - | 223,658 | - |

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2018 and 2017.

Information on the employees' compensation and remuneration of directors resolved by the Corporation's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

33. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of tax expense recognized in profit or loss

| | For the Year Ended December 31 | |
|---|---------------------------------------|---------------------|
| | 2019 | 2018 |
| Current tax | | |
| In respect of the current year | \$ 5,286,839 | \$ 4,205,378 |
| Income tax on unappropriated earnings | 4,049 | 22,260 |
| Withholding tax on dividend | 357,160 | 143,261 |
| Adjustments for prior years | <u>33,997</u> | <u>3,608</u> |
| | <u>5,682,045</u> | <u>4,374,507</u> |
| Deferred tax | | |
| In respect of the current year | 467,184 | 974,372 |
| Adjustments to deferred tax attributable to changes in tax rates and laws | <u>-</u> | <u>132,042</u> |
| | <u>467,184</u> | <u>1,106,414</u> |
| Income tax expense recognized in profit or loss | <u>\$ 6,149,229</u> | <u>\$ 5,480,921</u> |

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

| | For the Year Ended December 31 | |
|--|---------------------------------------|----------------------|
| | 2019 | 2018 |
| Profit before tax from continuing operations | \$ <u>28,393,182</u> | \$ <u>20,370,118</u> |
| Income tax expense calculated at the statutory rate | \$ 5,678,636 | \$ 4,074,024 |
| Nondeductible expenses in determining taxable income | 394,782 | 646,250 |
| Tax-exempt income | (984,792) | (1,047,109) |
| Unrecognized deductible temporary differences | 1,495,799 | 2,022,562 |
| Tax on changes in fair value of investment properties | (4,024) | (19,411) |
| Unrecognized (deductible) loss carryforwards | 44,197 | (82,852) |
| Investment credits | (671,516) | (441,247) |
| Effect of tax rate changes | - | 132,042 |
| Effect of different tax rate of the Group operating in other jurisdictions | 12,260 | 14,167 |
| Income tax on unappropriated earnings | 4,049 | 22,260 |
| Additional income tax under the Alternative Minimum Tax Act | - | 13,366 |
| Withholding tax on dividend | 357,160 | 143,261 |
| Adjustments for prior years' tax | 33,997 | 3,608 |
| Tax credit - income from sources in Mainland China | <u>(211,319)</u> | <u>-</u> |
| Income tax expense recognized in profit or loss | \$ <u>6,149,229</u> | \$ <u>5,480,921</u> |

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings was reduced from 10% to 5%. The applicable tax rate used by subsidiaries in China is 15%-25%. Tax rates used by other entities in the Group operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax recognized in other comprehensive income

| | For the Year Ended December 31 | |
|---|---------------------------------------|---------------------|
| | 2019 | 2018 |
| <u>Deferred tax</u> | | |
| In respect of the current year | | |
| Fair value changes of financial assets at FVTOCI | \$ - | \$ (220,107) |
| Remeasurement on defined benefit plans | <u>(117,626)</u> | <u>(64,194)</u> |
| Total income tax recognized in other comprehensive income | \$ <u>(117,626)</u> | \$ <u>(284,301)</u> |

c. Current tax assets and liabilities

| | December 31 | |
|-------------------------|---------------------|---------------------|
| | 2019 | 2018 |
| Current tax assets | | |
| Tax refund receivable | <u>\$ 6,785</u> | <u>\$ 15,901</u> |
| Current tax liabilities | | |
| Income tax payable | <u>\$ 2,957,672</u> | <u>\$ 2,181,268</u> |

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 Comprehensive Income | Exchange Differences | Closing Balance |
|---|--------------------|---------------------------------|---|-------------------------|-------------------|
| <u>Deferred tax assets</u> | | | | | |
| Temporary differences | | | | | |
| Allowance for impairment loss | \$ 203,417 | \$ 58,283 | \$ - | \$ (10,605) | \$ 251,095 |
| Defined benefit obligation | 25,341 | - | 182 | (7) | 25,516 |
| Other financial assets and liabilities | 8,943 | 3,804 | - | - | 12,747 |
| Investment properties | 4,173 | 1,534 | - | (243) | 5,464 |
| Property, plant and equipment | 3,940 | 235 | - | 30 | 4,205 |
| Others | <u>127,364</u> | <u>(23,081)</u> | <u>-</u> | <u>(4,163)</u> | <u>100,120</u> |
| | 373,178 | 40,775 | 182 | (14,988) | 399,147 |
| Tax losses | <u>63,060</u> | <u>12,853</u> | <u>-</u> | <u>(131)</u> | <u>75,782</u> |
| | <u>\$ 436,238</u> | <u>\$ 53,628</u> | <u>\$ 182</u> | <u>\$ (15,119)</u> | <u>\$ 474,929</u> |

Deferred tax liabilities

| | | | | | |
|--|---------------------|-------------------|-------------------|--------------------|---------------------|
| Temporary differences | | | | | |
| Land value increment tax | \$ 3,449,871 | \$ - | \$ - | \$ - | \$ 3,449,871 |
| Investment properties | 3,089,623 | (2,490) | - | - | 3,087,133 |
| Unappropriated earnings of subsidiaries and associates | 1,763,029 | 541,424 | - | (10,330) | 2,294,123 |
| Finance leases | 616,363 | (17,337) | - | - | 599,026 |
| Defined benefit obligation | 338,363 | 9,762 | 117,808 | - | 465,933 |
| Associates | 61,168 | (3,219) | - | (2,297) | 55,652 |
| Property, plant and equipment | 32,877 | 6,807 | - | - | 39,684 |
| Unrealized foreign exchange gain | 11,372 | (11,372) | - | - | - |
| Allowance for impairment loss | 296 | (296) | - | - | - |
| Others | <u>2,467</u> | <u>(2,467)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 9,365,429</u> | <u>\$ 520,812</u> | <u>\$ 117,808</u> | <u>\$ (12,627)</u> | <u>\$ 9,991,422</u> |

For the year ended December 31, 2018

| | Opening Balance | Recognized in Profit or Loss | Recognized in Other Comprehensive Income | Exchange Differences | Closing Balance |
|---|--------------------|---------------------------------|---|-------------------------|-----------------|
| <u>Deferred tax assets</u> | | | | | |
| Temporary differences | | | | | |
| Allowance for impairment loss | \$ 167,788 | \$ 39,199 | \$ - | \$ (3,570) | \$ 203,417 |
| Defined benefit obligation | 23,027 | - | 2,314 | - | 25,341 |
| Other financial assets and liabilities | - | 8,943 | - | - | 8,943 |

(Continued)

| | Opening Balance | Recognized in Profit or Loss | Recognized in Other Comprehensive Income | Exchange Differences | Closing Balance |
|---|---------------------|------------------------------|--|----------------------|------------------------------------|
| Investment properties | \$ 4,124 | \$ 112 | \$ - | \$ (63) | \$ 4,173 |
| Property, plant and equipment | 21,526 | (17,647) | - | 61 | 3,940 |
| FVTOCI financial assets | 220,113 | - | (220,113) | - | - |
| Others | <u>75,217</u> | <u>53,746</u> | <u>-</u> | <u>(1,599)</u> | <u>127,364</u> |
| | 511,795 | 84,353 | (217,799) | (5,171) | 373,178 |
| Tax losses | <u>52,390</u> | <u>10,839</u> | <u>-</u> | <u>(169)</u> | <u>63,060</u> |
| | <u>\$ 564,185</u> | <u>\$ 95,192</u> | <u>\$ (217,799)</u> | <u>\$ (5,340)</u> | <u>\$ 436,238</u> |
| Deferred tax liabilities | | | | | |
| Temporary differences | | | | | |
| Land value increment tax | \$ 3,449,871 | \$ - | \$ - | \$ - | \$ 3,449,871 |
| Investment properties | 3,109,538 | (19,915) | - | - | 3,089,623 |
| Unappropriated earnings of subsidiaries | 654,553 | 1,110,236 | - | (1,760) | 1,763,029 |
| Finance leases | 547,736 | 68,627 | - | - | 616,363 |
| Defined benefit obligation | 245,265 | 26,596 | 66,502 | - | 338,363 |
| Associates | 65,639 | (3,390) | - | (1,081) | 61,168 |
| Property, plant and equipment | 22,033 | 10,844 | - | - | 32,877 |
| Other financial assets and liabilities | 4,671 | 6,701 | - | - | 11,372 |
| Allowance for impairment loss | 84 | 212 | - | - | 296 |
| Others | <u>772</u> | <u>1,695</u> | <u>-</u> | <u>-</u> | <u>2,467</u> |
| | <u>\$ 8,100,162</u> | <u>\$ 1,201,606</u> | <u>\$ 66,502</u> | <u>\$ (2,841)</u> | <u>\$ 9,365,429</u> (Concluded) |

- e. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

| | December 31 | |
|--------------------|--------------------|---------------------|
| | 2019 | 2018 |
| Loss carryforwards | | |
| Expire in 2018 | \$ - | \$ 1,635 |
| Expire in 2019 | - | 561,999 |
| Expire in 2020 | 65 | - |
| Expire in 2021 | 222,751 | 222,721 |
| Expire in 2022 | 247,214 | 247,162 |
| Expire in 2023 | 27,810 | 27,752 |
| Expire in 2024 | 58,219 | 58,219 |
| Expire in 2025 | 299,401 | 299,401 |
| Expire in 2026 | - | 156,574 |
| Expire in 2027 | - | 23,022 |
| Expire in 2029 | 4,312 | - |
| No expiration | <u>7,522</u> | <u>-</u> |
| | <u>\$ 867,294</u> | <u>\$ 1,598,485</u> |

f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2019 comprised the following:

| Unused Amount | Expiry Year |
|----------------------|--------------------|
| \$ 65 | 2020 |
| 222,751 | 2021 |
| 247,214 | 2022 |
| 27,810 | 2023 |
| 58,219 | 2024 |
| 299,401 | 2025 |
| 229,335 | 2029 |
| <u>188,566</u> | No expiration |
| <u>\$ 1,273,361</u> | |

g. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2019 and 2018, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$5,750,255 thousand and \$5,104,939 thousand, respectively.

h. The latest years of income tax returns which had been examined and cleared by the tax authorities were as follows:

| <u>Company</u> | <u>Year</u> |
|-----------------|-------------|
| The Corporation | 2017 |
| DCI | 2017 |
| YTRMC | 2017 |
| YSRMC | 2017 |
| FMT | 2017 |
| AEE | 2017 |
| AIC | 2017 |
| FDT | 2017 |
| YLPPC | 2017 |
| FSMS | 2017 |
| NHC | 2017 |
| CHP | 2017 |
| YLSS | 2017 |
| YLT | 2017 |

34. EARNINGS PER SHARE

Unit: NT\$ Per Share

| | <u>For the Year Ended December 31</u> | |
|----------------------------|---------------------------------------|----------------|
| | <u>2019</u> | <u>2018</u> |
| Basic earnings per share | <u>\$ 5.56</u> | <u>\$ 3.54</u> |
| Diluted earnings per share | <u>\$ 5.25</u> | <u>\$ 3.49</u> |

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

Net Profit for the Year

| | For the Year Ended December 31 | |
|---|---------------------------------------|----------------------|
| | 2019 | 2018 |
| Profit for the period attributable to owners of the Corporation | \$ 17,459,673 | \$ 11,117,094 |
| Effect of potentially dilutive ordinary shares: | | |
| Convertible bonds | <u>(55,373)</u> | <u>26,638</u> |
| Earnings used in the computation of diluted earnings per share | <u>\$ 17,404,300</u> | <u>\$ 11,143,732</u> |

Weighted average number of ordinary shares outstanding (in thousand shares):

| | For the Year Ended December 31 | |
|--|---------------------------------------|------------------|
| | 2019 | 2018 |
| Weighted average number of ordinary shares in computation of basic earnings per share | 3,138,664 | 3,139,152 |
| Effect of potentially dilutive ordinary shares: | | |
| Employees' compensation | 6,888 | 8,585 |
| Convertible bonds | <u>166,769</u> | <u>44,656</u> |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | <u>3,312,321</u> | <u>3,192,393</u> |

The weighted average number of ordinary shares used in the computation of basic earnings per share is the weighted average outstanding shares after subtracting the shares of the Corporation held by the associates treated as treasury shares.

When an entity pays employee compensation that may be settled in shares or cash at the entity's option, the entity shall presume that the employee compensation will be settled in shares, and the resulting potential shares shall be included in diluted earnings per share if the effect is dilutive. The number of shares is estimated by dividing the entire amount of the compensation by the closing price of the shares at the balance sheet date. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

35. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

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 Group is not subject to any externally imposed capital requirements.

Key management personnel of the Group review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders and the amount of new debt issued or existing debt redeemed.

36. FINANCIAL INSTRUMENTS

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

December 31, 2019

| | Carrying Amount | Fair Value | | | Total |
|---|--------------------|---------------|---------|---------|---------------|
| | | Level 1 | Level 2 | Level 3 | |
| <u>Financial liabilities</u> | | | | | |
| Financial liabilities measured at amortized cost | | | | | |
| Bonds payable (include current portion) | \$ 22,280,807 | \$ 24,156,832 | \$ - | \$ - | \$ 24,156,832 |

December 31, 2018

| | Carrying Amount | Fair Value | | | Total |
|---|--------------------|---------------|---------|---------|---------------|
| | | Level 1 | Level 2 | Level 3 | |
| <u>Financial liabilities</u> | | | | | |
| Financial liabilities measured at amortized cost | | | | | |
| Bonds payable (include current portion) | \$ 16,192,567 | \$ 16,719,158 | \$ - | \$ - | \$ 16,719,158 |

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

1) Fair value hierarchy

December 31, 2019

| | Level 1 | Level 2 | Level 3 | Total |
|---|----------------------|-------------------|---------------------|----------------------|
| <u>Financial assets at FVTPL</u> | | | | |
| Listed shares | \$ 3,474,606 | \$ - | \$ - | \$ 3,474,606 |
| Beneficiary certificates | <u>752,751</u> | <u>500,866</u> | <u>-</u> | <u>1,253,617</u> |
| | <u>\$ 4,227,357</u> | <u>\$ 500,866</u> | <u>\$ -</u> | <u>\$ 4,728,223</u> |
| <u>Financial assets at FVTOCI</u> | | | | |
| Domestic listed shares | \$ 13,238,421 | \$ - | \$ - | \$ 13,238,421 |
| Domestic unlisted shares | - | - | 1,614,601 | 1,614,601 |
| Overseas listed shares | 212,497 | - | - | 212,497 |
| Overseas unlisted shares | <u>-</u> | <u>-</u> | <u>604,985</u> | <u>604,985</u> |
| | <u>\$ 13,450,918</u> | <u>\$ -</u> | <u>\$ 2,219,586</u> | <u>\$ 15,670,504</u> |
| <u>Financial liabilities at FVTPL</u> | | | | |
| Convertible options | \$ - | \$ - | \$ 81,724 | \$ 81,724 |
| Cross-currency swap contracts | <u>-</u> | <u>-</u> | <u>30,346</u> | <u>30,346</u> |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 112,070</u> | <u>\$ 112,070</u> |

December 31, 2018

| | Level 1 | Level 2 | Level 3 | Total |
|---------------------------------------|----------------------|---------------------|---------------------|----------------------|
| <u>Financial assets at FVTPL</u> | | | | |
| Listed shares | \$ 3,502,988 | \$ - | \$ - | \$ 3,502,988 |
| Beneficiary certificates | <u>1,390,765</u> | <u>4,152,830</u> | <u>-</u> | <u>5,543,595</u> |
| | <u>\$ 4,893,753</u> | <u>\$ 4,152,830</u> | <u>\$ -</u> | <u>\$ 9,046,583</u> |
| <u>Financial assets at FVTOCI</u> | | | | |
| Domestic listed shares | \$ 11,774,012 | \$ - | \$ - | \$ 11,774,012 |
| Domestic unlisted shares | - | - | 1,537,291 | 1,537,291 |
| Overseas listed shares | 152,337 | - | - | 152,337 |
| Overseas unlisted shares | <u>-</u> | <u>-</u> | <u>122,026</u> | <u>122,026</u> |
| | <u>\$ 11,926,349</u> | <u>\$ -</u> | <u>\$ 1,659,317</u> | <u>\$ 13,585,666</u> |
| <u>Financial liabilities at FVTPL</u> | | | | |
| Convertible options | \$ - | \$ - | \$ 223,501 | \$ 223,501 |
| Cross-currency swap contracts | <u>-</u> | <u>-</u> | <u>44,717</u> | <u>44,717</u> |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 268,218</u> | <u>\$ 268,218</u> |

There were no transfers between Levels 1 and 2 for the years ended December 31, 2019 and 2018.

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

| | Financial Liabilities at FVTPL Derivatives | Financial Assets at FVTOCI Equity Instruments |
|---|---|--|
| Balance at January 1, 2019 | \$ (268,218) | \$ 1,659,317 |
| Recognized in profit or loss | | |
| Net gain (loss) on financial liabilities at FVTPL | 156,148 | - |
| Recognized in other comprehensive income | | |
| Unrealized gain (loss) on financial assets at FVTOCI | - | (173,946) |
| Exchange differences on translation of foreign financial statements | - | 1 |
| Purchases | - | 118,055 |
| Settlements | - | (113) |
| Transfers into Level 3 | <u>-</u> | <u>616,272</u> |
| Balance at December 31, 2019 | <u>\$ (112,070)</u> | <u>\$ 2,219,586</u> |

| | Financial Liabilities at FVTPL Derivatives | Financial Assets at FVTOCI Equity Instruments |
|--|---|--|
| Balance at January 1, 2018 | \$ - | \$ 10,090,195 |
| Recognized in profit or loss | | |
| Net gain (loss) on financial liabilities at FVTPL | (47,303) | - |
| Recognized in other comprehensive income | | |
| Unrealized gain (loss) on financial assets at FVTOCI | - | 1,361,674 |
| Purchases | (220,915) | - |
| Transfers out of Level 3 | <u>-</u> | <u>(9,792,552)</u> |
| Balance at December 31, 2018 | <u>\$ (268,218)</u> | <u>\$ 1,659,317</u> |

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

Financial Instruments

Valuation Techniques and Inputs

Mutual funds The Group uses net asset value as the basis to determine the fair value as the Group has determined that the net asset value of the mutual fund represents fair value at the end of the reporting period.

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

- a) The fair values of convertible bond options are determined using the information available from the counterparty for valuation based on the option pricing model. The option pricing model incorporates the present value techniques and reflects both the time value and the intrinsic value of options.
- b) The fair value of cross currency swap contracts is determined using the information available from the counterparty for valuation. The counterparty measures the fair value of a cross currency swap contracts using the discounted cash flows model. Future cash flows are estimated based on observable forward exchange rates at balance sheet dates and contract forward rates and discounted at rates that reflect the credit risk of various counterparties.
- c) The fair value of equity securities suspended for trading and therefore without quoted price was determined by using the weighted average of values calculated under market-based approach. In market-based approach, the fair value of the investee is measured by weighted average multiple value of (i) EV/sales, (ii) EV/EBITDA, and (iii) P/B of other comparable listed companies. Liquidity risk parameters need to be taken into account when using this approach.
 - i. EV/Sales: Enterprise value ÷ Sales.
 - ii. EV/EBITDA: Enterprise value ÷ Earnings before interest, taxes, depreciation and amortization.
 - iii. P/B: Price ÷ Book value.
- d) The fair values of unlisted shares are determined by using the asset approach or the market approach. In the asset approach, the fair values are estimated by using the net asset value measured at fair value based on the unlisted investees' latest financial statements, while taking into account the liquidity discount and non-controlling interest discount. In the market approach, the fair values are estimated based on the market transaction prices of comparable companies with similar industrial and business characteristics and liquidity discount are considered.

c. Categories of financial instruments

| | December 31 | |
|---|--------------------|--------------|
| | 2019 | 2018 |
| <u>Financial assets</u> | | |
| Financial assets at FVTPL | \$ 4,728,223 | \$ 9,046,583 |
| Financial assets at amortized cost (1) | 70,392,634 | 55,388,001 |
| Financial assets at FVTOCI | 15,670,504 | 13,585,666 |
| <u>Financial liabilities</u> | | |
| Financial liabilities at FVTPL | 112,070 | 268,218 |
| Financial liabilities at amortized cost (2) | 109,832,847 | 105,054,422 |

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, debt investments, notes receivable, trade receivables and other receivables.
- 2) The balances include financial liabilities measured at amortized cost, which comprise short-term and long-term loans, short-term and long-term bills payable, trade and other payables, and bonds issued.

d. Financial risk management objectives and policies

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

The Group mitigates the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Corporation's board of directors, which provides written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis.

1) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into cross-currency swap contracts to mitigate its exposure to foreign currency risk and interest risk.

a) Foreign currency risk

Several subsidiaries of the Corporation have foreign currency sales and purchases and foreign currency financing activities, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 41.

Sensitivity analysis

The Group was mainly exposed to the RMB and USD.

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity rate of 5% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items less notional amounts of cross-currency swap. The analysis assumed a 5% change in foreign currency rates at the end of the reporting period. A positive number below indicates an increase in pre-tax profit assuming the New Taiwan dollars weakened by 5% against the relevant currency. For a 5% strengthening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances shown below would be negative.

| | <u>RMB Impact</u> | | <u>USD Impact</u> | |
|---------------------------------------|---------------------------|-------------|---------------------------|-------------|
| | <u>For the Year Ended</u> | | <u>For the Year Ended</u> | |
| | <u>December 31</u> | | <u>December 31</u> | |
| | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> |
| Increase (decrease) in pre-tax profit | \$ 46,002 | \$ 69,060 | \$ 709,830 | \$ 145,181 |

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrows 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 and using cross currency swap contracts.

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

| | <u>December 31</u> | |
|-------------------------------|--------------------|---------------|
| | <u>2019</u> | <u>2018</u> |
| Fair value interest rate risk | | |
| Financial assets | \$ 27,512,074 | \$ 17,727,715 |
| Financial liabilities | 71,427,610 | 45,872,001 |
| Cash flow interest rate risk | | |
| Financial assets | 19,745,430 | 12,084,642 |
| Financial liabilities | 26,024,771 | 50,569,182 |

Sensitivity analysis

The sensitivity analysis below is based on the Group's exposure to changes in interest rates of non-derivative instruments at the end of the reporting period.

If interest rates had been 0.01% 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 decreased/increased by \$2,238 thousand and \$3,698 thousand, respectively, mainly due to the Group's exposure to changes in interest rates of its variable-rate bank borrowings and bank deposits.

c) Other price risk

The Group is exposed to price risk through its investments in listed equity securities, corporate bonds and beneficiary certificates of funds.

Sensitivity analysis

The sensitivity analysis below is based on the exposure to investment position price risks at the end of the reporting period.

If investment position prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2019 and 2018 would have increased/decreased by \$47,282 thousand and \$90,466 thousand, respectively, as a result of the changes in fair value of financial assets at fair value through profit or loss, and the pre-tax other comprehensive income for the years ended December 31, 2019 and 2018 would have increased/decreased by \$134,509 thousand and \$119,263 thousand, respectively, as a result of the changes in fair value of financial assets at fair value through other comprehensive income.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Group is equal to the carrying amount of the financial assets as stated in the balance sheets. 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 only transacts with entities that are rated the equivalent of investment grade and above. The Group uses publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The counterparties in trade receivables consist of a large number of clients in different industries and regions. The Group evaluates clients' financial condition continuously.

Credit risk represents the potential negative impact on the financial assets of the Group if counterparties or third parties breach the contracts. The Group evaluates credit risk exposure on contracts with positive carrying value. The Group evaluated the credit risk exposure as immaterial because all counterparties are reputable financial institutions and companies with good credit ratings.

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.

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

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had 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 tables included both interest and principal cash flows.

December 31, 2019

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|---|---|----------------------|-------------------------------|----------------------|---------------------|
| <u>Non-derivative financial liabilities</u> | | | | | |
| Non-interest bearing | \$ 4,071,572 | \$ 6,763,068 | \$ 2,249,956 | \$ 662,325 | \$ 88,917 |
| Lease liabilities | 19,520 | 39,041 | 175,682 | 659,828 | 1,091,089 |
| Variable interest rate liabilities | 4,170,000 | 3,402,589 | 1,701,775 | 14,372,866 | 2,377,541 |
| Fixed interest rate liabilities | <u>5,110,435</u> | <u>38,322,937</u> | <u>3,187,476</u> | <u>23,351,390</u> | <u>-</u> |
| | <u>\$ 13,371,527</u> | <u>\$ 48,527,635</u> | <u>\$ 7,314,889</u> | <u>\$ 39,046,409</u> | <u>\$ 3,557,547</u> |

Additional information about the maturity analysis for lease liabilities:

| | Less than 1 Year | 1-5 Years | 5-10 Years | 10-15 Years | 15-20 Years | 20+ Years |
|-------------------|-----------------------------|-------------------|-------------------|--------------------|--------------------|-------------------|
| Lease liabilities | <u>\$ 234,243</u> | <u>\$ 659,828</u> | <u>\$ 372,944</u> | <u>\$ 207,887</u> | <u>\$ 162,230</u> | <u>\$ 348,028</u> |

December 31, 2018

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|---|---|----------------------|-------------------------------|----------------------|------------------|
| <u>Non-derivative financial liabilities</u> | | | | | |
| Non-interest bearing | \$ 4,323,700 | \$ 2,662,290 | \$ 866,745 | \$ 690,195 | \$ 70,309 |
| Variable interest rate liabilities | 6,735,000 | 6,725,614 | 8,508,552 | 28,600,016 | - |
| Fixed interest rate liabilities | <u>17,746,801</u> | <u>6,213,450</u> | <u>4,725,303</u> | <u>17,186,447</u> | <u>-</u> |
| | <u>\$ 28,805,501</u> | <u>\$ 15,601,354</u> | <u>\$ 14,100,600</u> | <u>\$ 46,476,658</u> | <u>\$ 70,309</u> |

The amounts above of variable interest rate non-derivative financial assets and liabilities are subject to change if actual variable interest rates differ from those estimates of interest rates at the end of the reporting period.

b) Liquidity and interest rate tables for derivative financial liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

December 31, 2019

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|-------------------------------|---|--------------------|-------------------------------|---------------------|-----------------|
| <u>Net settled</u> | | | | | |
| Cross-currency swap contracts | <u>\$ -</u> | <u>\$ (44,872)</u> | <u>\$ (135,109)</u> | <u>\$ (135,109)</u> | <u>\$ -</u> |

December 31, 2018

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|-------------------------------|---|-------------------|-------------------------------|------------------|-----------------|
| <u>Net settled</u> | | | | | |
| Cross-currency swap contracts | \$ _____ - | \$ (39,911) | \$ (139,437) | \$ (322,827) | \$ _____ - |

- e. Transfers of financial assets. None.
- f. Offsetting financial assets and financial liabilities. None.
- g. Reclassifications. None.

37. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

Transactions with related parties are conducted under normal terms.

Balances and transactions between the Group and single related party are disclosed separately except when the amount is less than 10% of the total balances or transactions; otherwise, the amounts are lumped together as others.

- a. Related party name and category

| <u>Related Party Name</u> | <u>Related Party Category</u> |
|---------------------------|-------------------------------|
| FENC | Associate |
| U-Ming | Associate |
| SHSTC | Associate |
| EISF | Associate |
| PGIC | Associate |
| YDC | Associate |
| OSC | Associate |
| HZYCCL | Associate |
| FEDSDL | Associate |
| YDLC | Associate |
| FEC | Associate |
| YDES | Associate |
| YYI | Associate |
| YDEC | Associate |
| Alliance | Joint venture |
| PEI | Joint venture |
| HXMC | Joint venture |
| WAMTC | Joint venture |

(Continued)

| Related Party Name | Related Party Category |
|--|-------------------------------|
| Malaysia Garment Manufacturers Private Limited | Other |
| U-Ming Transport (Singapore) Private Limited | Other |
| CHC Resources Corporation | Other |
| Far Eastern Department Store Ltd. | Other |
| Chu Chiang Enterprise Corp. Ltd. | Other |
| Chu Feng | Other |
| Air Liquide Far Eastern Co. | Other |
| Oriental Petrochemical (Taiwan) Corporation | Other |
| Far Eastern Memorial Hospital | Other |
| Ya Tung Department Store Ltd. | Other |
| Yuan Ze University | Other |
| Oriental Resources Development Co., Ltd. | Other |
| Far Eastern Leasing Corporation | Other |
| Ho Hwei Enterprise Corp. Ltd. | Other |
| Far Eastern Apparel Co., Ltd. | Other |
| Oriental Union Chemical Corp. | Other |
| NanKung Enterprise Ltd. | Other |
| New Century InfoComm Tech Co., Ltd. | Other |
| Ding & Ding Management Consultants Co., Ltd. | Other |
| Far Eastern Fibertech Co., Ltd. | Other |
| Far Eastern Technical Consultants Co., Ltd. | Other |
| Far Eastern International Bank (FEIB) | Other |
| FENCC | Other |
| Far Eastern New Apparel (Vietnam) Ltd. | Other |
| Far Eastern Polytex (Vietnam) Ltd. | Other |
| FERD | Other |
| Far Eastern General Construction Inc. | Other |
| Far Eastone Telecommunications Co., Ltd. | Other |
| Far Eastern Property Insurance Agency Co., Ltd. | Other |
| Far Eastern International Leasing Corporation | Other |
| Lien Fang Enterprise Corp. Ltd. | Other |
| Chubei New Century Shopping Mall Co., Ltd. | Other |
| Far Eastern Electronic Toll Collection Co., Ltd. | Other |
| Mr. Xu Yuanzhi Memorial Foundation | Other |
| YDT Technology International Corporation | Other |
| J-Power Investment Netherlands | Other |
| Pan Asia Engineers & Constructors Corp. | Other |

(Concluded)

Note: Other related party relationships mainly include associates' subsidiaries, legal person in which the chairman is the same as the Corporation's chairman and the director is also the Corporation's chairman.

b. Operating Transactions

| | For the Year Ended December 31 | |
|-------------------|---------------------------------------|---------------------|
| | 2019 | 2018 |
| Operating revenue | | |
| Associates | \$ 702,196 | \$ 694,540 |
| Others | 1,723,085 | 1,766,679 |
| Joint ventures | <u>649,054</u> | <u>497,486</u> |
| | <u>\$ 3,074,335</u> | <u>\$ 2,958,705</u> |
| Operating cost | | |
| Associates | \$ 612,418 | \$ 601,236 |
| Others | 851,858 | 907,989 |
| Joint ventures | <u>784,217</u> | <u>653,781</u> |
| | <u>\$ 2,248,493</u> | <u>\$ 2,163,006</u> |

Receivables from related parties (including notes receivable, trade receivables, other receivables and contract assets):

| | December 31 | |
|----------------|--------------------|---------------------|
| | 2019 | 2018 |
| Associates | \$ <u>127,197</u> | \$ <u>120,926</u> |
| Others | | |
| FENCC | - | 1,929,748 |
| Others | <u>569,063</u> | <u>1,243,535</u> |
| | <u>569,063</u> | <u>3,173,283</u> |
| Joint ventures | <u>182,808</u> | <u>268,741</u> |
| | <u>\$ 879,068</u> | <u>\$ 3,562,950</u> |

Accounts payable and accrued expenses to related parties:

| | December 31 | |
|----------------|--------------------|-------------------|
| | 2019 | 2018 |
| Associates | \$ 114,231 | \$ 98,574 |
| Others | 95,151 | 83,694 |
| Joint ventures | <u>47,421</u> | <u>68,588</u> |
| | <u>\$ 256,803</u> | <u>\$ 250,856</u> |

The outstanding trade payables and receivables from related parties are unsecured. For the years ended December 31, 2019 and 2018, no impairment losses were recognized for trade receivables from related parties.

Prepayments:

| | December 31 | |
|----------------|--------------------|------------------|
| | 2019 | 2018 |
| Associates | \$ 15,000 | \$ 15,000 |
| Others | 834 | 77 |
| Joint ventures | <u>83,592</u> | <u>-</u> |
| | <u>\$ 99,426</u> | <u>\$ 15,077</u> |

c. Transactions with FEIB

| | December 31 | |
|-------------------------------|---------------------|---------------------|
| | 2019 | 2018 |
| Bank deposits (Note) | <u>\$ 5,137,217</u> | <u>\$ 3,361,915</u> |
| Bank loans | <u>\$ 1,400,000</u> | <u>\$ 2,106,000</u> |
| Cross-currency swap contracts | <u>\$ (1,415)</u> | <u>\$ 2,358</u> |

As of December 31, 2019 and 2018, the notional principal of the above outstanding cross-currency swap contracts were both US\$15,000 thousands.

Note: The balances included amounts recognized as financial assets measured at amortized cost, and other non-current assets (refundable deposits).

d. Compensation of key management personnel

The amounts of the compensation of directors and other key management personnel for the years ended December 31, 2019 and 2018 were as follows:

| | For the Year Ended December 31 | |
|------------------------------|---------------------------------------|-------------------|
| | 2019 | 2018 |
| Short-term employee benefits | \$ 307,050 | \$ 282,998 |
| Post-employment benefits | <u>864</u> | <u>756</u> |
| | <u>\$ 307,914</u> | <u>\$ 283,754</u> |

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

e. Other transactions with related parties

1) Operating expense - rental

| | For the Year Ended December 31 | |
|------------|---------------------------------------|------------------|
| | 2019 | 2018 |
| Associates | \$ 48,480 | \$ 50,433 |
| Others | <u>11,707</u> | <u>19,073</u> |
| | <u>\$ 60,187</u> | <u>\$ 69,506</u> |

2) Acquisitions of property, plant and equipment

For the Year Ended December 31

| | 2019 | 2018 |
|--|-------------|-------------|
|--|-------------|-------------|

| | | |
|--------|------|-------|
| Others | \$ - | \$ 34 |
|--------|------|-------|

3) Acquisitions of investment properties

For the Year Ended December 31

| | 2019 | 2018 |
|--|-------------|-------------|
|--|-------------|-------------|

| | | |
|--------|------|--------|
| Others | \$ - | \$ 337 |
|--------|------|--------|

4) Lease agreement

Right-of-use Assets

For the Year Ended December 31

| | 2019 | 2018 |
|--|-------------|-------------|
|--|-------------|-------------|

| | | |
|--------|------------|------|
| Others | \$ 154,800 | \$ - |
|--------|------------|------|

Lease Liabilities

For the Year Ended December 31

| | 2019 | 2018 |
|--|-------------|-------------|
|--|-------------|-------------|

| | | |
|--------|------------|------|
| Others | \$ 140,015 | \$ - |
|--------|------------|------|

5) The nature of the Group's transaction with OFSPC is acquisition or disposal of OPAS Fund Segregated Portfolio's overseas fund through OFSPC's platform. The portfolio's decision is made and managed by the investment committee which is composed of the Group and other investors. The Group's investment activities through OFSPC's platform for the years ended December 31, 2019 and 2018 included acquisition of \$885,727 thousand and \$4,065,473 thousand, respectively. For the year ended December 31, 2019, disposal and gain on disposal were \$5,553,672 thousand and \$263,631 thousand, respectively.

6) The Corporation's subsidiary, DCI, subscribed shares of Catalyst Tranche Three for \$123,960 thousand in 2019 and subscribed shares of Catalyst Tranche One for \$123,120 thousand in 2018.

38. ASSETS PLEDGED AS COLLATERAL

The following assets are provided as collaterals for short-term and long-term bank borrowings or for purchases from suppliers.

| | December 31 | |
|---|----------------------|----------------------|
| | 2019 | 2018 |
| Investment properties | \$ 13,855,572 | \$ 13,840,249 |
| Investments accounted for using equity method | 13,299,701 | 13,374,748 |
| Property, plant and equipment | 2,393,116 | 2,830,624 |
| Financial assets at fair value through other comprehensive income | 1,543,666 | 1,241,250 |
| Financial assets at amortized cost | 419,742 | 169,139 |
| | \$ 31,511,797 | \$ 31,456,010 |

39. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2019, the Corporation and its subsidiaries had the following significant commitments and contingencies:

- a. Unused letters of credit of US\$9,796 thousand and EUR9,177 thousand.
- b. Guarantee notes issued for related parties:

The Corporation

| | December 31, 2019 |
|-------|------------------------------|
| AIC | \$ 12,195,800 |
| DCI | 9,848,950 |
| NHC | 1,509,020 |
| YTRMC | 1,000,000 |
| YLPPC | 497,642 |
| AEE | 329,930 |
| YSRMC | 150,000 |
| FSMS | <u>30,000</u> |
| | <u>\$ 25,561,342</u> |
| YLSS | |
| YLSS | <u>\$ 100,000</u> |
| DCI | |
| FSMS | <u>\$ 50,000</u> |
| YTRMC | |
| AOC | <u>\$ 14,965</u> |
| AOG | |
| AOC | <u>\$ 14,965</u> |

- c. CHP entered into agreements on the following transactions:
 - 1) Purchase of natural gas from Chinese Petroleum Corporation.
 - 2) Power Plant (base load unit) Purchase and Sale Contract, Power Plant (medium-load unit) Purchase and Sale Contract and Electricity Purchase and Sale Contract for Gas Recirculation with Taiwan Power Company.
 - 3) Contractual Service Agreement with General Electric Global Services GmbH.
 - 4) Contract of Engineering, Procurement and Construction with General Electric Global Services GmbH. and GE Global Parts & Products, GmbH.
- d. The estimated payments for construction of plants and acquisition of land use rights and equipment of JYDC, SIYDCCL, and SLCL in the future amount to RMB36,138 thousand.

- e. YSRMC supplied ready-mixed concrete to Da Cin Construction Co., Ltd. (“Da Cin”) during 2003. The owner of the project under construction demanded Da Cin to take responsibility to repair the construction flaws. Da Cin requested YSRMC to compensate the loss and damage on the construction. However, they did not reach an agreement from year 2006 to 2009. Da Cin filed an appeal and requested YSRMC to indemnify \$22,881 thousand in April 2010. In July 2014, the local court concluded that YSRMC has to pay indemnity in the amount of \$17,642 thousand. In years 2010 and 2014, YSRMC had estimated related compensation loss, accounted for as provisions, of \$13,800 thousand and \$3,840 thousand, respectively. YSRMC had also filed an appeal against the court’s decision in October 2014. Later, Da Cin requested additional compensation of \$137,544 thousand in the second instance and the total damage compensation claimed was \$160,425 thousand together with the amount in the first instance. As of the date the financial statements were authorized for issue, the case is in the process of examination by the Supreme Court so YSRMC cannot make reasonable estimate about the judgment. YSRMC did not recognize additional compensation loss up to the auditors’ report date.
- f. On March 13, 2013, the No. 1114 Commissioners’ Meeting of Fair Trade Commission resolved that independent power producers violated Article 14, Paragraph 1 of Fair Trade Act due to the rejection of power purchase rate adjustment with TPC and fined CHP \$400,000 thousand. Accordingly, CHP recognized penalty expenses, which is included in other losses in the consolidated financial statements for the year ended December 31, 2013. The penalty is payable in 60 monthly installments and covered by a long-term note payable. CHP had filed an appeal on April 17, 2013.

On September 12, 2013, the Petitions and Appeals Committee of the Executive Yuan rescinded the imposition of penalty (the “Penalty Disposition”) and advised the Fair Trade Commission to impose more appropriate disposition with refund of penalty paid by CHP. However, CHP’s appeal against the imposition of illegal concerted action among independent power producers (the “Act Disposition”) was dismissed.

Regarding the Penalty Disposition, the Fair Trade Commission resolved a penalty of \$370,000 thousand on November 13, 2013. CHP thus adjusted the penalty expenses in other gains and losses for the year ended December 31, 2013. The disposition was revoked again by the Petitions and Appeals Committee on May 9, 2014. Then the Fair Trade Commission imposed a penalty of \$364,000 thousand on July 9, 2014. CHP recognized a reversal gain of \$6,000 thousand in other income for the year ended December 31, 2014 and issued a long-term note payable in 60 installments for the penalty in accordance with the disposition. In addition, CHP also filed an appeal to defend its interest on August 11, 2014.

On December 11, 2014, Letter from the Petitions and Appeals Committee indicates that the filing of appeal against the Penalty Disposition is suspended until the administrative court makes the final judgment on the Act Disposition.

Regarding the Act Disposition, on November 7, 2013, CHP filed an administrative litigation at the Taipei High Administrative Court against the dispositions of the Fair Trade Commission. The Taipei High Administrative Court entered a final judgment in favor of CHP on October 29, 2014. Nevertheless, the Fair Trade Commission filed an appeal with the Supreme Administrative Court. The Supreme Administrative Court dismissed the judgment made by the Taipei High Administrative Court on July 2, 2015. The Taipei High Administrative Court remanded the judgement on May 25, 2017 and still revoked the administrative disciplinary action and the judgement of the appeal. The Fair Trade Commission filed an appeal with the Supreme Administrative Court and the Taipei High Administrative Court filed an appeal to the Supreme Administrative Court on September 27, 2018. This case is currently heard by the Taipei High Administrative Court.

- g. On March 15, 2013, Letter No. 102035 from the Fair Trade Commission indicated concerted action among CHP and other independent power producers due to the rejection of power purchase rate adjustment with TPC. Accordingly, in August 2015, TPC filed at the Taipei District Court a civil mediation which requests CHP to compensate \$2.35 billion plus interest from November 1, 2007 to the settlement date for the damage caused. Later, in September 2015, TPC filed at the Taipei District Court a civil litigation appeal which requests CHP to compensate \$2.349 billion plus interest from November 1, 2007 to the settlement date as well as an apology published in major newspapers. TPC also filed at the Taipei High Administrative Court an administrative litigation which requests CHP to compensate the damage caused which amounted to \$1.4 billion plus interest from November 1, 2007 to the settlement date with a 5% annual interest rate.

CHP and TPC did not reach an agreement in the civil mediation council meeting held on October 7, 2015. Later, TPC included the damage compensation claimed in the civil mediation in the administrative litigation appeal and the total compensation claimed in the statement of the administrative litigation amounted to \$3.75 billion plus interest from November 1, 2007 to the settlement date with a 5% annual interest rate. On November 27, 2015, the administrative court ruled that the litigation proceedings are suspended until the administrative court makes the final judgment on the Act Disposition. However, on July 12, 2016, Taipei High Administrative Court notified that the power purchase and sales contracts between independent power producers and TPC are subject to the performance of obligation under the Civil Code. Therefore, the abovementioned ruling for suspension was revoked and the administrative litigation for compensation would be transferred to the Taipei District Court. TPC filed counter appeal against the ruling; however, the appeal was dismissed by the Supreme Administrative Court on December 30, 2016. This case has been transferred to the Taipei District Court on January 25, 2017 and dismissed by Taipei District Court on April 12, 2019.

In light of the civil proceedings, on March 1, 2016, TPC added posterior statement which requests the capital expenditure it paid to CHP from October 9, 2007 to November 30, 2012 according to the power purchase and sales contracts to be recalculated relying on CHP's capital ratio. Accordingly, CHP would compensate at least \$2.349 billion to TPC. The Taipei District Court dismissed the appeal on November 1, 2018, and CHP filed an appeal subsequently. This case is currently heard by the Taiwan High Court.

CHP considered the payment of the indemnity is not possible unless TPC can provide proof that the damage was caused by CHP and their appeal is filed within the statute of limitation. As of the date the financial statements were authorized for issue, the amount of the compensation cannot be reasonably estimated. Therefore, CHP could not assess the possible impact on its financial position and did not recognize any contingent liabilities.

- h. On December 4, 2015 and December 17, 2015, CSCGL, China Shanshui Cement Group (Hong Kong) Company Limited and China Pioneer Cement (Hong Kong) Company Limited (collectively referred as "Shanshui Cement Group") commenced legal proceedings against former directors of CSCGL in respect of alleged dishonest breaches of fiduciary duty or alleged conspiracy to injure CSCGL during their tenures. The proceedings arose from disputes between CSCGL's present and former board of directors over the changes in management and the takeover of the headquarters of CSCGL. On April 7, 2016, the Corporation was added as the 10th defendant. The Corporation engaged lawyers to take legal actions in connection with the unqualified claim to defend its reputation and interests. Up to the date of the auditors' report, the trial was set to take place from April to June in 2021. The Corporation considered it premature to evaluate at this stage the likely outcome of the proceedings and therefore did not recognize any contingent liabilities.

- i. Tianrui Group Company Limited and Tianrui (International) Holding Company Limited (collectively referred as “Tianrui Group”), CSI and former directors of CSCGL, in breach of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Codes on Takeovers and Mergers and share Buy-backs issued by the Hong Kong Securities and Futures Commission and the fiduciary duties, have engaged in unfair prejudicial conducts in favor of Tianrui directly and indirectly through CSCGL which are detrimental to the interests of the shareholders including the Corporation. The Corporation filed a writ of summons to the High Court of Hong Kong in June 2017 and has been seeking legal advice in relation to the legal proceedings. As the respondents’ applications to strike out the petition for technical reasons, the Corporation amended the applications accordingly. Up to the date of the auditors’ report, no decision has been rendered down yet. The Corporation’s appointed attorney has been actively following up on the legal proceedings.
- j. On April 17, 2019, CSCGL announced the result of winding-up petition at the news website of the Hong Kong Exchanges and Clearing Limited. According to the announcement, the Court of Appeal of the Cayman Islands declined to grant CSCGL’s application to set aside its decision. As a result, the winding-up petition against CSCGL will be reinstated and returned to the Grand Court of the Cayman Islands. As CSCGL and its legal counsel are considering all available options, the result of the winding-up petition remains uncertain. Considering that CSCGL is a listed company on the Hong Kong Exchanges and Clearing Limited and makes announcements to the public pursuant to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Corporation did not notice anything unusual in its operation according to its recent announcements. In addition, since no further decision has been rendered down yet, the Corporation considered it premature to evaluate at this stage the likely outcome of the proceedings. Therefore, the Corporation assessed that the winding-up petition did not have any material impact on its investments in CSCGL.

40. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Since the outbreak of the Coronavirus Disease 2019 (COVID-19) epidemic in January 2020, the pandemic caused by the COVID-19 has certain impacts on the business operation and overall economy in different region and industries in the world. The Group will stay alert on the development and situation of the COVID-19 and take necessary action to mitigate the business risk.

41. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group’s significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2019

| | Foreign Currencies | Exchange Rate | New Taiwan Dollars |
|-------------------------|-----------------------|---------------|-----------------------|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 905,675 | 29.93 | \$ 27,106,867 |
| HKD | 522,870 | 3.819 | 1,996,840 |
| RMB | 214,452 | 4.290 | 920,066 |
| EUR | 10,966 | 33.39 | 366,146 |
| AUD | 2,909 | 20.89 | 60,762 |
| Non-monetary item | | | |
| HKD | 583,911 | 3.819 | 2,229,956 |
| USD | 21,138 | 29.93 | 632,669 |
| RMB | 48,665 | 4.290 | 208,787 |

(Continued)

| | Foreign Currencies | Exchange Rate | New Taiwan Dollars |
|------------------------------|-------------------------------|----------------------|-------------------------------|
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 646,349 | 29.93 | 19,345,224 |
| Non-monetary item | | | |
| USD | 3,744 | 29.93 | 112,070 (Concluded) |

December 31, 2018

| | Foreign Currencies | Exchange Rate | New Taiwan Dollars |
|-------------------------|-------------------------------|----------------------|-------------------------------|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| RMB | \$ 309,127 | 4.468 | \$ 1,381,194 |
| USD | 591,160 | 30.665 | 18,127,926 |
| EUR | 10,002 | 35 | 350,055 |
| AUD | 2,873 | 21.55 | 61,912 |
| HKD | 2,015 | 3.891 | 7,839 |
| Non-monetary item | | | |
| RMB | 37,516 | 4.468 | 167,621 |
| USD | 804,287 | 30.665 | 24,663,454 |
| HKD | 618,269 | 3.891 | 2,405,686 |

Financial liabilities

| | | | |
|-------------------|---------|--------|------------|
| Monetary items | | | |
| USD | 496,687 | 30.665 | 15,230,907 |
| Non-monetary item | | | |
| USD | 8,747 | 30.665 | 268,218 |

For the years ended December 31, 2019 and 2018, the total amounts of realized and unrealized net foreign exchange (losses) gains were \$(260,069) thousand and \$90,672 thousand, respectively. It is impractical to disclose net foreign exchange losses by each significant foreign currency because of the variety of the foreign currency transactions and functional currencies of the Group.

42. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (attached).
- 2) Endorsements/guarantees provided (Table 2) (attached).
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3) (attached).
- 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) (attached).

- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None.
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5) (attached).
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6) (attached).
 - 9) Names, locations, and related information of investees on which the Corporation exercises significant influence (excluding investee companies in Mainland China): Table 7 (attached).
 - 10) Trading in derivative instruments: Note 7.
- b. 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, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 8.
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the 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.
- c. Business relationships and significant intercompany transactions: Table 9 (attached).

43. 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. The Group's reportable segments were as follows: Cement, electric power, investment, engineering, transportation, stainless steel and leasing.

a. Segment revenue and results

| | Segment Revenue | | Segment Profit | |
|-----------------------------------|--------------------|---------------|--------------------|---------------|
| | For the Year Ended | | For the Year Ended | |
| | December 31 | | December 31 | |
| | 2019 | 2018 | 2019 | 2018 |
| Cement | \$ 73,848,951 | \$ 67,339,927 | \$ 19,974,112 | \$ 15,951,898 |
| Electric power | 7,115,116 | 6,682,384 | 1,382,268 | 1,205,596 |
| Investment | 628,361 | 587,275 | 135,767 | 253,553 |
| Engineering | 183,836 | 286,691 | 14,266 | 55,836 |
| Transportation | 1,751,160 | 1,802,744 | 268,969 | 381,152 |
| Stainless steel | 5,438,907 | 5,676,843 | 84,752 | 119,963 |
| Leasing | 381,306 | 365,140 | 203,042 | 185,112 |
| | \$ 89,347,637 | \$ 82,741,004 | 22,063,176 | 18,153,110 |
| Non-operating income and expenses | | | 6,330,006 | 2,217,008 |
| Profit before income tax | | | \$ 28,393,182 | \$ 20,370,118 |

Segment revenue reported above represents revenue generated from external customers.

b. Segment assets and liabilities, and other segment information

The Group does not report segment assets and liabilities or other segment information to the chief operating decision maker. Therefore, no information is disclosed here.

c. Geographical information

The Group operates principally in Taiwan and China.

The Groups' revenue from external customers and information about its non-current assets by geographical location are detailed below.

| | Revenue from External Customers | | Non-current Assets | |
|--------|---------------------------------|---------------|--------------------|---------------|
| | For the Year Ended December 31 | | December 31 | |
| | 2019 | 2018 | 2019 | 2018 |
| China | \$ 56,614,196 | \$ 51,366,180 | \$ 41,506,113 | \$ 45,206,253 |
| Taiwan | 29,479,025 | 27,647,571 | 53,160,799 | 50,299,590 |
| Others | 3,254,416 | 3,727,253 | 4,280,703 | 623,944 |
| | \$ 89,347,637 | \$ 82,741,004 | \$ 98,947,615 | \$ 96,129,787 |

Revenue is categorized according to customers' location. Non-current assets exclude those classified as financial instruments, deferred tax assets and post-employment benefit assets.

d. Information of major customers

| | Revenue | | | |
|----------------------|---------------------------------------|---------------|---------------------|----------|
| | For the Year Ended December 31 | | | |
| | 2019 | | 2018 | |
| Amount | % | Amount | % | |
| Taiwan Power Company | <u>\$ 7,115,116</u> | <u>8</u> | <u>\$ 6,682,384</u> | <u>8</u> |

ASIA CEMENT CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
YEAR ENDED DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| No. | Lender | Borrower | Financial Statement Account | Related Parties | Highest Balance for the Period | Ending Balance (Note 2) | Actual Borrowing Amount | Interest Rate (Note 3) | Nature of Financing | Business Transaction Amounts | Reasons for Short-term Financing | Allowance for Impairment Loss | Collateral | | Financing Limit for Each Borrower (Note 1) | Aggregate Financing Limits (Note 1) |
|-----|--------|----------|-----------------------------|-----------------|---|---|---|------------------------|------------------------------------|------------------------------------|----------------------------------|-------------------------------|------------|-------|---|---|
| | | | | | | | | | | | | | Item | Value | | |
| 1 | ACCHC | FENCC | Other receivables | Y | RMB431,900 thousand (equivalent to NT\$1,852,987 thousand) | \$ - | \$ - | - | Necessary for short-term financing | \$ - | Operating capital | \$ - | - | \$ - | 20% of net worth RMB2,852,760 thousand (equivalent to NT\$12,239,242 thousand) | 50% of net worth RMB7,131,901 thousand (equivalent to NT\$30,598,109 thousand) |
| | | YDES | Other receivables | Y | RMB230,000 thousand (equivalent to NT\$986,773 thousand) | - | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above |
| 2 | OIHPL | ACCHC | Other receivables | Y | RMB44,000 thousand (equivalent to NT\$188,774 thousand) | RMB44,000 thousand (equivalent to NT\$188,774 thousand) | RMB44,000 thousand (equivalent to NT\$188,774 thousand) | 4.14% | Necessary for short-term financing | - | Operating capital | - | - | - | 20% of net worth RMB2,443,648 thousand (equivalent to NT\$10,484,022 thousand) | 50% of net worth RMB6,109,120 thousand (equivalent to NT\$26,210,055 thousand) |
| 3 | OHC | SIYDCCL | Other receivables | Y | RMB200,000 thousand (equivalent to NT\$858,063 thousand) | RMB200,000 thousand (equivalent to NT\$858,063 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | 20% of net worth RMB577,182 thousand (equivalent to NT\$2,476,293 thousand) | 50% of net worth RMB1,442,955 thousand (equivalent to NT\$6,190,733 thousand) |
| | | SLCL | Other receivables | Y | RMB350,000 thousand (equivalent to NT\$1,501,611 thousand) | RMB350,000 thousand (equivalent to NT\$1,501,611 thousand) | RMB190,000 thousand (equivalent to NT\$815,160 thousand) | 4.09% | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above |
| 4 | JYDC | YYDCCL | Other receivables | Y | RMB160,000 thousand (equivalent to NT\$686,451 thousand) | RMB140,000 thousand (equivalent to NT\$600,644 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | 20% of net worth RMB1,202,402 thousand (equivalent to NT\$5,158,685 thousand) | 50% of net worth RMB3,006,005 thousand (equivalent to NT\$12,896,711 thousand) |
| | | TZOCCL | Other receivables | Y | RMB145,000 thousand (equivalent to NT\$622,096 thousand) | RMB140,000 thousand (equivalent to NT\$600,644 thousand) | RMB70,000 thousand (equivalent to NT\$300,322 thousand) | 4.09% | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above |
| | | SIYDCCL | Other receivables | Y | RMB100,000 thousand (equivalent to NT\$429,032 thousand) | RMB50,000 thousand (equivalent to NT\$214,516 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above |
| | | SLCL | Other receivables | Y | RMB400,000 thousand (equivalent to NT\$1,716,126 thousand) | RMB200,000 thousand (equivalent to NT\$858,063 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above |
| | | SLCCL | Other receivables | Y | RMB35,000 thousand (equivalent to NT\$150,161 thousand) | - | - | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above |

(Continued)

| No. | Lender | Borrower | Financial Statement Account | Related Parties | Highest Balance for the Period | Ending Balance (Note 2) | Actual Borrowing Amount | Interest Rate (Note 3) | Nature of Financing | Business Transaction Amounts | Reasons for Short-term Financing | Allowance for Impairment Loss | Collateral | Financing Limit for Each Borrower (Note 1) | Aggregate Financing Limits (Note 1) | No. | |
|-----|--------|----------|-----------------------------|-----------------|--|--|--|------------------------|------------------------------------|------------------------------------|----------------------------------|-------------------------------|------------|--|---|--|---------------|
| 4 | JYDC | SHYLCF | Other receivables | Y | RMB100,000 thousand (equivalent to NT\$429,032 thousand) | RMB90,000 thousand (equivalent to NT\$386,128 thousand) | RMB45,000 thousand (equivalent to NT\$193,064 thousand) | 4.09% | Necessary for short-term financing | \$ - | Operating capital | \$ - | - | \$ - | 20% of net worth RMB1,202,402 thousand (equivalent to NT\$5,158,685 thousand) | 50% of net worth RMB3,006,005 thousand (equivalent to NT\$12,896,711 thousand) | |
| | | ACCHC | Other receivables | Y | RMB700,000 thousand (equivalent to NT\$3,003,221 thousand) | RMB700,000 thousand (equivalent to NT\$3,003,221 thousand) | RMB700,000 thousand (equivalent to NT\$3,003,221 thousand) | 2.94% | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above | |
| 5 | NYDC | SIYDCCL | Other receivables | Y | RMB20,000 thousand (equivalent to NT\$85,806 thousand) | RMB20,000 thousand (equivalent to NT\$85,806 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | 20% of net worth RMB33,924 thousand (equivalent to NT\$145,545 thousand) | 50% of net worth RMB84,811 thousand (equivalent to NT\$363,866 thousand) | |
| | | SLCL | Other receivables | Y | RMB30,000 thousand (equivalent to NT\$128,709 thousand) | RMB30,000 thousand (equivalent to NT\$128,709 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above | |
| 6 | HYDCCL | WYXC | Other receivables | Y | RMB60,000 thousand (equivalent to NT\$257,419 thousand) | RMB20,000 thousand (equivalent to NT\$85,806 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | 20% of net worth RMB523,594 thousand (equivalent to NT\$2,246,384 thousand) | 50% of net worth RMB1,308,985 thousand (equivalent to NT\$5,615,959 thousand) | |
| | | HXMC | Other receivables | Y | RMB40,000 thousand (equivalent to NT\$171,613 thousand) | RMB24,500 thousand (equivalent to NT\$105,113 thousand) | RMB10,000 thousand (equivalent to NT\$42,903 thousand) | 4.68% | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above | |
| | | WYCPCL | Other receivables | Y | RMB35,000 thousand (equivalent to NT\$150,161 thousand) | RMB20,000 thousand (equivalent to NT\$85,806 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above | |
| | | SLCL | Other receivables | Y | RMB150,000 thousand (equivalent to NT\$643,547 thousand) | RMB100,000 thousand (equivalent to NT\$429,032 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above | |
| | | SYCPCL | Other receivables | Y | RMB50,000 thousand (equivalent to NT\$214,516 thousand) | RMB20,000 thousand (equivalent to NT\$85,806 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above | |
| | | SIYDCCL | Other receivables | Y | RMB80,000 thousand (equivalent to NT\$343,225 thousand) | - | - | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above |
| | | ACCHC | Other receivables | Y | RMB400,000 thousand (equivalent to NT\$1,716,126 thousand) | RMB400,000 thousand (equivalent to NT\$1,716,126 thousand) | RMB400,000 thousand (equivalent to NT\$1,716,126 thousand) | 2.94% | Necessary for short-term financing | - | Operating capital | - | - | - | - | Same as above | Same as above |
| 7 | WYDC | WYXC | Other receivables | Y | RMB70,000 thousand (equivalent to NT\$300,322 thousand) | RMB70,000 thousand (equivalent to NT\$300,322 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | 20% of net worth RMB121,817 thousand (equivalent to NT\$522,633 thousand) | 50% of net worth RMB304,543 thousand (equivalent to NT\$1,306,586 thousand) | |
| | | WYCPCL | Other receivables | Y | RMB35,000 thousand (equivalent to NT\$150,161 thousand) | RMB25,000 thousand (equivalent to NT\$107,258 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above | |

(Continued)

| No. | Lender | Borrower | Financial Statement Account | Related Parties | Highest Balance for the Period | Ending Balance (Note 2) | Actual Borrowing Amount | Interest Rate (Note 3) | Nature of Financing | Business Transaction Amounts | Reasons for Short-term Financing | Allowance for Impairment Loss | Collateral | | Financing Limit for Each Borrower (Note 1) | Aggregate Financing Limits (Note 1) |
|-----|--------|----------|-----------------------------|-----------------|---|---|---|------------------------|------------------------------------|------------------------------|----------------------------------|-------------------------------|------------|-------|---|---|
| | | | | | | | | | | | | | Item | Value | | |
| | | SYCPCL | Other receivables | Y | RMB40,000 thousand (equivalent to NT\$171,613 thousand) | RMB40,000 thousand (equivalent to NT\$171,613 thousand) | RMB40,000 thousand (equivalent to NT\$171,613 thousand) | 4.09% | Necessary for short-term financing | \$ - | Operating capital | \$ - | - | \$ - | 20% of net worth RMB121,817 thousand (equivalent to NT\$522,633 thousand) | 50% of net worth RMB304,543 thousand (equivalent to NT\$1,306,586 thousand) |
| | | SLCL | Other receivables | Y | RMB90,000 thousand (equivalent to NT\$386,128 thousand) | RMB90,000 thousand (equivalent to NT\$386,128 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above |
| 8 | CYCPCL | SIYDCCL | Other receivables | Y | RMB12,000 thousand (equivalent to NT\$51,484 thousand) | RMB12,000 thousand (equivalent to NT\$51,484 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | 20% of net worth RMB16,455 thousand (equivalent to NT\$70,597 thousand) | 50% of net worth RMB41,138 thousand (equivalent to NT\$176,495 thousand) |
| | | SLCL | Other receivables | Y | RMB12,000 thousand (equivalent to NT\$51,484 thousand) | RMB12,000 thousand (equivalent to NT\$51,484 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above |
| 9 | HGYDC | SIYDCCL | Other receivables | Y | RMB50,000 thousand (equivalent to NT\$214,516 thousand) | RMB35,000 thousand (equivalent to NT\$150,161 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | 20% of net worth RMB254,209 thousand (equivalent to NT\$1,090,637 thousand) | 50% of net worth RMB635,524 thousand (equivalent to NT\$2,726,599 thousand) |
| | | SLCL | Other receivables | Y | RMB70,000 thousand (equivalent to NT\$300,322 thousand) | RMB70,000 thousand (equivalent to NT\$300,322 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above |
| 10 | NYLC | SIYDCCL | Other receivables | Y | RMB16,000 thousand (equivalent to NT\$68,645 thousand) | - | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | 20% of net worth RMB32,835 thousand (equivalent to NT\$140,873 thousand) | 50% of net worth RMB82,087 thousand (equivalent to NT\$352,179 thousand) |
| | | SLCL | Other receivables | Y | RMB16,000 thousand (equivalent to NT\$68,645 thousand) | - | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above |
| 11 | SLCL | SLCCL | Other receivables | Y | RMB40,000 thousand (equivalent to NT\$171,613 thousand) | RMB40,000 thousand (equivalent to NT\$171,613 thousand) | RMB33,000 thousand (equivalent to NT\$141,580 thousand) | 4.09% | Necessary for short-term financing | - | Operating capital | - | - | - | 20% of net worth RMB300,846 thousand (equivalent to NT\$1,290,724 thousand) | 50% of net worth RMB752,116 thousand (equivalent to NT\$3,226,815 thousand) |

Note 1: The net value was calculated based on audited financial statements as of December 31, 2019.

Note 2: The ending balance is the financing credit lines to the respective borrowers approved by the board of directors of lenders.

Note 3: The interest rate was for the year ended December 31, 2019.

Note 4: The foreign currency amounts are expressed in New Taiwan dollars at exchange rate as of December 31, 2019.

(Concluded)

ASIA CEMENT CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED

YEAR ENDED DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| No. | Endorser/ Guarantor | Endorsee/Guarantee | | Limits on Each Endorsement/ Guarantee Given on Behalf of Each Party (Note 1) | Maximum Amount Endorsed/ Guaranteed During the Period | Outstanding Endorsement/ Guarantee at the End of the Period | Actual Borrowing Amount | Amount Endorsed/ Guaranteed by Collaterals | Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) | Aggregate Endorsement/ Guarantee Limit (Note 1) | 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 3) | | | | | | | | | | |
| 0 | The Corporation | AIC | b | 50% of net worth (\$73,033,679 thousand) | \$ 12,227,000 | \$ 12,195,800 | \$ 6,890,000 | None | 8.35 | 100% of net worth (\$146,067,358 thousand) | Y | - | - |
| | | DCI | b | Same as above | 9,856,750 | 9,848,950 | 4,952,000 | None | 6.74 | Same as above | Y | - | - |
| | | FSMS | b | Same as above | 30,000 | 30,000 | 30,000 | None | 0.02 | Same as above | Y | - | - |
| | | NHC | b | Same as above | 1,516,300 | 1,509,020 | 420,000 | None | 1.03 | Same as above | Y | - | - |
| | | AEE | b | Same as above | 422,880 | 329,930 | 150,000 | None | 0.23 | Same as above | Y | - | - |
| | | YLPPC | b | Same as above | 497,642 | 497,642 | 137,757 | None | 0.34 | Same as above | Y | - | - |
| | | YSRMC | b | Same as above | 150,000 | 150,000 | - | None | 0.10 | Same as above | Y | - | - |
| | | YTRMC | b | Same as above | 1,000,000 | 1,000,000 | - | None | 0.68 | Same as above | Y | - | - |
| 1 | DCI | FSMS | b | 50% of net worth (\$6,828,783 thousand) | 50,000 | 50,000 | 10,000 | None | 0.37 | 100% of net worth (\$13,657,566 thousand) | Y | - | - |
| 2 | AOG | AOC | b | 50% of net worth (US\$1,146 thousand) (equivalent to NT\$34,305 thousand) | 15,775 | 14,965 | - | None | 21.81 | 100% of net worth (US\$2,292 thousand) (equivalent to NT\$68,610 thousand) | Y | - | - |
| 3 | YLSS | YLSS | - | 50% of net worth (\$902,155 thousand) | 100,000 | 100,000 | 30,000 | 100,000 | 5.54 | 100% of net worth (\$1,804,309 thousand) | - | - | - |
| 4 | YTRMC | AOC | b | 50% of net worth (\$900,885 thousand) | 15,775 | 14,965 | - | None | 0.83 | 100% of net worth (\$1,801,770 thousand) | Y | - | - |

Note 1: The net value was calculated based on audited financial statements as of December 31, 2019.

Note 2: The foreign currency amounts are expressed in New Taiwan dollars at exchange rate as of December 31, 2019.

Note 3: The relationship between guarantor and guarantee are as follows:

- a. Firms that do business with the Corporation.
- b. Firms of which the Corporation holds, directly or indirectly, over 50% of the voting shares.

ASIA 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 | | | | Note |
|---|---|---|--|-------------------|-----------------|-----------------------------|------------|--------|
| | | | | Shares or Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| The Corporation | <u>Beneficiary certificates</u> | | | | | | | |
| | Deutsche Far Eastern DWS Taiwan Flagship Security Investment Trust Fund | - | Financial assets at fair value through profit or loss - current | 10,000,000 | \$ 204,700 | - | \$ 204,700 | |
| | <u>Ordinary shares</u> | | | | | | | |
| | China Conch Venture Holding | - | Financial assets at fair value through profit or loss - current | 11,443,000 | 1,485,828 | 0.63 | 1,485,828 | |
| | Far EasTone | The same chairman | Financial assets at fair value through other comprehensive income - current | 31,034,372 | 2,237,578 | 0.95 | 2,237,578 | Note 4 |
| | Far Eastern Department Stores Ltd. | The same chairman | Financial assets at fair value through other comprehensive income - noncurrent | 80,052,950 | 2,085,379 | 5.65 | 2,085,379 | |
| | Oriental Union Chemical Corp. | The same chairman | Same as above | 63,766,522 | 1,339,097 | 7.20 | 1,339,097 | |
| | CHC Resources Corporation | The Corporation is its director | Same as above | 22,801,185 | 1,146,900 | 9.17 | 1,146,900 | |
| | Far Eastern International Bank | The chairman of the Corporation is its vice-chairman | Same as above | 78,878,582 | 942,599 | 2.35 | 942,599 | |
| | Kaohsiung Rapid Transit | - | Same as above | 15,873,243 | 78,630 | 5.70 | 78,630 | |
| | Taiwan Stock Exchange Corp. | - | Same as above | 8,430,368 | 466,199 | 1.16 | 466,199 | |
| | Ding Ding Hotel Corp. | Related party in substance | Same as above | 555,638 | 5,340 | 0.53 | 5,340 | |
| | L' Hotel de Chine Hotel | - | Same as above | 598,121 | 14,469 | 0.31 | 14,469 | |
| | China Trade & Development Corp. | - | Same as above | 250,003 | 3,902 | 0.38 | 3,902 | |
| | Pan Asia Engineers & Constructors Corp. | The Corporation is its director | Same as above | 1,551,395 | 17,919 | 1.36 | 17,919 | |
| Linkou Recreation Corporation | - | Same as above | 5 | - | 0.50 | - | | |
| China Shanshui Investment Corp | - | Same as above | 49,928 | 488,258 | 4.99 | 488,258 | | |
| DCI | <u>Beneficiary certificates</u> | | | | | | | |
| | Polaris Taiwan Top 50 Tracker Fund | - | Financial assets at fair value through profit or loss - current | 400,000 | 38,780 | - | 38,780 | |
| | Mega Target Return Strategy Fund of ETF Funds | - | Same as above | 1,000,811 | 10,620 | - | 10,620 | |
| | ChinaAMC CSI 300 Index ETF | - | Same as above | 540,000 | 95,689 | 0.20 | 95,689 | |
| | Opas Fund Segregated Portfolio Tranche A | Related party in substance | Same as above | 8,000 | 273,741 | - | 273,741 | |
| | <u>Ordinary shares</u> | | | | | | | |
| | Industrial and Commercial Bank of China, A share | - | Financial assets at fair value through profit or loss - current | 2,000,000 | 50,454 | - | 50,454 | |
| | China Mobile Communications Corporation | - | Same as above | 210,000 | 52,530 | - | 52,530 | |
| | Haitong Securities Co., Ltd. | - | Same as above | 1,800,000 | 63,311 | 0.02 | 63,311 | |
| | Taiwan Cement Co., Ltd. | - | Same as above | 8,796,722 | 384,417 | 0.16 | 384,417 | |
| | Hsing Ta Cement Co., Ltd. | - | Same as above | 6,504,854 | 130,748 | 1.90 | 130,748 | |
| | Chunghwa Picture Tubes, Ltd. | - | Same as above | 275,223 | - | - | - | |
| | Innolux Corporation | - | Same as above | 9,200,000 | 76,636 | 0.09 | 76,636 | |
| | Pegatron Corporation | - | Same as above | 1,242,000 | 84,953 | 0.05 | 84,953 | |
| | Tong Yang Industry Co., Ltd | - | Same as above | 1,732,000 | 80,798 | 0.29 | 80,798 | |
| | E Ink Holdings corporation | - | Same as above | 1,130,000 | 35,313 | 0.10 | 35,313 | |
| | Hiwin Technologies Corporation | - | Same as above | 60,000 | 16,860 | 0.02 | 16,860 | |
| Accton Technology Corporation | - | Same as above | 150,000 | 25,200 | 0.03 | 25,200 | | |
| Casatek Holdings Limited | - | Financial assets at fair value through other comprehensive income - current | 1,050,000 | 49,718 | 0.25 | 49,718 | | |
| China Life Insurance Company Limited, H share | - | Same as above | 607,000 | 50,188 | - | 50,188 | | |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2019 | | | | Note |
|----------------------|---|---|--|-------------------|-----------------|-----------------------------|------------|--------|
| | | | | Shares or Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| | Far Eastern International Bank | The chairman of the Corporation's major shareholder is its vice-chairman | Financial assets at fair value through other comprehensive income - current | 37,693,157 | \$ 450,433 | 1.12 | \$ 450,433 | |
| | Oriental Union Chemical Corp. | Same chairman with the major shareholder | Same as above | 41,246 | 866 | - | 866 | |
| | Far EasTone | Same chairman with the major shareholder | Same as above | 215,000 | 15,502 | 0.01 | 15,502 | |
| | Mega Financial Holding Co., Ltd. | - | Same as above | 9,958,000 | 304,715 | 0.07 | 304,715 | |
| | Lite-On Technology Corporation | - | Same as above | 299,000 | 14,756 | 0.01 | 14,756 | |
| | Tripod Technology Corporation | - | Same as above | 261,000 | 32,756 | 0.05 | 32,756 | |
| | WPG Holdings Limited | - | Same as above | 340,000 | 13,294 | 0.02 | 13,294 | |
| | Far Eastern International Bank | The chairman of the Corporation's major shareholder is its vice-chairman | Financial assets at fair value through other comprehensive income - noncurrent | 97,439,707 | 1,164,404 | 2.90 | 1,164,404 | |
| | Far Eastern Department Stores Ltd. | The same chairman | Same as above | 13,630,966 | 355,087 | 0.96 | 355,087 | Note 5 |
| | Oriental Union Chemical Corp. | The same chairman | Same as above | 10,506,792 | 220,643 | 1.19 | 220,643 | |
| | CHC Resources Corporation | The Corporation is its director | Same as above | 4,812,514 | 242,069 | 1.94 | 242,069 | |
| | Picvue Electronics Co., Ltd. | - | Same as above | 161,700 | - | 0.06 | - | |
| | Ding Ding Hotel Corp. | Same chairman with the major shareholder | Same as above | 213,442 | 2,051 | 0.21 | 2,051 | |
| | Far Eastern International Leasing Corporation | The Corporation is its director | Same as above | 45,258,938 | 602,813 | 10.14 | 602,813 | |
| NHC | <u>Ordinary shares</u> Far EasTone | Same chairman with the major shareholder | Financial assets at fair value through profit or loss - current | 50,000 | 3,605 | - | 3,605 | |
| YTRMC | <u>Ordinary shares</u> Far EasTone | Same chairman with the major shareholder | Financial assets at fair value through other comprehensive income - current | 230,000 | 16,583 | - | 16,583 | |
| FMT | <u>Ordinary shares</u> Everest Textile Co., Ltd. | The chairman of the Corporation is its chairman | Financial assets at fair value through other comprehensive income - current | 13,279,219 | 121,372 | 2.60 | 121,372 | |
| | Oriental Union Chemical Corp. | The chairman of the Corporation is its director | Financial assets at fair value through other comprehensive income - noncurrent | 2,256,782 | 47,392 | 0.25 | 47,392 | |
| | Far Eastern Department Store Ltd. | Same chairman with the major shareholder | Same as above | 1,185,713 | 30,888 | 0.08 | 30,888 | |
| | Yi Tong Fiber Co., Ltd. | - | Same as above | 5,256,454 | 41,691 | 5.94 | 41,691 | |
| FDT | <u>Ordinary shares</u> Far Eastern International Bank | The chairman of the Corporation is its vice-chairman by the ultimate parent company | Financial assets at fair value through other comprehensive income - current | 296,017 | 3,537 | 0.01 | 3,537 | |
| | Far Eastern Department Store Ltd. | The chairman of the Corporation is its vice-chairman | Financial assets at fair value through other comprehensive income - noncurrent | 935,029 | 24,358 | 0.07 | 24,358 | |
| | Oriental Union Chemical Corp. | Same chairman with the ultimate parent company | Same as above | 3,254,125 | 68,337 | 0.37 | 68,337 | |
| | Ding & Ding Management Consultants Co., Ltd. | - | Same as above | 866,730 | 8,376 | 16.00 | 8,376 | |
| AEE | <u>Ordinary shares</u> Far EasTone | Same chairman with the major shareholder | Financial assets at fair value through profit or loss - current | 120,000 | 8,652 | - | 8,652 | |
| | Ding & Ding Management Consultants Co., Ltd. | - | Financial assets at fair value through other comprehensive income - noncurrent | 273,024 | 900 | 5.04 | 900 | |
| YLPPC | <u>Ordinary shares</u> Far EasTone | The director of the Corporation is its chairman | Financial assets at fair value through other comprehensive income - current | 105,000 | 7,571 | - | 7,571 | |
| | Yamay International Development Corp. | - | Financial assets at fair value through other comprehensive income - noncurrent | 15 | - | - | - | |
| AIC | <u>Beneficiary certificates</u> Opas Fund Segregated Portfolio Tranche E | Related party in substance | Financial assets at fair value through profit or loss - current | 3,973 | 156,299 | - | 156,299 | |
| | ChinaAMC CSI 300 Index ETF | - | Same as above | 1,000,000 | 177,202 | 0.37 | 177,202 | |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2019 | | | | Note |
|-------------------------------------|---|--|--|-------------------|-----------------|-----------------------------|------------|--------|
| | | | | Shares or Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| | <u>Ordinary shares</u> Hsing Ta Cement Co., Ltd | - | Financial assets at fair value through profit or loss - current | 10,834,650 | \$ 217,776 | 3.17 | \$ 217,776 | |
| | Foxconn Technology Co., Ltd | - | Same as above | 2,043,000 | 135,247 | 0.14 | 135,247 | |
| | Taiwan Cement Co., Ltd. | - | Same as above | 389,519 | 17,022 | 0.01 | 17,022 | |
| | Quanta Computer Inc. | - | Same as above | 525,000 | 33,758 | 0.01 | 33,758 | |
| | Pegatron Corporation | - | Same as above | 825,000 | 56,430 | 0.03 | 56,430 | |
| | Hon Hai Precision Industry Co., Ltd. | - | Same as above | 1,720,000 | 156,176 | 0.01 | 156,176 | |
| | China Construction Bank Corporation, A share | - | Same as above | 2,500,000 | 77,548 | - | 77,548 | |
| | China Life Insurance Company Limited, H share | - | Same as above | 1,350,000 | 111,620 | - | 111,620 | |
| | China Mobile Communications Corporation | - | Same as above | 448,000 | 112,065 | - | 112,065 | |
| | Hiwin Technologies Corporation | - | Same as above | 38,000 | 10,678 | 0.01 | 10,678 | |
| | Accton Technology Corporation | - | Same as above | 150,000 | 25,200 | 0.03 | 25,200 | |
| | Far EasTone | Same chairman with the major shareholder | Financial assets at fair value through other comprehensive income - current | 1,426,303 | 102,836 | 0.04 | 102,836 | |
| | Casatek Holdings Limited | - | Same as above | 1,000,000 | 47,350 | 0.24 | 47,350 | |
| | Nan Ya Plastics Corporation | - | Same as above | 3,286,000 | 239,221 | 0.04 | 239,221 | |
| | Inventec Corporation | - | Same as above | 2,882,000 | 65,854 | 0.08 | 65,854 | |
| | China Life Insurance Company Limited, A share | - | Same as above | 540,000 | 80,786 | - | 80,786 | |
| | China Life Insurance Company Limited, H share | - | Same as above | 986,000 | 81,524 | - | 81,524 | |
| | Lite-On Technology Corporation | - | Same as above | 136,000 | 6,712 | 0.01 | 6,712 | |
| | Tripod Technology Corporation | - | Same as above | 100,000 | 12,550 | 0.02 | 12,550 | |
| | WPG Holdings Limited | - | Same as above | 340,000 | 13,294 | 0.02 | 13,294 | |
| | Far Eastern International Bank | The chairman of the Corporation's major shareholder is its vice-chairman | Financial assets at fair value through other comprehensive income - noncurrent | 135,149,123 | 1,615,032 | 4.03 | 1,615,032 | |
| | Oriental Union Chemical Corp. | Same chairman with the major shareholder | Same as above | 1,552,156 | 32,595 | 0.18 | 32,595 | |
| | Far Eastern Department Store Ltd. | Same chairman with the major shareholder | Same as above | 4,473,972 | 116,547 | 0.32 | 116,547 | Note 6 |
| | Ding Shen Investment Co., Ltd. | The Corporation is its director | Same as above | 39,600,000 | 372,240 | 18.00 | 372,240 | |
| | Hsin Nsn Construction Co., Ltd. | - | Same as above | 2,696 | - | - | - | |
| Asia Cement Pioneer Investment Ltd. | <u>Ordinary shares</u> Cemeton Micronesia L.L.C. | - | Financial assets at fair value through other comprehensive income - noncurrent | (Note 1) | 116,727 | 10.00 | 116,727 | |
| FSMS | <u>Ordinary shares</u> Stone Industry Resource System Corp | - | Financial assets at fair value through other comprehensive income - noncurrent | 10,000 | 70 | 0.15 | 70 | |
| YLT | <u>Beneficiary certificates</u> Polaris Taiwan Top 50 Tracker Fund | - | Financial assets at fair value through profit or loss - current | 350,000 | 33,933 | - | 33,933 | |
| | <u>Ordinary shares</u> Far Eastern International Bank | The chairman of the Corporation's major shareholder is its vice-chairman | Financial assets at fair value through other comprehensive income - noncurrent | 3,020,872 | 36,099 | 0.09 | 36,099 | |
| | Far EasTone | Same chairman with the major shareholder | Same as above | 71,099 | 5,126 | - | 5,126 | |
| YLSS | <u>Ordinary shares</u> Far EasTone | Same chairman with the major shareholder | Financial assets at fair value through other comprehensive income - current | 130,000 | 9,373 | - | 9,373 | |
| KCC | <u>Beneficiary certificates</u> CSOP FTSE China A50 ETF | - | Financial assets at fair value through profit or loss - current | 300,000 | 17,438 | - | 17,438 | |
| KCCL | <u>Beneficiary certificates</u> Allianz US High Yield Fund | - | Financial assets at fair value through profit or loss - current | 97,741 | 21,147 | - | 21,147 | |
| | Opas Fund Segregated Portfolio Tranche C | Related party in substance | Same as above | 1,606 | 70,827 | - | 70,827 | |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2019 | | | | Note |
|----------------------|--|---------------------------------------|---|-------------------|-----------------|-----------------------------|------------|------|
| | | | | Shares or Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| ACSPL | <u>Beneficiary certificates</u> | | | | | | | |
| | United Emerging Markets Bond Funds | - | Financial assets at fair value through profit or loss - current | 3,232,758 | \$ 93,112 | - | \$ 93,112 | |
| | United Growth Fund | - | Same as above | 745,068 | 60,131 | - | 60,131 | |
| | <u>Ordinary shares</u> | | | | | | | |
| | DBS Group | - | Financial assets at fair value through profit or loss - current | 33,436 | 19,202 | - | 19,202 | |
| | Guocoland Ltd. | - | Same as above | 26,666 | 1,160 | - | 1,160 | |
| | Hong Leong Asia | - | Same as above | 20,000 | 297 | - | 297 | |
| OCPL | INTRACO | - | Same as above | 46,875 | 296 | - | 296 | |
| | Engro Corp Ltd. | - | Same as above | 2,000 | 43 | - | 43 | |
| | <u>Ordinary shares</u> | | | | | | | |
| | Hiap Hoe Ltd. | - | Financial assets at fair value through profit or loss - current | 44,260 | 786 | - | 786 | |
| | | | | | | | | |

Note 1: This is not a company limited by shares.

Note 2: Marketable securities in this table are shares, bonds, beneficiary certificates and securities derived from these items under IFRS 9 "Financial Instruments: Recognition and Measurement".

Note 3: The carrying amounts of financial instruments measured at fair values are adjusted for fair value less accumulated impairment loss; the carrying amounts of financial instruments not measured at fair values are the original cost or amortized cost less accumulated impairment loss.

Note 4: 14,500 thousand shares (\$1,045,450 thousand) of the securities are pledged as collaterals for bank loans of the Corporation.

Note 5: 5,000 thousand shares (\$130,250 thousand) of the securities are pledged as collaterals for bank loans of DCI.

Note 6: 3,500 thousand shares (\$91,175 thousand) of the securities are pledged as collaterals for bank loans of AIC.

(Concluded)

ASIA CEMENT CORPORATION AND SUBSIDIARIES

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

| Company Name | Type and Name of Marketable Securities (Note 1) | Financial Statement Account | Counterparty (Note 2) | Relationship (Note 2) | Beginning Balance | | Acquisition (Note 3) | | Disposal (Note 3) | | | | Ending Balance | |
|--------------|--|---|---|-----------------------|-------------------|-------------------------|----------------------|----------------------|-------------------|-----------|----------------|-------------------------|----------------------|-------------------------|
| | | | | | Shares/Units | Amount | Shares/Units | Amount | Shares/Units | Amount | Carrying Value | Gain (Loss) on Disposal | Shares/Units | Amount |
| ACCHC | Ordinary shares PIHPL | Investments in subsidiaries | Proceeds from issuance of ordinary shares | Subsidiaries | 9,379,303 | US\$ 2,165,969 thousand | 340,232 | US\$ 73,781 thousand | - | \$ - | \$ - | \$ - | 9,719,535 (Note 2) | US\$ 2,484,649 thousand |
| PIHPL | Ordinary shares OIH | Investments in subsidiaries | Proceeds from issuance of ordinary shares | Subsidiaries | 700,709,352 | US\$ 1,473,705 thousand | (Note 2) | US\$ 73,781 thousand | - | - | - | - | 700,709,352 (Note 2) | US\$ 1,751,418 thousand |
| OIH | Ordinary shares OHC | Investments in subsidiaries | Proceeds from issuance of ordinary shares | Subsidiaries | (Note 1) | RMB 813,357 thousand | - | RMB 500,000 thousand | - | - | - | - | (Note 1) | RMB 2,885,909 thousand |
| OHC | Ordinary shares YDES | Investments accounted for using the equity method | Proceeds from issuance of ordinary shares | Associates | (Note 1) | - | - | RMB 714,190 thousand | - | - | - | - | (Note 1) | RMB 706,643 thousand |
| ACSPL | Beneficiary certificates Opas Fund Segregated Portfolio Tranche D | Financial assets at fair value through profit or loss - current | - | - | 19,000 | 580,194 | - | - | 19,000 | 612,797 | 583,562 | 29,235 | - | - |
| DCI | Beneficiary certificates Opas Fund Segregated Portfolio Tranche D | Financial assets at fair value through profit or loss - current | - | - | 56,000 | 1,716,669 | 94 | 2,869 | 56,094 | 1,805,004 | 1,716,469 | 88,536 | - | - |
| AIC | Beneficiary certificates Opas Fund Segregated Portfolio Tranche D | Financial assets at fair value through profit or loss - current | - | - | 58,000 | 1,777,798 | - | - | 58,000 | 1,863,752 | 1,774,800 | 88,952 | - | - |
| Mega | Beneficiary certificates Opas Fund Segregated Portfolio Tranche D | Financial assets at fair value through profit or loss - current | - | - | - | - | 9,601 | 294,286 | 9,601 | 296,073 | 294,286 | 1,787 | - | - |
| Mega IV | Beneficiary certificates Opas Fund Segregated Portfolio Tranche D | Financial assets at fair value through profit or loss - current | - | - | - | - | 9,601 | 294,286 | 9,601 | 296,073 | 294,286 | 1,787 | - | - |
| Leap | Beneficiary certificates Opas Fund Segregated Portfolio Tranche D | Financial assets at fair value through profit or loss - current | - | - | - | - | 9,601 | 294,286 | 9,601 | 296,073 | 294,286 | 1,787 | - | - |

Note 1: This is not a company limited by shares.

Note 2: The cash capital increment was not registered yet.

ASIA CEMENT CORPORATION AND SUBSIDIARIES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Purchasing or (Selling) Company Name | Related Party | Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts (Payable) or Receivable | | Note |
|--------------------------------------|--|--|-----------------------|---------------------------|------------|---|----------------------|---------------|--|------------|------|
| | | | Purchase (Sale) | Amount | % to Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % to Total | |
| The Corporation | YTRMC | A subsidiary of the Corporation | Sales | \$ (1,805,262) | (20) | Purchase 45 days after monthly closing | \$ - | - | \$ 348,664 | 33 | |
| | ACSPL | A subsidiary of the Corporation | Sales | (522,223) | (6) | Average 30 days | - | - | 38,621 | 4 | |
| | YSRMC | A subsidiary of the Corporation | Sales | (163,476) | (2) | Purchase 45 days after monthly closing | - | - | 34,114 | 3 | |
| | U-Ming | An investee accounted for by equity method | Sales freight expense | 551,952 | 6 | Average 60 days | - | - | (66,176) | (4) | |
| | U-Ming Singapore | A subsidiary of an investee accounted for by equity method | Sales freight expense | 186,958 | 2 | Average 10 days | - | - | - | - | |
| | YLT | A subsidiary of the Corporation | Sales freight expense | 176,539 | 2 | Average 30 days | - | - | (31,883) | (2) | |
| | NHC | A subsidiary of the Corporation | Purchase | 151,293 | 2 | Purchase 45 days after monthly closing | - | - | (28,431) | (2) | |
| ACSPL | Alliance Concrete Singapore Pte. Ltd. | An investee accounted for by equity method | Sales | SGD (28,215) thousand | (78) | Average 60 days | - | - | SGD 6,247 thousand | 83 | |
| | The Corporation | Parent company | Purchase | SGD 23,042 thousand | 63 | Average 30 days | - | - | SGD (1,740) thousand | (28) | |
| YTRMC | Far Eastern General Construction Inc. | Related party in substance | Sales | (430,434) | (5) | Average 90 days | - | - | 213,416 | 6 | |
| | Far Eastern Resources Development Co. | Related party in substance | Sales | (104,551) | (1) | Average 90 days | - | - | 76,481 | 2 | |
| | The Corporation | Parent company | Purchase | 1,805,262 | 21 | Purchase 45 days after monthly closing | - | - | (348,664) | (24) | |
| | CHC Resources Corporation | Related party in substance | Purchase | 466,075 | 5 | Purchase 45 days after monthly closing | - | - | (64,488) | (4) | |
| FMT | Air Liquide Far Eastern Co. | Related party in substance | Sales | (156,034) | (14) | Purchase 120 days after monthly closing | - | - | 52,734 | 25 | |
| | FENC | An investee accounted for by equity method | Sales | (207,509) | (19) | Purchase 60 days after monthly closing | - | - | 27,527 | 13 | |
| | OUCG | Related party in substance | Sales | (133,627) | (12) | Purchase 75 days after monthly closing | - | - | 23,895 | 11 | |
| FDT | Oriental Petrochemical (Taiwan) Co., Ltd. | Related party in substance | Sales | (176,300) | (20) | 110 days | - | - | 55,066 | 46 | |
| YSRMC | Chubei New Century Shopping Mall Co., Ltd. | Related party in substance | Sales | (104,908) | (15) | Average 60 days | - | - | 19,648 | 8 | |
| | The Corporation | Parent company | Purchase | 163,476 | 25 | Purchase 45 days after monthly closing | - | - | (34,114) | (30) | |
| YLPPC | Far Eastern General Construction Inc. | Related party in substance | Sales | (116,783) | (66) | Average 90 days | - | - | 35,542 | 34 | |
| NHC | The Corporation | Parent company | Sales | (151,293) | (40) | Purchase 45 days after monthly closing | - | - | 28,431 | 33 | |
| YLT | The Corporation | Parent company | Sales | (176,539) | (98) | 30 days | - | - | 31,883 | 99 | |
| YTV | Far Eastern Polytex Vietnam Ltd. | A subsidiary of an investee accounted for by equity method | Sales | VND (79,774,106) thousand | (82) | Within 45 days | - | - | VND 26,936,744 thousand | 87 | |
| JYDC | TZOCCL | The same ultimate parent company | Sales | RMB (240,626) thousand | (5) | Within 90 days | - | - | RMB 34,873 thousand | 4 | |
| | WYDC | The same ultimate parent company | Sales | RMB (212,481) thousand | (4) | Average 30 days | - | - | RMB 37,902 thousand | 5 | |
| | YYDCCL | The same ultimate parent company | Sales | RMB (552,419) thousand | (11) | Within 90 days | - | - | RMB 31,765 thousand | 4 | |
| | NYDC | A subsidiary of the Corporation | Sales | RMB (92,202) thousand | (2) | Average 30 days | - | - | RMB 16,285 thousand | 2 | |

(Continued)

| Purchasing or (Selling) Company Name | Related Party | Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts (Payable) or Receivable | | Note |
|--------------------------------------|---------------|--|-----------------------|------------------------|------------|-----------------|----------------------|---------------|--|------------|------|
| | | | Purchase (Sale) | Amount | % to Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % to Total | |
| | NYLC | A subsidiary of the Corporation | Sales | RMB (33,435) thousand | (1) | Average 30 days | \$ - | - | RMB 6,503 thousand | 1 | |
| | HYDCCL | The same ultimate parent company | Sales | RMB (49,612) thousand | (1) | Within 90 days | - | - | RMB 12,304 thousand | 1 | |
| | RYNM | A subsidiary of the Corporation | Sales | RMB (23,366) thousand | - | Average 30 days | - | - | RMB 3,856 thousand | - | |
| | JYLTC | A subsidiary of the Corporation | Sales freight expense | RMB 52,041 thousand | 2 | Within 90 days | - | - | RMB (14,608) thousand | (8) | |
| | WAMTC | An investee accounted for by equity method | Sales freight expense | RMB 76,408 thousand | 2 | Within 90 days | - | - | RMB (19,484) thousand | 11 | |
| | NYDC | A subsidiary of the Corporation | Purchase | RMB 294,343 thousand | 10 | Average 30 days | - | - | RMB (45,705) thousand | (25) | |
| | NYLC | A subsidiary of the Corporation | Purchase | RMB 28,776 thousand | 1 | Average 30 days | - | - | RMB (2,475) thousand | (1) | |
| | HGYDC | The same ultimate parent company | Purchase | RMB 24,880 thousand | 1 | Average 30 days | - | - | RMB (7,370) thousand | (4) | |
| NYDC | JYDC | Parent company | Sales | RMB (294,343) thousand | (100) | Average 30 days | - | - | RMB 45,705 thousand | 100 | |
| | JYDC | Parent company | Purchase | RMB 92,202 thousand | 35 | Average 30 days | - | - | RMB (16,285) thousand | (58) | |
| NYLC | JYDC | Parent company | Sales | RMB (28,776) thousand | (17) | Average 30 days | - | - | RMB 2,475 thousand | 2 | |
| | JYDC | Parent company | Purchase | RMB 33,435 thousand | 23 | Average 30 days | - | - | RMB (6,503) thousand | (31) | |
| TZOCCL | JYDC | The same ultimate parent company | Purchase | RMB 240,626 thousand | 85 | Within 90 days | - | - | RMB (34,873) thousand | (92) | |
| | YYDCCL | The same ultimate parent company | Purchase | RMB 29,860 thousand | 11 | Within 90 days | - | - | RMB (912) thousand | (2) | |
| WYDC | JYDC | The same ultimate parent company | Purchase | RMB 212,481 thousand | 63 | Average 30 days | - | - | RMB (37,902) thousand | (59) | |
| | HYDCCL | The same ultimate parent company | Purchase | RMB 25,704 thousand | 8 | Within 90 days | - | - | RMB (280) thousand | - | |
| YYDCCL | TZOCCL | The same ultimate parent company | Sales | RMB (29,860) thousand | (3) | Within 90 days | - | - | RMB 912 thousand | 1 | |
| | JYDC | The same ultimate parent company | Purchase | RMB 552,419 thousand | 70 | Within 90 days | - | - | RMB (31,765) thousand | (64) | |
| | WAMTC | An investee accounted for by equity method | Sales freight expense | RMB 25,879 thousand | 3 | Within 90 days | - | - | RMB (2,885) thousand | (6) | |
| HYDCCL | WYDC | The same ultimate parent company | Sales | RMB (25,704) thousand | (2) | Within 90 days | - | - | RMB 280 thousand | - | |
| | WYCPL | The same ultimate parent company | Sales | RMB (44,639) thousand | (3) | Within 90 days | - | - | RMB 14,085 thousand | 4 | |
| | HZYCCL | An investee accounted for by equity method | Sales | RMB (32,231) thousand | (2) | Within 90 days | - | - | RMB 14,906 thousand | 4 | |
| | JYDC | The same ultimate parent company | Purchase | RMB 49,612 thousand | 5 | Within 90 days | - | - | RMB (12,304) thousand | (14) | |
| | HGYDC | The same ultimate parent company | Purchase | RMB 86,691 thousand | 8 | Within 90 days | - | - | RMB (9,658) thousand | (11) | |
| | WAMTC | An investee accounted for by equity method | Sales freight expense | RMB 33,759 thousand | 3 | Within 90 days | - | - | - | - | |
| | HXMC | An investee accounted for by equity method | Purchase | RMB 22,650 thousand | 2 | Within 90 days | - | - | RMB (1,856) thousand | (2) | |

(Continued)

| Purchasing or (Selling) Company Name | Related Party | Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts (Payable) or Receivable | | Note |
|--------------------------------------|---------------|----------------------------------|---------------------|-----------------------|------------|-----------------|----------------------|---------------|--|------------|------|
| | | | Purchase (Sale) | Amount | % to Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % to Total | |
| WYCPCL | HYDCCL | The same ultimate parent company | Purchase | RMB 44,639 thousand | 30 | Within 90 days | \$ - | - | RMB (14,085) thousand | (43) | |
| SIYDCCL | SLCL | A subsidiary of the Corporation | Sales | RMB (81,058) thousand | (4) | Within 90 days | - | - | RMB 7,306 thousand | 1 | |
| | SYCPCL | The same ultimate parent company | Sales | RMB (27,616) thousand | (1) | Within 90 days | - | - | RMB 8,710 thousand | 1 | |
| HGYDC | HYDCCL | The same ultimate parent company | Sales | RMB (86,691) thousand | (10) | Within 90 days | - | - | RMB 9,658 thousand | 18 | |
| | JYDC | The same ultimate parent company | Sales | RMB (24,880) thousand | (3) | Average 30 days | - | - | RMB 7,370 thousand | 14 | |
| SLCL | SYCPCL | The same ultimate parent company | Sales | RMB (23,395) thousand | (2) | Within 90 days | - | - | RMB 22,603 thousand | 3 | |
| | SIYDCCL | Parent company | Purchase | RMB 81,058 thousand | 10 | Within 90 days | - | - | RMB (7,306) thousand | (15) | |
| | SYTCL | The same ultimate parent company | Purchase | RMB 43,424 thousand | 5 | Within 90 days | - | - | RMB (6,162) thousand | (12) | |
| SYCPCL | SLCL | The same ultimate parent company | Purchase | RMB 23,395 thousand | 9 | Average 30 days | - | - | RMB (22,603) thousand | (24) | |
| | SIYDCCL | The same ultimate parent company | Purchase | RMB 27,616 thousand | 11 | Within 90 days | - | - | RMB (8,710) thousand | (9) | |
| JYLTC | JYDC | Parent company | Sales | RMB (52,041) thousand | (63) | Within 90 days | - | - | RMB 14,608 thousand | 62 | |
| SYTCL | SLCL | The same ultimate parent company | Sales | RMB (43,424) thousand | (56) | Within 90 days | - | - | RMB 6,162 thousand | 24 | |
| RYNM | JYDC | Parent company | Purchase | RMB 23,366 thousand | 100 | Average 30 days | - | - | RMB (3,856) thousand | (99) | |

(Concluded)

ASIA CEMENT CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

YEAR ENDED DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Company Name | Related Party | Relationship | Ending Balance | Turnover Rate | Overdue | | Amounts Received in Subsequent Period | Allowance for Impairment Loss |
|-----------------|---------------------------------------|--|----------------------|---------------|---------|--------------|---------------------------------------|-------------------------------|
| | | | | | Amount | Action Taken | | |
| The Corporation | YTRMC | A subsidiary of the Corporation | \$ 348,664 | 5.02 times | \$ - | - | \$ 5,386 | \$ - |
| ACSPL | Alliance Concrete Singapore Pte. Ltd. | An investee accounted for by equity method | SGD 6,247 thousand | 4.25 times | - | - | SGD 6,247 thousand | - |
| YTRMC | Far Eastern General Construction Inc. | Related party in substance | 213,416 | 1.75 times | - | - | 121,620 | - |
| JYDC | TZDC | The same ultimate parent company | RMB 34,873 thousand | 6.92 times | - | - | RMB 30,032 thousand | - |
| | WYDC | The same ultimate parent company | RMB 37,902 thousand | 6.71 times | - | - | - | - |
| | YYDCCL | The same ultimate parent company | RMB 31,765 thousand | 16.52 times | - | - | RMB 23,692 thousand | - |
| | ACCHC | Parent company | RMB 700,000 thousand | Note 1 | - | - | - | - |
| | SHYLCF | The same ultimate parent company | RMB 45,000 thousand | Note 1 | - | - | - | - |
| | TZOCCL | The same ultimate parent company | RMB 70,000 thousand | Note 1 | - | - | - | - |
| NYDC | JYDC | Parent company | RMB 45,705 thousand | 6.77 times | - | - | RMB 45,705 thousand | - |
| OIH | ACCHC | Parent company | RMB 44,000 thousand | Note 1 | - | - | - | - |
| OHC | SLCL | The same ultimate parent company | RMB 190,000 thousand | Note 1 | - | - | RMB 90,000 thousand | - |
| SLCL | SLCCL | A subsidiary of the Corporation | RMB 33,000 thousand | Note 1 | - | - | - | - |
| WYDC | SYCPCL | The same ultimate parent company | RMB 40,000 thousand | Note 1 | - | - | - | - |
| HYDCCL | ACCHC | Parent company | RMB 400,000 thousand | Note 1 | - | - | - | - |

Note 1: The accounts receivable from financing.

ASIA CEMENT CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE CORPORATION EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTMENT IN MAINLAND CHINA)
 YEAR ENDED DECEMBER 31, 2019
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Investor Company | Investee Company | Location | Main Businesses and Products | Investment Amount | | Balance as of December 31, 2019 | | | Net Income (Loss) of the Investee | Share of Profits (Loss) | Note |
|------------------|----------------------------|------------|---|-------------------|-------------------|---------------------------------|-------------------------|----------------|-----------------------------------|---------------------------------|---------------------------------|
| | | | | December 31, 2019 | December 31, 2018 | Shares | Percentage of Ownership | Carrying Value | | | |
| The Corporation | ACCHC | Cayman | Investment | \$ 13,660,636 | \$ 13,660,636 | 1,061,209,202 | 67.73 | \$ 41,411,828 | \$ 14,106,889 | \$ 9,554,596 | A subsidiary of the Corporation |
| | FENC | Taiwan | Textile | 3,459,787 | 3,459,787 | 1,272,277,085 | 23.77 | 39,074,139 | 10,732,669 | 1,637,898 | |
| | U-Ming | Taiwan | Marine transportation | 510,236 | 510,236 | 331,701,152 | 39.25 | 10,462,271 | 1,621,695 | 636,545 | |
| | DCI | Taiwan | Investment | 2,555,255 | 2,555,255 | 595,576,603 | 99.99 | 13,656,200 | 1,262,905 | 1,262,788 | A subsidiary of the Corporation |
| | CHP | Taiwan | Power plant | 3,119,492 | 3,119,492 | 280,093,521 | 59.59 | 6,059,603 | 1,097,061 | 653,769 | A subsidiary of the Corporation |
| | YDC | Taiwan | Investment | 2,232,220 | 2,232,220 | 178,707,648 | 35.50 | 3,218,379 | 214,541 | 67,561 | |
| | YYI | Taiwan | Investment | 911,058 | 911,058 | 155,000,803 | 29.92 | 2,560,533 | 811,808 | 242,893 | |
| | ACSPL | Singapore | Cement | 186,958 | 186,958 | 10,495,495 | 99.96 | 4,142,011 | 693,709 | 693,431 | A subsidiary of the Corporation |
| | OSC | Taiwan | Broker | 154,207 | 154,207 | 135,092,154 | 18.93 | 1,921,049 | 250,003 | 47,326 | |
| | AIC | Taiwan | Investment | 1,212,679 | 1,212,679 | 222,039,596 | 100.00 | 3,256,199 | 977,016 | 977,016 | A subsidiary of the Corporation |
| | YTRMC | Taiwan | Ready-mixed concrete, cement - related products | 1,042,252 | 1,042,252 | 159,067,779 | 99.99 | 1,801,770 | 146,801 | 146,801 | A subsidiary of the Corporation |
| | YLSS | Taiwan | Stainless steel | 2,661,240 | 2,661,240 | 200,000,000 | 100.00 | 1,969,817 | 1,347 | (6,939) | A subsidiary of the Corporation |
| | FMT | Taiwan | Transportation | 68,416 | 68,416 | 29,517,188 | 99.82 | 1,410,458 | 213,189 | 213,363 | A subsidiary of the Corporation |
| | FEDSDL | Taiwan | Retails | 500,000 | 500,000 | 53,250,000 | 25.00 | 640,867 | 152,284 | 56,887 | |
| | NHC | Taiwan | Cement, granulated blast-furnace slag | 410,994 | 410,994 | 26,128,171 | 99.94 | 261,372 | 52,531 | 52,499 | A subsidiary of the Corporation |
| | YDLC | Taiwan | Leasing | 309,049 | 309,049 | 34,640,189 | 43.60 | 373,481 | 12,144 | 5,295 | |
| | YLT | Taiwan | Transportation | 22,110 | 22,110 | 5,100,000 | 51.00 | 265,154 | 22,796 | 11,626 | A subsidiary of the Corporation |
| | AEE | Taiwan | Engineering | 5,136 | 5,136 | 7,970,703 | 98.23 | 182,274 | 59,946 | 58,885 | A subsidiary of the Corporation |
| | EISF | Taiwan | Iron and steel | 31,463 | 31,463 | 3,199,823 | 40.40 | 80,652 | 14,020 | 5,664 | |
| | YLPPC | Taiwan | Cement - related products | 144,961 | 144,961 | 16,241,083 | 83.81 | 75,594 | 1,040 | 871 | A subsidiary of the Corporation |
| SIHL | B.V.I. | Investment | 2,898 | 2,898 | 90,000 | 100.00 | 54,922 | 3,038 | 3,038 | A subsidiary of the Corporation | |
| CSCGL | Cayman | Investment | 4,821,008 | 4,821,008 | 331,878,315 | 7.62 | 5,248,933 | 13,578,105 | 965,182 | | |
| DCI | YDC | Taiwan | Investment | 289,982 | 289,982 | 72,989,090 | 14.50 | 1,320,548 | 214,541 | Not applicable | |
| | FEC | Taiwan | Construction | 140,138 | 140,138 | 115,882,928 | 33.76 | 4,402,354 | 725,256 | Not applicable | |
| | FENC | Taiwan | Textile | 1,263,385 | 1,263,385 | 82,812,887 | 1.55 | 2,509,521 | 10,732,669 | Not applicable | |
| | KCC | Hong Kong | Cement | 36,024 | 36,024 | 1,127,000 | 49.00 | 446,154 | 40,881 | Not applicable | A subsidiary of the Corporation |
| | SHSTC | Taiwan | Storage and transportation | - | 143,516 | - | - | - | - | Not applicable | |
| | FSMS | Taiwan | Mining excavation, mineral processing and sales | 112,096 | 112,096 | 1,294,270 | 99.56 | 133,735 | (6,936) | Not applicable | A subsidiary of the Corporation |
| | U-Ming | Taiwan | Marine transportation | 27,619 | 27,619 | 468,486 | 0.06 | 30,967 | 1,621,695 | Not applicable | |
| | AC Mega Investment Ltd. | B.V.I. | Investment | 828,313 | 579,926 | 27,700,000 | 100.00 | 774,004 | 86,138 | Not applicable | A subsidiary of the Corporation |
| | AC Leap Investment Ltd. | B.V.I. | Investment | 846,224 | 579,439 | 28,300,000 | 100.00 | 855,589 | 100,918 | Not applicable | A subsidiary of the Corporation |
| | AC Mega II Investment Ltd. | B.V.I. | Investment | 289,050 | 289,050 | 10,000,000 | 100.00 | 281,337 | 46,877 | Not applicable | A subsidiary of the Corporation |

(Continued)

| Investor Company | Investee Company | Location | Main Businesses and Products | Investment Amount | | Balance as of December 31, 2019 | | | Net Income (Loss) of the Investee | Share of Profits (Loss) | Note |
|--------------------------------------|---|------------|-------------------------------|-------------------|-------------------|---------------------------------|-------------------------|----------------|-----------------------------------|-------------------------|--|
| | | | | December 31, 2019 | December 31, 2018 | Shares | Percentage of Ownership | Carrying Value | | | |
| NHC | AC Mega III Investment Ltd. | B.V.I. | Investment | \$ 289,050 | \$ 289,050 | 10,000,000 | 100.00 | \$ 319,223 | \$ 52,787 | Not applicable | A subsidiary of the Corporation A subsidiary of the Corporation A subsidiary of the Corporation A subsidiary of the Corporation A subsidiary of the Corporation A subsidiary of the Corporation A subsidiary of the Corporation A subsidiary of the Corporation |
| | AC Mega IV Investment Ltd. | B.V.I. | Investment | 780,510 | 780,510 | 26,100,000 | 100.00 | 888,698 | 106,605 | Not applicable | |
| | Drive Catalyst SPC - SP Tranche One | B.V.I. | Investment | 123,120 | 123,120 | 4,000 | 25.00 | 120,649 | 3,831 | Not applicable | |
| | Drive Catalyst SPC - SP Tranche Three | B.V.I. | Investment | 123,960 | - | 4,000 | 25.00 | 118,975 | (3,076) | Not applicable | |
| | CSCGL | Cayman | Investment | 872,619 | 872,619 | 56,297,000 | 1.29 | 890,053 | 13,578,105 | Not applicable | |
| | SHSTC | Taiwan | Storage and transportation | - | 333,309 | - | - | - | - | Not applicable | |
| | PGIC | Taiwan | Granulated blast-furnace slag | 36,771 | 36,771 | 3,287,550 | 31.00 | 51,455 | 8,847 | Not applicable | |
| | FENC | Taiwan | Textile | 15,240 | 15,240 | 1,739,978 | 0.03 | 40,356 | 10,732,669 | Not applicable | |
| YTRMC | U-Ming | Taiwan | Marine transportation | 1,027 | 1,027 | 64,143 | 0.01 | 941 | 1,621,695 | Not applicable | |
| | CSCGL | Cayman | Investment | 282,957 | 282,957 | 9,250,000 | 0.21 | 145,992 | 13,578,105 | Not applicable | |
| | YSRMC | Taiwan | Ready-mixed concrete | 69,930 | 69,930 | 6,993,000 | 69.93 | 87,687 | 27,530 | Not applicable | |
| | YTV | Vietnam | Ready-mixed concrete | 201,823 | 201,823 | (Note 1) | 100.00 | 291,247 | 7,838 | Not applicable | |
| FMT | PYCI | Indonesia | Ready-mixed concrete | 144,369 | 61,439 | (Note 1) | 99.00 | 68,599 | (72,481) | Not applicable | |
| | AOG | Guam | Investment | 236,240 | 175,230 | (Note 1) | 95.04 | 65,207 | (43,552) | Not applicable | |
| | FDT | Taiwan | Transportation | 30,373 | 30,373 | 27,892,834 | 99.87 | 740,647 | 109,850 | Not applicable | |
| | FENC | Taiwan | Textile | 40,263 | 40,263 | 4,415,299 | 0.08 | 109,949 | 10,732,669 | Not applicable | |
| FDT | YDEC | Taiwan | Retail | 160,424 | 160,424 | 30,557,900 | 26.95 | 585,374 | 117,812 | Not applicable | |
| | U-Ming | Taiwan | Marine transportation | 1,891 | 1,891 | 50,000 | 0.01 | 1,805 | 1,621,695 | Not applicable | |
| | FENC | Taiwan | Textile | 31,322 | 31,322 | 1,020,000 | 0.02 | 31,091 | 10,732,669 | Not applicable | |
| AEE | ACCHC | Cayman | Investment | 50,541 | 50,541 | 3,161,500 | 0.20 | 84,246 | 14,106,889 | Not applicable | |
| | U-Ming | Taiwan | Marine transportation | 38,931 | 38,931 | 3,485,997 | 0.41 | 35,455 | 1,621,695 | Not applicable | |
| | CSCGL | Cayman | Investment | 266,942 | 266,942 | 8,368,000 | 0.19 | 132,075 | 13,578,105 | Not applicable | |
| YLPPC | YDEC | Taiwan | Retail | 20,776 | 20,776 | 4,411,559 | 3.89 | 84,414 | 117,812 | Not applicable | |
| | PYCI | Indonesia | Ready-mixed concrete | 1,448 | 621 | (Note 1) | 1.00 | 693 | (72,481) | Not applicable | |
| | YLPCIP | India | Tunnel lining segments | 8,338 | 8,338 | (Note 1) | 99.99 | 1,915 | (219) | Not applicable | |
| | AOG | Guam | Investment | 66,816 | 66,816 | (Note 1) | 4.96 | 3,403 | (43,552) | Not applicable | |
| AIC | FENC | Taiwan | Textile | 405,473 | 405,473 | 15,430,293 | 0.29 | 649,483 | 10,732,669 | Not applicable | |
| | U-Ming | Taiwan | Marine transportation | 77,446 | 77,446 | 7,796,914 | 0.92 | 72,456 | 1,621,695 | Not applicable | |
| | CHP | Taiwan | Power plant | 376 | 376 | 37,574 | 0.01 | 850 | 1,097,061 | Not applicable | |
| | Asia Cement Pioneer Investment Ltd. | B.V.I. | Investment | 2,100,779 | 2,039,879 | 68,550,000 | 100.00 | 2,064,326 | 306,888 | Not applicable | |
| | Asia Cement Pioneer II Investment Ltd. | B.V.I. | Investment | 833,410 | 544,135 | 28,000,000 | 100.00 | 891,935 | 101,257 | Not applicable | |
| | Asia Cement Pioneer III Investment Ltd. | B.V.I. | Investment | 578,325 | 289,050 | 19,500,000 | 100.00 | 542,204 | 36,662 | Not applicable | |
| | Asia Cement Pioneer IV Investment Ltd. | B.V.I. | Investment | 575,538 | 286,263 | 19,010,000 | 100.00 | 588,459 | 48,009 | Not applicable | |
| Asia Cement Explorer Investment Ltd. | B.V.I. | Investment | 623,340 | 334,065 | 20,915,000 | 100.00 | 442,420 | 14,774 | Not applicable | | |
| | DCI | Taiwan | Investment | 76 | 76 | 5,401 | - | 76 | 1,262,905 | Not applicable | |

(Continued)

| Investor Company | Investee Company | Location | Main Businesses and Products | Investment Amount | | Balance as of December 31, 2019 | | | Net Income (Loss) of the Investee | Share of Profits (Loss) | Note |
|------------------|--|-----------|---|-------------------|-------------------|---------------------------------|-------------------------|----------------|-----------------------------------|-------------------------|---------------------------------|
| | | | | December 31, 2019 | December 31, 2018 | Shares | Percentage of Ownership | Carrying Value | | | |
| | FMT | Taiwan | Transportation | \$ 176 | \$ 176 | 5,000 | 0.02 | \$ 272 | \$ 213,189 | Not applicable | A subsidiary of the Corporation |
| | NHC | Taiwan | Cement, granulated blast-furnace slag | 78 | 78 | 5,000 | 0.02 | 80 | 52,531 | Not applicable | A subsidiary of the Corporation |
| | AEE | Taiwan | Engineering | 116 | 116 | 6,000 | 0.07 | 120 | 59,946 | Not applicable | A subsidiary of the Corporation |
| | FSMS | Taiwan | Mining excavation, mineral processing and sales | 119 | 119 | 5,000 | 0.38 | 125 | (6,936) | Not applicable | A subsidiary of the Corporation |
| | FDT | Taiwan | Transportation | 110 | 110 | 7,145 | 0.03 | 199 | 109,850 | Not applicable | A subsidiary of the Corporation |
| | YSRMC | Taiwan | Ready-mixed concrete | 37 | 37 | 5,000 | 0.05 | 44 | 27,530 | Not applicable | A subsidiary of the Corporation |
| | EISF | Taiwan | Iron and steel | 15,649 | 15,649 | 660,000 | 8.33 | 16,630 | 14,020 | Not applicable | |
| | YTRMC | Taiwan | Ready-mixed concrete, cement - related products | 53 | 53 | 5,782 | - | 53 | 146,801 | Not applicable | A subsidiary of the Corporation |
| | CSCGL | Cayman | Investment | 556,895 | 556,895 | 31,528,000 | 0.72 | 498,144 | 13,578,105 | Not applicable | |
| YLT | U-Ming | Taiwan | Marine transportation | 58,840 | 58,840 | 6,348,103 | 0.75 | 308,774 | 1,621,695 | Not applicable | |
| ACE | CSCGL | Cayman | Investment | 266,882 | 266,882 | 7,480,000 | 0.17 | 118,080 | 13,578,105 | Not applicable | |
| | Opas Fund Segregated Portfolio Company | Cayman | Investment | 1,531 | 1,531 | 33 | 33.00 | 1,607 | 113 | Not applicable | |
| | Drive Catalyst SPC | Cayman | Investment | 494 | 494 | 33 | 33.00 | 488 | 20 | Not applicable | |
| ACP | CSCGL | Cayman | Investment | 1,959,250 | 1,959,250 | 107,536,000 | 2.47 | 1,700,893 | 13,578,105 | Not applicable | |
| ACP II | CSCGL | Cayman | Investment | 544,689 | 544,689 | 36,865,000 | 0.85 | 583,507 | 13,578,105 | Not applicable | |
| ACP III | CSCGL | Cayman | Investment | 290,967 | 290,967 | 14,790,000 | 0.34 | 233,970 | 13,578,105 | Not applicable | |
| ACP IV | CSCGL | Cayman | Investment | 292,032 | 292,032 | 18,514,000 | 0.43 | 293,443 | 13,578,105 | Not applicable | |
| Leap | CSCGL | Cayman | Investment | 567,556 | 567,556 | 35,569,000 | 0.82 | 562,979 | 13,578,105 | Not applicable | |
| Mega | CSCGL | Cayman | Investment | 554,533 | 554,533 | 30,251,000 | 0.70 | 479,139 | 13,578,105 | Not applicable | |
| Mega II | CSCGL | Cayman | Investment | 293,393 | 293,393 | 16,058,000 | 0.37 | 254,137 | 13,578,105 | Not applicable | |
| Mega III | CSCGL | Cayman | Investment | 292,743 | 292,743 | 18,477,000 | 0.42 | 291,688 | 13,578,105 | Not applicable | |
| Mega IV | CSCGL | Cayman | Investment | 504,078 | 504,078 | 37,410,000 | 0.86 | 591,806 | 13,578,105 | Not applicable | |
| KCC | KCCL | Hong Kong | Ready-mixed concrete | 38 | 38 | 10,000 | 100.00 | 138,589 | 13,198 | Not applicable | A subsidiary of the Corporation |
| | Join Fortune Trading Ltd. | B.V.I. | Investment | 88,372 | 88,372 | 2,979,721 | 100.00 | 18,957 | 584 | Not applicable | A subsidiary of the Corporation |
| JFTL | Empire Success Corp Ltd. | Hong Kong | Storage and transportation | 65,076 | 65,076 | 17,040,000 | 50.00 | 16,508 | (559) | Not applicable | |
| | Profit Enterprises Int'l Ltd. | Hong Kong | Barge transportation | 23,296 | 23,296 | 6,100,000 | 50.00 | 3,289 | 1,253 | Not applicable | |
| AOG | Asia Oriental Concrete, LLC | Guam | Ready-mixed concrete | 237,944 | 178,084 | (Note 1) | 71.70 | 22,269 | (66,247) | Not applicable | A subsidiary of the Corporation |
| | Perez-Mtec-ACC, L.L.C. | Guam | Ready-mixed concrete | 8,979 | 8,979 | (Note 1) | 33.33 | 42 | - | Not applicable | |

(Continued)

| Investor Company | Investee Company | Location | Main Businesses and Products | Investment Amount | | Balance as of December 31, 2019 | | | Net Income (Loss) of the Investee | Share of Profits (Loss) | Note |
|------------------|---------------------------------------|-----------|-------------------------------|-------------------|-------------------|---------------------------------|-------------------------|----------------|-----------------------------------|-------------------------|---|
| | | | | December 31, 2019 | December 31, 2018 | Shares | Percentage of Ownership | Carrying Value | | | |
| ACSPL | OCPL | Singapore | Ready-mixed concrete, leasing | \$ 377,230 | \$ 377,230 | 17,000,000 | 100.00 | \$ 260,244 | \$ 3,400 | Not applicable | A subsidiary of the Corporation A subsidiary of the Corporation A subsidiary of the Corporation |
| | ACCHC | Cayman | Investment | 598,600 | 598,600 | 63,790,798 | 4.07 | 2,488,498 | 14,106,889 | Not applicable | |
| | Alliance Concrete Singapore Pte. Ltd. | Singapore | Ready-mixed concrete | 155,330 | 155,330 | 6,000,000 | 50.00 | 206,833 | 204,204 | Not applicable | |
| ACCHC | PIHPL | B.V.I. | Investment | 26,356,747 | 26,356,747 | 9,379,303 | 100.00 | 74,365,545 | 15,638,825 | Not applicable | A subsidiary of the Corporation |

Note 1: This is not a company limited by shares.

(Concluded)

ASIA CEMENT CORPORATION AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Investee Company | Main Businesses and Products | Paid-in Capital | Method of Investment (Note 2) | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 1) | Carrying Amount as of December 31, 2019 | Accumulated Repatriation of Investment Income as of December 31, 2019 |
|------------------|---|---|-------------------------------|--|---------------------|---|--|---|--|---|--|--|
| | | | | | Outward | Inward | | | | | | |
| SHYLC | It manufactures and sells ready-mixed concrete and cement - related products | US\$15,000 (equivalent to NT\$448,950 thousand) | (2) | US\$11,200 (equivalent to NT\$335,216 thousand) | \$ - | \$ - | US\$11,200 (equivalent to NT\$335,216 thousand) | RMB14,271 (equivalent to NT\$63,986 thousand) | 72.00 | RMB10,275 (equivalent to NT\$46,070 thousand) | RMB10,405 (equivalent to NT\$44,643 thousand) | US\$800 (equivalent to NT\$23,944 thousand) |
| JYDC | It manufactures and sells cement, clinker and ready-mixed concrete (including cement - related products). | US\$356,104 (equivalent to NT\$10,658,193 thousand) | (2) | US\$93,035 (equivalent to NT\$2,784,538 thousand) RMB(126,758) (equivalent to NT\$(543,832) thousand) | - | RMB(380,367) (equivalent to NT\$(1,631,895) thousand) | US\$93,035 (equivalent to NT\$2,784,538 thousand) RMB(507,125) (equivalent to NT\$(2,175,727) thousand) | RMB1,488,812 (equivalent to NT\$6,675,264 thousand) | 68.40 | RMB1,018,348 (equivalent to NT\$4,565,881 thousand) | RMB4,112,215 (equivalent to NT\$17,642,702 thousand) | US\$50,781 (equivalent to NT\$1,519,875 thousand) RMB507,125 (equivalent to NT\$2,175,727 thousand) |
| WYDC | It manufactures and sells cement, slag powder and slag cement. | US\$36,140 (equivalent to NT\$1,081,670 thousand) | (2) | US\$22,081 (equivalent to NT\$660,884 thousand) RMB(3,533) (equivalent to NT\$(15,158) thousand) | - | - | US\$22,081 (equivalent to NT\$660,884 thousand) RMB(3,533) (equivalent to NT\$(15,158) thousand) | RMB29,023 (equivalent to NT\$130,126 thousand) | 72.00 | RMB20,896 (equivalent to NT\$93,691 thousand) | RMB438,541 (equivalent to NT\$1,881,481 thousand) | US\$4,469 (equivalent to NT\$133,757 thousand) RMB3,533 (equivalent to NT\$15,158 thousand) |
| SHYFCP | It manufactures and sells ready-mixed concrete and cement - related products | - | - | US\$1,270 (equivalent to NT\$38,011 thousand) | - | - | US\$1,270 (equivalent to NT\$38,011 thousand) | - | - | - | - | - |
| OHC | Investment | US\$130,407 (equivalent to NT\$3,903,082 thousand) | (2) | US\$54,191 (equivalent to NT\$1,621,937 thousand) | - | - | US\$54,191 (equivalent to NT\$1,621,937 thousand) | RMB386,044 (equivalent to NT\$1,730,872 thousand) | 72.00 | RMB277,951 (equivalent to NT\$1,246,228 thousand) | RMB2,077,855 (equivalent to NT\$8,914,653 thousand) | US\$809 (equivalent to NT\$24,213 thousand) |
| NYLC | It manufactures and sells ready-mixed concrete and cement - related products | RMB60,000 (equivalent to NT\$257,419 thousand) | (2) | - | - | - | - | RMB(6,553) (equivalent to NT\$(29,379) thousand) | 68.40 | RMB(4,482) (equivalent to NT\$(20,096) thousand) | RMB112,989 (equivalent to NT\$484,760 thousand) | - |
| NYDC | It manufactures and sells cement, slag powder and slag cement. | RMB90,000 (equivalent to NT\$386,128 thousand) | (2) | - | - | - | - | RMB15,586 (equivalent to NT\$69,883 thousand) | 52.20 | RMB8,136 (equivalent to NT\$36,479 thousand) | RMB88,543 (equivalent to NT\$379,876 thousand) | - |
| SIYDCCL | Cement, clinker, slag powder and ready-mixed concrete (including cement - related products) | US\$368,340 (equivalent to NT\$11,024,416 thousand) | (2) | US\$67,585 (equivalent to NT\$2,022,819 thousand) RMB(4,091) (equivalent to NT\$(17,552) thousand) | - | RMB(136,094) (equivalent to NT\$(583,886) thousand) | US\$67,585 (equivalent to NT\$2,022,819 thousand) RMB(140,185) (equivalent to NT\$(601,438) thousand) | RMB1,264,886 (equivalent to NT\$5,671,266 thousand) | 72.00 | RMB910,718 (equivalent to NT\$4,083,312 thousand) | RMB3,773,937 (equivalent to NT\$16,191,384 thousand) | US\$27,009 (equivalent to NT\$808,379 thousand) RMB140,185 (equivalent to NT\$601,438 thousand) |
| CYCPCL | It manufactures and sells ready-mixed concrete and cement - related products | US\$4,100 (equivalent to NT\$122,713 thousand) | (2) | US\$2,023 (equivalent to NT\$60,548 thousand) | - | - | US\$2,023 (equivalent to NT\$60,548 thousand) | RMB14,136 (equivalent to NT\$63,381 thousand) | 72.00 | RMB10,178 (equivalent to NT\$45,634 thousand) | RMB59,238 (equivalent to NT\$254,151 thousand) | US\$77 (equivalent to NT\$2,305 thousand) |
| JYLTC | Transportation | RMB12,500 (equivalent to NT\$53,629 thousand) | (2) | - | - | - | - | RMB6,397 (equivalent to NT\$28,680 thousand) | 70.12 | RMB4,485 (equivalent to NT\$20,111 thousand) | RMB25,780 (equivalent to NT\$110,602 thousand) | - |

(Continued)

| Investee Company | Main Businesses and Products | Paid-in Capital | Method of Investment (Note 2) | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 1) | Carrying Amount as of December 31, 2019 | Accumulated Repatriation of Investment Income as of December 31, 2019 |
|------------------|---|--|-------------------------------|---|---------------------|--|--|---|--|---|---|--|
| | | | | | Outward | Inward | | | | | | |
| HYDCCL | Cement, clinker, slag powder and ready-mixed concrete (including cement - related products) | US\$154,800 (equivalent to NT\$4,633,164 thousand) | (2) | US\$44,610 (equivalent to NT\$1,335,177 thousand) RMB(36,155) (equivalent to NT\$(155,116) thousand) | \$ - | RMB(87,753) (equivalent to NT\$(376,488) thousand) | US\$44,610 (equivalent to NT\$1,335,177 thousand) RMB(123,908) (equivalent to NT\$(531,604) thousand) | RMB430,511 (equivalent to NT\$1,930,247 thousand) | 72.00 | RMB309,968 (equivalent to NT\$1,389,778 thousand) | RMB1,884,938 (equivalent to NT\$8,086,981 thousand) | US\$12,990 (equivalent to NT\$388,791 thousand) RMB123,908 (equivalent to NT\$531,604 thousand) |
| CYSPC | Slag powder | - | - | US\$980 (equivalent to NT\$29,331 thousand) | - | - | US\$980 (equivalent to NT\$29,331 thousand) | - | - | - | - | - |
| SYCPCL | It manufactures and sells ready-mixed concrete and cement - related products | US\$3,300 (equivalent to NT\$98,769 thousand) | (2) | US\$2,970 (equivalent to NT\$88,892 thousand) | - | - | US\$2,970 (equivalent to NT\$88,892 thousand) | RMB17,747 (equivalent to NT\$79,571 thousand) | 72.00 | RMB12,778 (equivalent to NT\$57,291 thousand) | RMB38,641 (equivalent to NT\$165,782 thousand) | - |
| SYTCL | Transportation | US\$3,500 (equivalent to NT\$104,755 thousand) | (2) | US\$2,158 (equivalent to NT\$64,589 thousand) | - | - | US\$2,158 (equivalent to NT\$64,589 thousand) | RMB4,087 (equivalent to NT\$18,323 thousand) | 72.00 | RMB2,942 (equivalent to NT\$13,193 thousand) | RMB31,255 (equivalent to NT\$134,095 thousand) | US\$992 (equivalent to NT\$29,691 thousand) |
| YYDCCL | Cement, slag powder and ready-mixed concrete (including cement - related products) | US\$35,530 (equivalent to NT\$1,063,413 thousand) | (2) | US\$14,833 (equivalent to NT\$443,952 thousand) | - | - | US\$14,833 (equivalent to NT\$443,952 thousand) | RMB50,419 (equivalent to NT\$226,061 thousand) | 72.00 | RMB36,302 (equivalent to NT\$162,764 thousand) | RMB300,302 (equivalent to NT\$1,288,390 thousand) | US\$1,016 (equivalent to NT\$30,409 thousand) |
| HGYDC | Cement, clinker, slag powder and ready-mixed concrete (including cement - related products) | US\$86,170 (equivalent to NT\$2,579,068 thousand) | (2) | US\$13,513 (equivalent to NT\$404,444 thousand) RMB(24,078) (equivalent to NT\$(103,302) thousand) | - | RMB(67,959) (equivalent to NT\$(291,566) thousand) | US\$13,513 (equivalent to NT\$404,444 thousand) RMB(92,037) (equivalent to NT\$(394,868) thousand) | RMB265,762 (equivalent to NT\$1,191,577 thousand) | 72.00 | RMB191,349 (equivalent to NT\$857,936 thousand) | RMB915,154 (equivalent to NT\$3,926,300 thousand) | US\$1,837 (equivalent to NT\$54,981 thousand) RMB92,037 (equivalent to NT\$394,868 thousand) |
| HYTCL | Transportation | RMB13,000 (equivalent to NT\$55,774 thousand) | (2) | - | - | - | - | RMB112 (equivalent to NT\$501 thousand) | 72.00 | RMB80 (equivalent to NT\$360 thousand) | RMB13,316 (equivalent to NT\$57,130 thousand) | - |
| WYCPCL | It manufactures and sells ready-mixed concrete and cement - related products | RMB60,000 (equivalent to NT\$257,419 thousand) | (2) | - | - | - | - | RMB23,129 (equivalent to NT\$103,702 thousand) | 72.00 | RMB16,653 (equivalent to NT\$74,665 thousand) | RMB65,039 (equivalent to NT\$279,036 thousand) | - |
| WYXC | Cement, clinker, slag powder and ready-mixed concrete (including cement - related products) | RMB90,000 (equivalent to NT\$386,128 thousand) | (2) | - | - | - | - | RMB45,088 (equivalent to NT\$202,157 thousand) | 64.79 | RMB28,758 (equivalent to NT\$128,941 thousand) | RMB256,172 (equivalent to NT\$1,099,058 thousand) | - |
| HZYCCL | It manufactures and sells ready-mixed concrete and cement - related products | RMB30,000 (equivalent to NT\$128,709 thousand) | (2) | - | - | - | - | RMB6,787 (equivalent to NT\$30,430 thousand) | 28.80 | RMB1,955 (equivalent to NT\$8,764 thousand) | RMB13,305 (equivalent to NT\$57,084 thousand) | - |
| HXMC | Production and sales of limestone | RMB10,000 (equivalent to NT\$42,903 thousand) | (2) | - | - | - | - | RMB10,800 (equivalent to NT\$48,425 thousand) | 28.80 | RMB2,948 (equivalent to NT\$13,217 thousand) | RMB6,819 (equivalent to NT\$29,255 thousand) | - |
| WAMTC | Marine transportation | RMB35,500 (equivalent to NT\$152,306 thousand) | (2) | - | - | - | - | RMB10,804 (equivalent to NT\$48,439 thousand) | 34.20 | RMB3,751 (equivalent to NT\$16,820 thousand) | RMB32,162 (equivalent to NT\$137,985 thousand) | - |
| TZOCCL | Cement - related products | US\$16,000 (equivalent to NT\$478,880 thousand) | (2) | - | - | - | - | RMB13,131 (equivalent to NT\$58,875 thousand) | 72.00 | RMB8,982 (equivalent to NT\$40,271 thousand) | RMB60,949 (equivalent to NT\$261,493 thousand) | - |

(Continued)

| Investee Company | Main Businesses and Products | Paid-in Capital | Method of Investment (Note 2) | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 1) | Carrying Amount as of December 31, 2019 | Accumulated Repatriation of Investment Income as of December 31, 2019 |
|------------------|--|---|-------------------------------|---|---------------------|--------|---|---|--|---|---|---|
| | | | | | Outward | Inward | | | | | | |
| SLCL | Cement, clinker, slag powder and ready-mixed concrete (including cement - related products) | RMB600,000 (equivalent to NT\$2,574,190 thousand) | (2) | \$ - | \$ - | \$ - | \$ - | RMB568,864 (equivalent to NT\$2,550,570 thousand) | 72.00 | RMB407,522 (equivalent to NT\$1,827,173 thousand) | RMB1,512,948 (equivalent to NT\$6,491,023 thousand) | \$ - |
| SLCCL | Cement - related products | RMB20,000 (equivalent to NT\$85,806 thousand) | (2) | - | - | - | - | RMB(503) (equivalent to NT\$(2,254) thousand) | 72.00 | RMB(362) (equivalent to NT\$(1,623) thousand) | RMB(15,014) (equivalent to NT\$(64,413) thousand) | - |
| YDES | Wholesale of chemical products and machinery equipment, design and development of computer software and network technology | RMB1,763,425 (equivalent to NT\$7,565,650 thousand) | (2) | - | - | - | - | RMB(22,262) (equivalent to NT\$(99,813) thousand) | 28.80 | RMB(5,434) (equivalent to NT\$(24,364) thousand) | RMB508,783 (equivalent to NT\$2,182,839 thousand) | - |
| RYNM | Building materials, products and construction waste | RMB2,000 (equivalent to NT\$8,581 thousand) | (2) | - | - | - | - | RMB47,672 (equivalent to NT\$213,741 thousand) | 68.40 | RMB32,607 (equivalent to NT\$146,199 thousand) | RMB33,975 (equivalent to NT\$145,765 thousand) | - |

| Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2019 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA |
|---|--|---|
| US\$481,069 (Note 3) (equivalent to NT\$14,398,395 thousand) RMB(866,788) (equivalent to NT\$(3,718,794) thousand) | US\$2,284,279 (equivalent to NT\$68,368,470 thousand) | (Note 4) |

Note 1: The accrual is based on the financial statements audited by independent auditors.

Note 2: The investor companies were incorporated in Mainland China by a company (2) (ACCHC) which was incorporated in the area other than Taiwan and Mainland China in order to invest in Mainland China.

Note 3: As of December 31, 2019 accumulated investment in China Shanshui Cement Group Ltd which listed at HKEx for managing finance purpose was US\$150,620 thousand included in Accumulated Outward Remittance for Investment in Mainland China.

Note 4: The Corporation obtained certificate No. 10620435220 from Industrial Development Bureau, Ministry of Economic Affairs, according to the "Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China", the accumulation of fund is not limited.

Note 5: The foreign currency amounts of original investment amount and carrying value are expressed in New Taiwan dollars at exchange rate as of December 31, 2019 the foreign currency amount of net income is expressed in New Taiwan dollars at average exchange rate for the year ended December 31, 2019.

(Concluded)

ASIA CEMENT CORPORATION AND SUBSIDIARIES

**BUSINESS RELATIONSHIP AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)**

| Number | Company Name | Counterparty | Relationship (Note) | Transaction Details | | | % to Total Revenue or Assets |
|--------|-----------------|-----------------|------------------------|-----------------------------|------------------------|------------------------|---------------------------------|
| | | | | Financial Statement Account | Amount | Transaction Terms | |
| 0 | The Corporation | YTRMC | 1 | Accounts receivable | \$ 348,664 | Based on regular terms | - |
| | | | 1 | Sales | 1,805,262 | Based on regular terms | 2 |
| | | | 1 | Other revenue | 12,423 | Based on regular terms | - |
| | | ACSPL | 1 | Guarantee deposits | 576,643 | Based on regular terms | - |
| | | | 1 | Accounts receivable | 38,621 | Based on regular terms | - |
| | | | 1 | Sales | 522,223 | Based on regular terms | - |
| | | AIC | 1 | Other revenue | 27,598 | Based on regular terms | - |
| | | | YSRMC | 1 | Accounts receivable | 34,114 | Based on regular terms |
| | | DCI | 1 | Sales | 163,476 | Based on regular terms | - |
| 1 | Other revenue | | 18,189 | Based on regular terms | - | | |
| 1 | YTRMC | YTV | 1 | Other receivables | 33,288 | Based on regular terms | - |
| 2 | AEE | The Corporation | 2 | Accounts receivable | 11,087 | Based on regular terms | - |
| | | | 2 | Sales | 10,866 | Based on regular terms | - |
| | | YLT | 3 | Sales | 30,297 | Based on regular terms | - |
| | | NHC | 3 | Sales | 13,552 | Based on regular terms | - |
| 3 | NHC | The Corporation | 2 | Accounts receivable | 28,431 | Based on regular terms | - |
| | | | 2 | Sales | 151,293 | Based on regular terms | - |
| 4 | YLT | The Corporation | 2 | Accounts receivable | 31,883 | Based on regular terms | - |
| | | | 2 | Sales | 176,539 | Based on regular terms | - |
| 5 | FMT | The Corporation | 2 | Accounts receivable | 14,930 | Based on regular terms | - |
| | | | 2 | Sales | 86,230 | Based on regular terms | - |
| | | YTRMC | 3 | Accounts receivable | 10,483 | Based on regular terms | - |
| | | | 3 | Sales | 49,011 | Based on regular terms | - |
| | | NHC | 3 | Sales | 13,766 | Based on regular terms | - |
| | | | FDT | 1 | Sales | 66,082 | Based on regular terms |
| | | 1 | Other revenue | 18,786 | Based on regular terms | - | |
| 6 | FDT | FMT | 2 | Other receivables | 10,027 | Based on regular terms | - |
| | | | 2 | Sales | 67,601 | Based on regular terms | - |
| | | YLSS | 3 | Sales | 19,486 | Based on regular terms | - |
| 7 | OC | ACCHC | 2 | Other receivables | 193,187 | Based on regular terms | - |

(Continued)

| Number | Company Name | Counterparty | Relationship (Note) | Transaction Details | | | % to Total Revenue or Assets |
|--------|--------------|-----------------|---------------------|-----------------------------|------------------------|------------------------|------------------------------|
| | | | | Financial Statement Account | Amount | Transaction Terms | |
| 8 | SHYLCP | JYDC | 3 | Sales | \$ 40,950 | Based on regular terms | - |
| 9 | OHC | SLCL | 3 | Other receivables | 816,179 | Based on regular terms | - |
| | | | 3 | Interest revenue | 41,576 | Based on regular terms | - |
| 10 | SYTCL | SYCPCL | 3 | Sales | 20,344 | Based on regular terms | - |
| | | | 3 | Accounts receivable | 11,646 | Based on regular terms | - |
| | | SLCL | 3 | Sales | 83,829 | Based on regular terms | - |
| | | | 3 | Accounts receivable | 26,438 | Based on regular terms | - |
| | | | 3 | Sales | 194,697 | Based on regular terms | - |
| 11 | SIYDCCL | SYCPCL | 3 | Accounts receivable | 37,367 | Based on regular terms | - |
| | | | 3 | Sales | 123,821 | Based on regular terms | - |
| | | SLCL | 1 | Accounts receivable | 31,346 | Based on regular terms | - |
| | | | 1 | Sales | 363,433 | Based on regular terms | - |
| | | CYCPCL | 3 | Accounts receivable | 16,925 | Based on regular terms | - |
| | | | 3 | Sales | 95,363 | Based on regular terms | - |
| 12 | SLCL | SYCPCL | 3 | Accounts receivable | 96,972 | Based on regular terms | - |
| | | | 3 | Sales | 104,895 | Based on regular terms | - |
| | | SIYDCCL | 2 | Sales | 29,403 | Based on regular terms | - |
| | | | 2 | Other receivables | 171,827 | Based on regular terms | - |
| | | 1 | Other receivables | 141,757 | Based on regular terms | - | |
| 13 | CYCPCL | SYCPCL | 3 | Accounts receivable | 50,241 | Based on regular terms | - |
| | | | 3 | Sales | 62,680 | Based on regular terms | - |
| | | SIYDCCL | 3 | Sales | 12,150 | Based on regular terms | - |
| | | | 3 | Sales | 21,489 | Based on regular terms | - |
| 14 | JYLTC | JYDC | 2 | Accounts receivable | 62,673 | Based on regular terms | - |
| | | | 2 | Sales | 233,332 | Based on regular terms | - |
| | | NYDC | 3 | Accounts receivable | 30,867 | Based on regular terms | - |
| | | | 3 | Sales | 85,317 | Based on regular terms | - |
| | | HGYDC | 3 | Sales | 32,807 | Based on regular terms | - |
| 15 | JYDC | The Corporation | 2 | Sales | 67,211 | Based on regular terms | - |
| | | SHYLCP | 3 | Other receivables | 193,553 | Based on regular terms | - |
| | | SIYDCCL | 3 | Other receivables | 13,482 | Based on regular terms | - |
| | | | 3 | Other revenue | 23,793 | Based on regular terms | - |
| | | SLCL | 3 | Other revenue | 11,308 | Based on regular terms | - |
| | | ACCHC | 2 | Other receivables | 3,014,013 | Based on regular terms | 1 |
| | | | 2 | Interest revenue | 11,278 | Based on regular terms | - |
| | | WYDC | 3 | Accounts receivable | 162,610 | Based on regular terms | - |
| | | | 3 | Sales | 952,682 | Based on regular terms | 1 |
| | | NYLC | 1 | Accounts receivable | 27,901 | Based on regular terms | - |
| | 1 | Sales | 149,911 | Based on regular terms | - | | |

(Continued)

| Number | Company Name | Counterparty | Relationship (Note) | Transaction Details | | | % to Total Revenue or Assets |
|--------|--------------|--------------|------------------------|-----------------------------|-----------|------------------------|---------------------------------|
| | | | | Financial Statement Account | Amount | Transaction Terms | |
| | | NYDC | 1 | Accounts receivable | \$ 69,869 | Based on regular terms | - |
| | | | 1 | Sales | 413,400 | Based on regular terms | - |
| | | TZOCCL | 3 | Accounts receivable | 149,616 | Based on regular terms | - |
| | | | 3 | Other receivables | 301,665 | Based on regular terms | - |
| | | | 3 | Sales | 1,078,874 | Based on regular terms | 1 |
| | | | 3 | Interest revenue | 15,618 | Based on regular terms | - |
| | | YYDCCL | 3 | Accounts receivable | 136,281 | Based on regular terms | - |
| | | | 3 | Sales | 2,476,837 | Based on regular terms | 3 |
| | | HYDCCL | 3 | Accounts receivable | 52,787 | Based on regular terms | - |
| | | | 3 | Sales | 222,443 | Based on regular terms | - |
| | | RYNM | 3 | Sales | 104,764 | Based on regular terms | - |
| 16 | WYCPCL | HYDCCL | 3 | Sales | 28,540 | Based on regular terms | - |
| 17 | WYDC | SLCL | 3 | Interest revenue | 12,408 | Based on regular terms | - |
| | | SYCPCL | 3 | Other receivables | 171,827 | Based on regular terms | - |
| 18 | WYXC | WYDC | 3 | Accounts receivable | 28,367 | Based on regular terms | - |
| | | | 3 | Sales | 39,374 | Based on regular terms | - |
| 19 | NYLC | JYDC | 2 | Accounts receivable | 10,616 | Based on regular terms | - |
| | | | 2 | Sales | 129,021 | Based on regular terms | - |
| 20 | NYDC | JYDC | 2 | Accounts receivable | 196,087 | Based on regular terms | - |
| | | | 2 | Sales | 1,319,721 | Based on regular terms | 1 |
| 21 | YYDCCL | TZOCCL | 3 | Sales | 133,883 | Based on regular terms | - |
| 22 | HYTCL | WYDC | 3 | Sales | 14,271 | Based on regular terms | - |
| | | HYDCCL | 2 | Accounts receivable | 10,066 | Based on regular terms | - |
| | | | 2 | Sales | 53,369 | Based on regular terms | - |
| 23 | HYDCCL | SIYDCCL | 3 | Accounts receivable | 10,992 | Based on regular terms | - |
| | | | 3 | Sales | 61,346 | Based on regular terms | - |
| | | SLCL | 3 | Accounts receivable | 10,430 | Based on regular terms | - |
| | | | 3 | Sales | 64,074 | Based on regular terms | - |
| | | | 3 | Interest revenue | 11,324 | Based on regular terms | - |
| | | JYDC | 3 | Sales | 86,603 | Based on regular terms | - |
| | | ACCHC | 2 | Other receivables | 1,732,944 | Based on regular terms | - |
| | | | 2 | Interest revenue | 16,581 | Based on regular terms | - |
| | | WYCPCL | 3 | Accounts receivable | 60,428 | Based on regular terms | - |
| | | | 3 | Sales | 200,144 | Based on regular terms | - |
| | | WYDC | 3 | Sales | 115,249 | Based on regular terms | - |
| | | | 3 | Other revenue | 10,371 | Based on regular terms | - |
| | | WYXC | 1 | Sales | 20,284 | Based on regular terms | - |
| | | HGYDC | 3 | Sales | 12,487 | Based on regular terms | - |

(Continued)

| Number | Company Name | Counterparty | Relationship (Note) | Transaction Details | | | % to Total Revenue or Assets |
|--------|--------------|--------------|------------------------|-----------------------------|-----------|------------------------|---------------------------------|
| | | | | Financial Statement Account | Amount | Transaction Terms | |
| 24 | HGYDC | JYDC | 3 | Accounts receivable | \$ 31,619 | Based on regular terms | - |
| | | | 3 | Sales | 111,553 | Based on regular terms | - |
| | | | 3 | Sales | 21,367 | Based on regular terms | - |
| | | | 3 | Sales | 17,064 | Based on regular terms | - |
| | | | 3 | Accounts receivable | 41,434 | Based on regular terms | - |
| | | | 3 | Sales | 388,690 | Based on regular terms | - |
| | | | 3 | Sales | 42,056 | Based on regular terms | - |
| 25 | RYNM | JYDC | 2 | Prepayment for purchases | 73,317 | Based on regular terms | - |
| | | | 3 | Accounts receivable | 10,092 | Based on regular terms | - |
| | | | 3 | Sales | 23,773 | Based on regular terms | - |
| | | | 3 | Accounts receivable | 21,613 | Based on regular terms | - |
| | | | 3 | Sales | 22,584 | Based on regular terms | - |
| 26 | AOG | AOC | 1 | Long-term lease receivable | 10,118 | Based on regular terms | - |
| | | | 1 | Accounts receivable | 23,835 | Based on regular terms | - |

Note: 1. Parent to subsidiary.
2. Subsidiary to parent.
3. Between subsidiaries.

(Concluded)

Asia Cement Corporation

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Asia Cement Corporation

Opinion

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

In our opinion, based on our audits and the reports of other auditors (refer to Other Matter section), the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

The key audit matters identified in the Corporation's financial statements for the year ended December 31, 2019 are stated as follows:

Estimated Impairment of Trade Receivables of Subsidiaries

The estimated provision for impairment of trade receivables is based on the assumptions of defaults and expected loss rates. The assumptions and selection of inputs for impairment calculation are based on the historical experience, existing market conditions as well as forward looking estimates of the Corporation's subsidiaries. When the actual future cash flows are less than expected, a material impairment loss may arise. Because key assumptions and inputs used for measuring expected credit losses on trade receivables involve significant judgments and uncertainties, we considered the estimated impairment of trade receivables as one of the key audit matters.

The corresponding audit procedures that we performed for the estimated impairment of trade receivables of the subsidiaries are as follows:

1. We obtained an understanding of the internal control procedures with respect to management's allowance for impairment loss of trade receivables.
2. We evaluated the reasonableness of allowance for impairment loss by testing the aging of trade receivables and by quantifying the potential risk of trade receivables that were overdue at the balance sheet date.
3. We tested the recoverability of the trade receivables by vouching cash receipts after the balance sheet date.
4. For the estimated impairment of accounts receivable, we evaluated the adequacy of management's provision for impairment based on customers' past default experience, current financial position, any collateral pledged, existing market conditions as well as forward looking estimates.

Fair Value Measurement of Investment Properties

The Corporation's and its subsidiaries' investment properties are subsequently measured using the fair value model and valued by an independent qualified professional appraiser, a member of the ROC certified real estate appraisers, refer to Notes 5 and 15 to the financial statements. Because the valuation of investment properties involves significant judgments and uncertainties, we considered the fair value measurement of investment properties as one of the key audit matters.

The corresponding audit procedures that we performed for the fair value measurement of investment properties are as follows:

1. We assessed the professional competence and independence of the appraiser engaged by management and we obtained an understanding of the appraiser's scope of work and process of engagement to confirm that no circumstances affect the appraiser's independence and limit the scope of his work.
2. We obtained an understanding of and assessed the reasonableness of management's assumptions and methods used in the valuation.
3. We sample-tested items from management's supporting documents, which include the effective gross income, expenses, and property rights of land and buildings to verify the valuation process used by management and recalculated the fair value of investment properties to assess the reasonableness of management's calculation.

Other Matter

The financial statements of China Shanshui Cement Group Limited (CSCGL), an associate accounted for using equity method, were audited by other auditors as of December 31, 2019 and 2018. Our opinion, insofar as it relates to the amounts included in the accompanying financial statements for CSCGL, is based solely on the reports of other auditors. As of December 31, 2019 and 2018, the aggregate carrying value of the equity-method investments in CSCGL was NT\$12,022,105 thousand and NT\$10,215,045 thousand, respectively, representing 6% and 5%, respectively, of the total assets. For the years ended December 31, 2019 and 2018, the share of profit or loss of CSCGL was NT\$2,211,060 thousand and NT\$376,472 thousand, respectively, representing 12% and 3%, respectively, of the profit before income tax

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 25, 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.

ASIA CEMENT CORPORATION

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

| ASSETS | 2019 | | 2018 | |
|--|-----------------------|------------|-----------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Notes 6 and 30) | \$ 2,475,739 | 1 | \$ 3,165,795 | 2 |
| Financial assets at fair value through profit or loss - current (Note 7) | 1,690,528 | 1 | 1,172,826 | 1 |
| Financial assets at fair value through other comprehensive income - current (Notes 8 and 31) | 2,237,578 | 1 | 2,371,026 | 1 |
| Financial assets at amortized cost (Notes 6, 11 and 30) | 1,763,189 | 1 | 462,275 | - |
| Notes receivable | | | | |
| Third parties | 80,634 | - | 95,212 | - |
| Trade receivables | | | | |
| Third parties (Note 10) | 513,070 | - | 474,070 | - |
| Related parties (Notes 10 and 30) | 447,234 | - | 520,982 | - |
| Other receivables (Note 30) | 75,865 | - | 29,495 | - |
| Current tax assets (Note 26) | - | - | 9,022 | - |
| Inventories (Note 11) | 1,545,309 | 1 | 1,663,395 | 1 |
| Prepayments (Note 17) | 45,581 | - | 188,456 | - |
| Other current assets | 6,234 | - | 12,125 | - |
| Total current assets | 10,880,961 | 5 | 10,164,679 | 5 |
| NON-CURRENT ASSETS | | | | |
| Investments accounted for using equity method (Notes 12 and 31) | 135,143,849 | 67 | 125,632,890 | 65 |
| Financial assets at fair value through other comprehensive income - non-current (Note 8) | 6,588,692 | 3 | 5,386,142 | 3 |
| Property, plant and equipment (Notes 13 and 31) | 4,234,288 | 2 | 4,374,050 | 2 |
| Right-of-use assets (Note 14) | 441,661 | - | - | - |
| Investment properties (Notes 15, 30 and 31) | 42,114,210 | 21 | 41,689,694 | 22 |
| Intangible assets (Note 16) | 4,957 | - | 8,344 | - |
| Deferred tax assets (Note 26) | 16,463 | - | 12,603 | - |
| Long-term prepayments for leases (Note 17) | - | - | 369,801 | - |
| Other non-current assets (Notes 18, 22 and 30) | 4,515,418 | 2 | 5,192,895 | 3 |
| Total non-current assets | 193,059,538 | 95 | 182,666,419 | 95 |
| TOTAL | \$ 203,940,499 | 100 | \$ 192,831,098 | 100 |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term bills payable (Note 19) | \$ 10,757,906 | 5 | \$ 11,437,104 | 6 |
| Financial liabilities at fair value through profit or loss - current (Note 7) | 112,070 | - | 268,218 | - |
| Contract liabilities - current (Note 24) | 83,726 | - | 40,661 | - |
| Accounts payable and accrued expenses | | | | |
| Third parties | 1,478,744 | 1 | 1,415,215 | 1 |
| Related parties (Note 30) | 201,804 | - | 188,104 | - |
| Dividends and bonuses payable | 224,335 | - | 214,593 | - |
| Current tax liabilities (Note 26) | 298,368 | - | 8,477 | - |
| Lease liabilities - current (Note 14) | 40,370 | - | - | - |
| Deferred revenue - current (Note 21) | 75,912 | - | 75,912 | - |
| Current portion of long-term liabilities (Note 20) | 3,000,000 | 2 | 4,000,000 | 2 |
| Total current liabilities | 16,273,235 | 8 | 17,648,284 | 9 |
| NON-CURRENT LIABILITIES | | | | |
| Bonds payable (Note 20) | 19,280,807 | 9 | 12,192,567 | 6 |
| Long-term borrowings (Note 20) | 11,795,000 | 6 | 15,025,011 | 8 |
| Provisions - non-current (Note 23) | 98,000 | - | 98,000 | - |
| Deferred tax liabilities (Note 26) | 9,503,629 | 5 | 9,020,630 | 5 |
| Lease liabilities - non-current (Note 14) | 44,787 | - | - | - |
| Deferred revenue - non-current (Note 21) | 847,893 | - | 923,805 | - |
| Other non-current liabilities | 29,790 | - | 30,575 | - |
| Total non-current liabilities | 41,599,906 | 20 | 37,290,588 | 19 |
| Total liabilities | 57,873,141 | 28 | 54,938,872 | 28 |
| EQUITY (Notes 23) | | | | |
| Ordinary shares | 33,614,472 | 17 | 33,614,472 | 17 |
| Capital surplus | 1,456,054 | 1 | 1,362,554 | 1 |
| Retained earnings | | | | |
| Legal reserve | 16,727,089 | 8 | 15,615,380 | 8 |
| Special reserve | 64,463,426 | 32 | 63,945,145 | 33 |
| Unappropriated earnings | 27,373,840 | 13 | 20,358,461 | 11 |
| Total retained earnings | 108,564,355 | 53 | 99,918,986 | 52 |
| Other equity | 2,432,477 | 1 | 2,996,214 | 2 |
| Total equity | 146,067,358 | 72 | 137,892,226 | 72 |
| TOTAL | \$ 203,940,499 | 100 | \$ 192,831,098 | 100 |

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

(With Deloitte & Touche auditors' report dated March 25, 2020)

ASIA 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 24 and 30) | \$ 8,985,917 | 100 | \$ 8,732,236 | 100 |
| OPERATING COSTS (Notes 11, 24, 25 and 30) | <u>8,507,992</u> | <u>95</u> | <u>8,479,146</u> | <u>97</u> |
| GROSS PROFIT | 477,925 | 5 | 253,090 | 3 |
| (UNREALIZED) REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES | <u>(8,442)</u> | <u>-</u> | <u>3,444</u> | <u>-</u> |
| REALIZED GROSS PROFIT | <u>469,483</u> | <u>5</u> | <u>256,534</u> | <u>3</u> |
| OPERATING EXPENSES | | | | |
| Administrative expenses (Notes 25 and 30) | 678,405 | 7 | 649,813 | 8 |
| Expected credit loss (Note 10) | <u>3,753</u> | <u>-</u> | <u>694</u> | <u>-</u> |
| Total operating expenses | <u>682,158</u> | <u>7</u> | <u>650,507</u> | <u>8</u> |
| OPERATING LOSS | <u>(212,675)</u> | <u>(2)</u> | <u>(393,973)</u> | <u>(5)</u> |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Other income (Note 25) | 812,795 | 9 | 592,445 | 7 |
| Other gains and losses (Note 25) | 814,110 | 9 | (641,800) | (7) |
| Finance costs (Note 25) | (369,349) | (4) | (331,984) | (4) |
| Share of profit of subsidiaries and associates | <u>17,111,219</u> | <u>190</u> | <u>12,970,044</u> | <u>148</u> |
| Total non-operating income and expenses | <u>18,368,775</u> | <u>204</u> | <u>12,588,705</u> | <u>144</u> |
| PROFIT BEFORE INCOME TAX | 18,156,100 | 202 | 12,194,732 | 139 |
| INCOME TAX EXPENSE (Note 26) | <u>696,427</u> | <u>8</u> | <u>1,077,638</u> | <u>12</u> |
| NET INCOME FOR THE YEAR | <u>17,459,673</u> | <u>194</u> | <u>11,117,094</u> | <u>127</u> |

(Continued)

ASIA CEMENT CORPORATION

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

| | 2019 | | 2018 | |
|--|----------------------|-------------|----------------------|------------|
| | Amount | % | Amount | % |
| OTHER COMPREHENSIVE INCOME, NET | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income | \$ 329,435 | 4 | \$ (9) | - |
| Remeasurement of defined benefit plans | 467,246 | 5 | 265,965 | 3 |
| Share of other comprehensive (loss) income of subsidiaries and associates | <u>2,650,225</u> | <u>29</u> | <u>1,426,545</u> | <u>17</u> |
| | <u>3,446,906</u> | <u>38</u> | <u>1,692,501</u> | <u>20</u> |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Share of other comprehensive (loss) income of subsidiaries and associates | <u>(3,254,043)</u> | <u>(36)</u> | <u>1,758</u> | <u>-</u> |
| Other comprehensive income for the year, net of income tax | <u>192,863</u> | <u>2</u> | <u>1,694,259</u> | <u>20</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ 17,652,536</u> | <u>196</u> | <u>\$ 12,811,353</u> | <u>147</u> |
| EARNINGS PER SHARE (Note 27) | | | | |
| Basic | <u>\$ 5.56</u> | | <u>\$ 3.54</u> | |
| Diluted | <u>\$ 5.25</u> | | <u>\$ 3.49</u> | |

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

(With Deloitte & Touche auditors' report dated March 25, 2020)

(Concluded)

ASIA CEMENT CORPORATION

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

| | Share Capital Issued | | Capital Surplus | Retained Earnings | | | Exchange Differences on Translating the Financial Statements of Foreign Operations | Other Equity | | | | Total Equity |
|--|----------------------|----------------------|---------------------|----------------------|----------------------|-------------------------|--|---|-------------------------------|------------------|---------------------|-----------------------|
| | Shares | Amount | | Legal Reserve | Special Reserve | Unappropriated Earnings | | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | Gains on Property Revaluation | Cash Flow Hedge | Total | |
| | | | | | | | | | | | | |
| BALANCE AT JANUARY 1, 2018 | 3,361,447 | \$ 33,614,472 | \$ 1,168,692 | \$ 15,068,480 | \$ 63,001,957 | \$ 17,839,296 | \$ (2,638,153) | \$ 516,962 | \$ 307,728 | \$ 58,485 | \$ (1,754,978) | \$ 128,937,919 |
| Appropriation of 2017 earnings | | | | | | | | | | | | |
| Legal reserve | - | - | - | 546,900 | - | (546,900) | - | - | - | - | - | - |
| Special reserve | - | - | - | - | 943,188 | (943,188) | - | - | - | - | - | - |
| Cash dividends - \$1.2 per share | - | - | - | - | - | (4,033,736) | - | - | - | - | - | (4,033,736) |
| Equity component of convertible bonds issued by the Corporation | - | - | 185,411 | - | - | - | - | - | - | - | - | 185,411 |
| Changes in capital surplus from investments in subsidiaries and associates accounted for using equity method | - | - | 8,451 | - | - | - | - | - | - | - | - | 8,451 |
| Net profit for the year ended December 31, 2018 | - | - | - | - | - | 11,117,094 | - | - | - | - | - | 11,117,094 |
| Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax | - | - | - | - | - | 351,764 | (3,211) | 1,343,257 | - | 2,449 | 1,342,495 | 1,694,259 |
| Disposal of investments in equity instruments designated as at fair value through other comprehensive income | - | - | - | - | - | (3,408,697) | - | 3,408,697 | - | - | 3,408,697 | - |
| Other changes in equity from investments in subsidiaries and associates accounted for using equity method | - | - | - | - | - | (17,172) | - | - | - | - | - | (17,172) |
| BALANCE AT DECEMBER 31, 2018 | 3,361,447 | 33,614,472 | 1,362,554 | 15,615,380 | 63,945,145 | 20,358,461 | (2,641,364) | 5,268,916 | 307,728 | 60,934 | 2,996,214 | 137,892,226 |
| Effect of retrospective application and retrospective restatement | - | - | - | - | - | (143,100) | - | - | - | - | - | (143,100) |
| BALANCE AT JANUARY 1, 2019 AS RESTATED | 3,361,447 | 33,614,472 | 1,362,554 | 15,615,380 | 63,945,145 | 20,215,361 | (2,641,364) | 5,268,916 | 307,728 | 60,934 | 2,996,214 | 137,749,126 |
| Appropriation of 2018 earnings | | | | | | | | | | | | |
| Legal reserve | - | - | - | 1,111,709 | - | (1,111,709) | - | - | - | - | - | - |
| Special reserve | - | - | - | - | 518,281 | (518,281) | - | - | - | - | - | - |
| Cash dividends - \$2.8 per share | - | - | - | - | - | (9,412,052) | - | - | - | - | - | (9,412,052) |
| Changes in capital surplus from investments in subsidiaries and associates accounted for using equity method | - | - | 93,500 | - | - | - | - | - | - | - | - | 93,500 |
| Net profit for the year ended December 31, 2019 | - | - | - | - | - | 17,459,673 | - | - | - | - | - | 17,459,673 |
| Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax | - | - | - | - | - | 676,889 | (3,271,837) | 2,719,118 | 77,486 | (8,793) | (484,026) | 192,863 |
| Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates | - | - | - | - | - | 79,711 | - | (79,711) | - | - | (79,711) | - |
| Other changes in equity from investments in subsidiaries and associates accounted for using equity method | - | - | - | - | - | (15,752) | - | - | - | - | - | (15,752) |
| BALANCE AT DECEMBER 31, 2019 | <u>3,361,447</u> | <u>\$ 33,614,472</u> | <u>\$ 1,456,054</u> | <u>\$ 16,727,089</u> | <u>\$ 64,463,426</u> | <u>\$ 27,373,840</u> | <u>\$ (5,913,201)</u> | <u>\$ 7,908,323</u> | <u>\$ 385,214</u> | <u>\$ 52,141</u> | <u>\$ 2,432,477</u> | <u>\$ 146,067,358</u> |

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

(With Deloitte & Touche auditors' report dated March 25, 2020)

ASIA 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 | \$ 18,156,100 | \$ 12,194,732 |
| Adjustments for: | | |
| Share of profit of subsidiaries and associates | (17,111,219) | (12,970,044) |
| Net gain on fair value changes of financial assets and liabilities designated as at fair value through profit or loss | (673,850) | (171,737) |
| Depreciation expenses | 523,626 | 464,781 |
| Dividend income | (422,860) | (405,773) |
| (Gain) loss on changes in fair value of investment properties | (399,682) | 331,211 |
| Finance costs | 369,349 | 331,984 |
| Interest income | (299,327) | (114,003) |
| Unrealized loss on foreign exchange | 143,442 | 44,425 |
| Unrealized (realized) gain on transactions with subsidiaries and associates | 8,442 | (3,444) |
| Expected credit loss recognized on trade receivables | 3,753 | 694 |
| Amortization expenses | 3,589 | 3,297 |
| Gain on disposal of property, plant and equipment | (40) | (4,053) |
| Write-downs of inventories | - | 52,791 |
| Effect of changes in exchange rate of bonds payable | - | 300 |
| Changes in operating assets and liabilities: | | |
| Notes receivable | 14,578 | 7,091 |
| Trade receivables | 27,930 | (238,962) |
| Other receivables | (35,221) | 1,322 |
| Inventories | 67,546 | (396,116) |
| Prepayments | 107,544 | (52,997) |
| Other current assets | 5,891 | (3,798) |
| Net defined benefit assets | (48,810) | (37,657) |
| Contract liabilities | 43,065 | (9,040) |
| Accounts payable and accrued expenses | 57,642 | 189,552 |
| Provisions | - | 48,000 |
| Deferred revenue | (75,912) | (68,085) |
| Cash generated from (used in) operations | 465,576 | (805,529) |
| Interest received | 288,178 | 112,952 |
| Dividend received | 7,345,508 | 4,296,112 |
| Interest paid | (257,528) | (336,387) |
| Income tax paid | (35,186) | (11,234) |
| Net cash generated from operating activities | <u>7,806,548</u> | <u>3,255,914</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of financial assets at amortized cost | (1,365,160) | - |
| Increase (decrease) in refundable deposits | 679,526 | (33,377) |
| Payments for property, plant and equipment | (183,122) | (194,754) |
| Purchase of financial assets at fair value through other comprehensive income | (123,395) | - |

(Continued)

ASIA CEMENT CORPORATION

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

| | 2019 | 2018 |
|--|---------------------|---------------------|
| Payments for investment properties | \$ (24,834) | \$ (1,269) |
| Payments for intangible assets | (202) | (2,693) |
| Proceeds from disposal of property, plant and equipment | 46 | 4,059 |
| Proceeds from sale of financial assets at amortized cost | <u>-</u> | <u>2,096,122</u> |
| Net cash (used in) generated from investing activities | <u>(1,017,141)</u> | <u>1,868,088</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayments of long-term borrowings | (61,746,000) | (18,588,000) |
| Proceeds from long-term borrowings | 58,508,000 | 15,033,000 |
| Proceeds from issuance of bonds | 10,000,000 | 6,574,843 |
| Dividends paid | (9,412,164) | (4,033,715) |
| Repayments of bonds | (4,000,000) | (4,089,430) |
| (Decrease) increase in short-term bills payable | (680,000) | 2,310,000 |
| Repayment of the principal portion of lease liabilities | (86,929) | - |
| Decrease in guarantee deposits received | <u>(785)</u> | <u>(1,010)</u> |
| Net cash used in financing activities | <u>(7,417,878)</u> | <u>(2,794,312)</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES | | |
| | <u>(61,585)</u> | <u>20,179</u> |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (690,056) | 2,349,869 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>3,165,795</u> | <u>815,926</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 2,475,739</u> | <u>\$ 3,165,795</u> |

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

(With Deloitte & Touche auditors' report dated March 25, 2020)

(Concluded)

ASIA CEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

Asia Cement Corporation (the “Corporation”) was incorporated in March 1957. It manufactures and sells cement, clinker, cement-related products and ready-mixed concrete, and engages in leasing activities. The Corporation is also required to undertake reforestation activities in designated areas. The Corporation’s stock have been listed on the Taiwan Stock Exchange since June 1962.

In June 1992 and September 1996, certain shares of the Corporation were sold by Far Eastern New Century Corporation (FENC) in the form of global depository shares (GDSs). Such GDSs have been quoted through the SEAQ system of the London Stock Exchange and traded through the portal system of the National Association of Securities Dealers, Inc. As of December 31, 2019, the issued and outstanding GDSs aggregated 17,049 units, representing 170,487 shares of the Corporation.

The financial statements are presented in the Corporation’s functional currency, New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Corporation’s board of directors and authorized for issue 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), IFRIC Interpretations (IFRIC), and SIC Interpretations (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 Corporation’s accounting policies:

- IFRS 16 “Leases”

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

Definition of a lease

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

The Corporation as lessee

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

The Corporation elects 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 an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. The Corporation applies IAS 36 to all right-of-use assets.

The Corporation also applies the following practical expedients:

- 1) The Corporation applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- 2) The Corporation accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- 3) The Corporation 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 are 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 is 1.3%. The difference between the lease liabilities recognized and 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 | \$ 270,318 |
| Less: Recognition exemption for short-term leases and low-value asset leases | <u>(89,632)</u> |
| Undiscounted amounts on January 1, 2019 | <u>\$ 180,686</u> |
| Lease liabilities recognized on January 1, 2019 | <u>\$ 176,204</u> |

The Corporation as lessor

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

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

| | As Originally Stated on January 1, 2019 | Adjustments Arising from Initial Application | Restated on January 1, 2019 |
|---|--|---|--|
| Prepayments for leases - current | \$ 188,456 | \$ (7,763) | \$ 180,693 |
| Prepayments for leases - non-current | 369,801 | (369,801) | - |
| Right-of-use assets | - | 553,768 | 553,768 |
| Investments accounted for using equity method | <u>125,632,890</u> | <u>(143,100)</u> | <u>125,489,790</u> |
| Total effect on assets | <u>\$ 126,191,147</u> | <u>\$ 33,104</u> | <u>\$ 126,224,251</u> |
| Lease liabilities - current | \$ - | \$ 81,737 | \$ 81,737 |
| Lease liabilities - non-current | <u>-</u> | <u>94,467</u> | <u>94,467</u> |
| Total effect on liabilities | <u>\$ -</u> | <u>\$ 176,204</u> | <u>\$ 176,204</u> |
| Retained earnings | <u>\$ 99,918,986</u> | <u>\$ (143,100)</u> | <u>\$ 99,775,886</u> |
| Total effect on equity | <u>\$ 99,918,986</u> | <u>\$ (143,100)</u> | <u>\$ 99,775,886</u> |

- b. The IFRSs endorsed by the 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 Corporation shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

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

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

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

- c. New IFRSs in issue 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 reporting periods beginning on or after their respective effective dates.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments, investment properties which are measured at fair value and net defined benefit assets 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 its parent company only financial statements, the Corporation used equity method to account for its investment in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owner of the Corporation in its consolidated financial statements, adjustments arising from the differences in accounting treatment between parent company only basis and consolidated basis were made to investments accounted for using equity method, share of profit or loss of subsidiaries and associates, share of other comprehensive income or loss of subsidiaries and associates and related equity items, as appropriate, in the parent company only financial statements.

The properties were leased out to subsidiaries for their operation, and are classified as property plant and equipment in consolidated financial statements. Under IFRSs, these properties are classified as investment properties in parent company only financial statements. In 2014, the subsequent measurement of investment properties were changed from cost less accumulated depreciation model to fair value model.

In order for the amounts of the net profit for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Corporation in its consolidated financial statements, the investment properties leased out to entities were measured at fair value model with the decrease in total equity and net profit for the year recorded in “investments accounted for using equity method” and “share of profit or loss of subsidiaries and associates”.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

- a. Assets held primarily for the purpose of trading;
- b. Assets expected to be realized within twelve months after the reporting period; and
- c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

- a. Liabilities held primarily for the purpose of trading;
- b. Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the parent company only financial statements are authorized for issue; and
- c. Liabilities for which the Corporation 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.

Foreign Currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period 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 parent company only financial statements, the assets and liabilities of the Corporation's foreign operations (including subsidiaries and associates in other countries that use currencies which are different from the currency of the Corporation) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

Inventories

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

Investment in Subsidiaries

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

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

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

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

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

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

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

Profits or losses resulting from downstream transactions are eliminated in full only in the 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 that are not related to the Corporation.

Investment in Associates

An associate is an entity over which the Corporation has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Corporation uses the equity method to account for its investments in associates.

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

Any excess of the cost of acquisition over the Corporation's share of net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation's share of 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 Corporation subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Corporation's proportionate interest in the associate. The Corporation 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 equity method. If the Corporation's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using equity method is insufficient, the shortage is debited to retained earnings.

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 deducted from 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.

When the Corporation transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the parent company only financial statements only to the extent of unrelated parties' interests in the associate.

The Corporation's share of comprehensive income of associates is recognized using the treasury stock method if there are reciprocal holdings between investors and investees. The reciprocally held shares of the Corporation are treated as treasury stocks and are deducted from the outstanding shares in computing basic earnings per share.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss. Major renewals and betterments are capitalized, while maintenance and repairs are expensed currently.

Properties in the course of construction are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation is recognized using the fixed-percentage-on-declining-balance method or the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate 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.

Investment Properties

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

Freehold investment properties are initially measured at cost, including transaction costs, and are subsequently measured using the fair value model. Changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

For a transfer from property, plant and equipment to investment property at the end of owner-occupation, any difference between the fair value and the carrying amount of the property at the date of transfer is recognized in other comprehensive income.

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.

Intangible Assets

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 life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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.

Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Corporation reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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 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.

Financial Instruments

Financial assets and financial liabilities are recognized when the Corporation 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 an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) 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 fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

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

a. Measurement category

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

1) Financial assets at FVTPL

Financial asset is classified as at FVTPL when the 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 and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 29.

2) Financial assets at amortized cost

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

- a) The financial asset is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows; and
- b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables, other receivables and debt instruments at amortized cost, are measured at amortized cost, which is the gross carrying amount determined by 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 the financial asset.

Cash equivalents include time deposits, bonds sold under repurchase agreements and commercial papers 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.

3) Investments in equity instruments at FVTOCI

On initial recognition, the Corporation may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation 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, they will be transferred to retained earnings.

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

b. Impairment of financial assets

The Corporation recognizes a loss allowance for expected credit losses (ECLs) on financial assets at amortized cost (including trade receivables) as well as finance lease receivables at the end of each reporting period.

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

ECLs 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.

Impairment loss on all financial instruments is recognized with a corresponding adjustment to their carrying amount through a loss allowance account.

c. Derecognition of financial assets

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

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

Financial liabilities

a. Subsequent measurement

Except the following situation, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities are held for trading and are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss and any interest paid on such liabilities is recognized in finance costs. The net gain or loss recognized in profit or loss does not incorporate any interest or dividends paid on the financial liability. Fair value is determined in the manner described in Note 29.

b. Derecognition of financial liabilities

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

Convertible bonds

The component parts of convertible bonds issued by the Corporation are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the liability component are included in the carrying amount of the liability component. Transaction costs relating to the equity component are recognized directly in equity.

Derivative financial instruments

The Corporation enters into cross-currency swap contracts to manage its exposure to interest rate and foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the mixed contracts are not measured at FVTPL.

Provisions

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows

Revenue Recognition

The Corporation identifies the contract with the customers, identifies the performance obligations in the contract, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

When another party is involved in providing goods or services to a customer, the Corporation is a principal if it controls the specified good or service before that good or service is transferred to a customer; otherwise, the Corporation is acting as an agent. The principal recognizes revenues and costs associated with providing the goods or services at the gross amount, while an agent recognizes revenue at the net amount. When a specified good or service is a distinct good or service, the Corporation determines whether it is a principal or an agent for each specified good or service.

The Corporation is a principal if it obtains control of any one of the following:

- a. Before the good or another asset transfers to the customer, the Corporation acquire the good or the control of asset from another party.
- b. The right to a service to be performed by another party which gives the Corporation the ability to direct that party to provide the service to the customer on its behalf.
- c. A good or service from another party that it then combines with other goods or services in providing a specified good or service to the customer.

Indicators to support the Corporation's assessment of whether it controls a specified good or service include, but are not limited to, the following:

- a. The Corporation is primarily responsible for fulfilling the promise to provide the specified good or service.
- b. The Corporation has inventory risk before or after the specified good or service is transferred to the customer.
- c. The Corporation has discretion in establishing the price of the specified good or service.

Leases

2019

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

For a contract that contains a lease component and non-lease components, the Corporation allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

a. The Corporation as lessor

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

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

Lease payments 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 Corporation 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.

b. The Corporation as lessee

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

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

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

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

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

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

2018

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

a. The Corporation as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortized on a straight-line basis over the lease term.

b. The Corporation as lessee

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

c. Leasehold land for own use

When a lease includes both land and building elements, the Corporation 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 minimum 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 the lease.

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.

Employee Benefits

a. 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.

b. 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, past service cost, as well as gains and losses on settlements) 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 Corporation'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.

c. Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Corporation can no longer withdraw the offer of the termination benefit and when the Corporation recognizes any related restructuring costs.

Taxation

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

a. Current tax

According to the Income Tax Law, an additional tax of unappropriated earnings is provided for as income tax 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.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the parent company only financial statements 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 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, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. If investment properties measured using the fair value model are non-depreciable assets, or are held under a business model whose objective is not to consume substantially all of the economic benefits embodied in the assets over time, the carrying amounts of such assets are presumed to be recovered entirely through sale.

c. Current tax and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Fair Value Measurements and Valuation Process

If some of the Corporation's assets and liabilities measured at fair value have no quoted prices in active markets, the Corporation determines whether to engage third party qualified appraisers for the application of appropriate valuation techniques for fair value measurements in accordance with related regulations or professional standards.

Where Level 1 inputs are not available, the engaged appraisers would determine appropriate inputs by referring to the existing lease contracts and rentals of similar properties in the vicinity of the Corporation's investment properties. If the actual changes of inputs in the future differ from expectation, fair value might vary accordingly.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities is disclosed in Note 15.

6. CASH AND CASH EQUIVALENTS

| | <u>December 31</u> | |
|---|---------------------|---------------------|
| | 2019 | 2018 |
| Checking accounts and demand deposits | \$ 778,468 | \$ 848,592 |
| Petty cash | 815 | 915 |
| Cash on hand | 345 | 355 |
| Cash equivalents (investments with original maturities of less than 3 months) | | |
| Time deposits | 1,346,850 | 2,162,608 |
| Repurchase agreements collateralized by bonds | <u>349,261</u> | <u>153,325</u> |
| | <u>\$ 2,475,739</u> | <u>\$ 3,165,795</u> |

The market rate intervals of time deposits and repurchase agreements collateralized by bonds at the end of the reporting period were as follows:

| | <u>December 31</u> | |
|---|--------------------|-------------|
| | 2019 | 2018 |
| Time deposits | 2.33%-2.40% | 2.80%-3.35% |
| Repurchase agreements collateralized by bonds | 0.53%-2.36% | 2.52% |

Time deposits with original maturities of more than 3 months in the amounts of \$1,763,189 thousand and \$462,275 thousand as of December 31, 2019 and 2018, respectively, are classified as financial assets at amortized cost in the balance sheets. Refer to Note 9.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

| | <u>December 31</u> | |
|---|---------------------|---------------------|
| | 2019 | 2018 |
| <u>Financial assets at FVTPL</u> | | |
| Financial assets mandatorily classified as at FVTPL | | |
| Non-derivative financial assets | | |
| Beneficiary certificates | \$ 204,700 | \$ 135,400 |
| Listed stocks | <u>1,485,828</u> | <u>1,037,426</u> |
| | <u>\$ 1,690,528</u> | <u>\$ 1,172,826</u> |
| <u>Financial liabilities at FVTPL</u> | | |
| Financial liabilities held for trading | | |
| Derivative financial liabilities (not under hedge accounting) | | |
| Bond options (Note 20) | \$ 81,724 | \$ 223,501 |
| Cross-currency swap contracts | <u>30,346</u> | <u>44,717</u> |
| | <u>\$ 112,070</u> | <u>\$ 268,218</u> |

The Corporation entered into cross-currency swap contracts to manage exposures to exchange rate fluctuations. The Corporation's financial hedging strategy is to avoid most of the cash flow risk exposure. As of December 31, 2019 and 2018, outstanding cross-currency swap contracts not under hedge accounting were as follows:

| Notional Amounts (In Thousands) | Maturity Date | Range of Interest Rates Paid | Range of Interest Rates Received |
|------------------------------------|---------------|------------------------------|----------------------------------|
| US\$215,000 | 2021.9.15 | - | 2.68%-2.80% |

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | December 31 | | | |
|----------------------|---------------------|---------------------|---------------------|---------------------|
| | 2019 | | 2018 | |
| | Current | Non-current | Current | Non-current |
| Domestic investments | | | | |
| Listed stocks | \$ 2,237,578 | \$ 5,513,975 | \$ 2,371,026 | \$ 4,812,769 |
| Unlisted stocks | <u>-</u> | <u>586,459</u> | <u>-</u> | <u>573,373</u> |
| | <u>2,237,578</u> | <u>6,100,434</u> | <u>2,371,026</u> | <u>5,386,142</u> |
| Foreign investments | | | | |
| Unlisted stocks | <u>-</u> | <u>488,258</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 2,237,578</u> | <u>\$ 6,588,692</u> | <u>\$ 2,371,026</u> | <u>\$ 5,386,142</u> |

These investments in equity instruments are not held for trading. Instead, they 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 Corporation's strategy of holding these investments for long-term purposes.

The board of directors of China Shanshui Cement Group Limited (CSCGL) announced on April 16, 2015 that the percentage of CSCGL's securities held by the public fell below the prescribed minimum requirement of 25% according to the Main Board Listing Rules 8.08 of Hong Kong Exchanges and Clearing Limited (the "Exchange"). Therefore, the Exchange suspended the trading of CSCGL's securities until the percentage of securities in public hands satisfies the minimum requirement.

On October 30, 2018, CSCGL's shareholders resolved to restore the minimum public float requirement of 25% by issuing new shares of 974,825,988 at HK\$4.2 per share. Then CSCGL resumed its trading on the Exchange effective on October 31, 2018.

The Corporation and its subsidiaries originally held 22.50% equity interest in CSCGL but the shareholding was reduced to 17.46% after the subscription mentioned above. However, Mrs. Wu Ling-Ling, the Corporation's chief financial officer, was elected to be the executive director of CSCGL on May 23, 2018. As CSCGL already addressed the audit issues raised by the Exchange and the confirmed the potential dilution of shareholding in the Corporation's interests in CSCGL, the Corporation objectively demonstrated that it was able to exercise significant influence over CSCGL although the Corporation only held less than 20% of the voting power. Accordingly, the Corporation's investment in CSCGL was reclassified from financial assets at fair value through other comprehensive income to investments accounted for using the equity method at the closing price of the Exchange on October 31, 2018. Refer to Note 12.

Refer to Note 31 for information relating to financial assets at fair value through other comprehensive income pledged as collaterals.

9. FINANCIAL ASSETS AT AMORTIZED COST

| | <u>December 31</u> | |
|--|---------------------|-------------------|
| | <u>2019</u> | <u>2018</u> |
| Time deposits with original maturities of more than 3 months | \$ <u>1,763,189</u> | \$ <u>462,275</u> |

Based on the Corporation's assessment, the credit risk of these financial assets is not expected to be high and has not increased since initial recognition.

10. TRADE RECEIVABLES

| | <u>December 31</u> | |
|---|--------------------|-------------------|
| | <u>2019</u> | <u>2018</u> |
| Trade receivables - sales | \$ 947,444 | \$ 983,780 |
| Operating lease receivable | 23,119 | 17,778 |
| Less: Allowance for impairment loss - sales | <u>(10,259)</u> | <u>(6,506)</u> |
| | <u>\$ 960,304</u> | <u>\$ 995,052</u> |

Trade Receivables - Sales

The average credit period of receivables from sales of goods was 30-150 days. The Corporation reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. The Corporation obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Corporation applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated by reference to 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 forecast direction of economic conditions at the reporting date.

The Corporation 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 Corporation continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

December 31, 2019

| | Less than 90 Days | 91 to 180 Days | 181 to 365 Days | Over 366 Days | Total |
|--------------------------------|------------------------------|---------------------------|----------------------------|--------------------------|-------------------|
| Gross carrying amount | \$ 887,685 | \$ 26,783 | \$ 29,518 | \$ 3,458 | \$ 947,444 |
| Loss allowance (lifetime ECLs) | <u>-</u> | <u>(10,259)</u> | <u>-</u> | <u>-</u> | <u>(10,259)</u> |
| Amortized cost | <u>\$ 887,685</u> | <u>\$ 16,524</u> | <u>\$ 29,518</u> | <u>\$ 3,458</u> | <u>\$ 937,185</u> |

December 31, 2018

| | Less than 90 Days | 91 to 180 Days | 181 to 365 Days | Over 366 Days | Total |
|--------------------------------|------------------------------|---------------------------|----------------------------|--------------------------|-------------------|
| Gross carrying amount | \$ 960,363 | \$ 23,417 | \$ - | \$ - | \$ 983,780 |
| Loss allowance (lifetime ECLs) | <u>-</u> | <u>(6,506)</u> | <u>-</u> | <u>-</u> | <u>(6,506)</u> |
| Amortized cost | <u>\$ 960,363</u> | <u>\$ 16,911</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 977,274</u> |

The above aging schedule was based on the invoice date.

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

| | 2019 | 2018 |
|--|------------------|-----------------|
| Balance at January 1 | \$ 6,506 | \$ 5,812 |
| Add: Impairment losses recognized on receivables | <u>3,753</u> | <u>694</u> |
| Balance at December 31 | <u>\$ 10,259</u> | <u>\$ 6,506</u> |

11. INVENTORIES

| | December 31 | |
|------------------|---------------------|---------------------|
| | 2019 | 2018 |
| Finished goods | \$ 167,759 | \$ 248,752 |
| Work in progress | 421,293 | 471,871 |
| Raw materials | 644,380 | 757,790 |
| Supplies | <u>311,877</u> | <u>184,982</u> |
| | <u>\$ 1,545,309</u> | <u>\$ 1,663,395</u> |

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2019 and 2018 were \$8,339,743 thousand and \$8,309,912 thousand, respectively. The cost of goods sold included inventory write-downs of \$52,791 thousand for the year ended December 31, 2018.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

| | December 31 | |
|--|-----------------------|-----------------------|
| | 2019 | 2018 |
| Investments in subsidiaries | \$ 74,533,619 | \$ 66,031,029 |
| Investments in associates | <u>63,580,304</u> | <u>62,396,158</u> |
| | 138,113,923 | 128,427,187 |
| Less: Effect of investment properties at fair value method | <u>2,970,074</u> | <u>2,794,297</u> |
| | <u>\$ 135,143,849</u> | <u>\$ 125,632,890</u> |

a. Investments in subsidiaries

| | December 31 | |
|---|----------------------|----------------------|
| | 2019 | 2018 |
| Listed stocks | | |
| Asia Cement (China) Holdings Corp. (ACCHC) | \$ 41,411,828 | \$ 36,545,690 |
| Unlisted stocks | | |
| Der Ching Investment Corp. (DCI) | 13,656,200 | 12,471,554 |
| Chiahui Power Corp. (CHP) | 6,059,603 | 5,825,842 |
| Asia Cement (Singapore) Pte. Ltd. (ACSPL) | 4,141,226 | 3,578,207 |
| Asia Investment Corp. (AIC) | 3,243,862 | 1,934,281 |
| Yuan Long Stainless Steel Corp. (YLSS) | 1,969,817 | 1,977,315 |
| Ya Tung Ready-Mixed Concrete Corp. (YTRMC) | 1,801,331 | 1,556,879 |
| Fu Ming Transport Corp. (FMT) | 1,410,458 | 1,418,575 |
| Yali Transport Corp. (YLT) | 265,154 | 251,861 |
| Nan Hwa Cement Corp. (NHC) | 261,372 | 214,201 |
| Asia Engineering Enterprise Corp. (AEE) | 182,274 | 128,288 |
| Ya Li Precast and Prestressed Concrete Industries Corp. (YLPPC) | 75,572 | 76,452 |
| Sunrise Industrial Holdings Ltd. (SIHL) | 54,922 | 51,884 |
| | <u>33,121,791</u> | <u>29,485,339</u> |
| | <u>\$ 74,533,619</u> | <u>\$ 66,031,029</u> |

At the end of the reporting period, the percentages of owners' voting rights in subsidiaries held by the Corporation were as follows:

| Name of Subsidiary | December 31 | |
|---------------------------|--------------------|-------------|
| | 2019 | 2018 |
| ACCHC | 67.73% | 67.73% |
| DCI | 99.99% | 99.99% |
| CHP | 59.59% | 59.59% |
| ACSPL | 99.96% | 99.96% |
| AIC | 100.00% | 100.00% |
| YLSS | 100.00% | 100.00% |
| YTRMC | 99.99% | 99.99% |
| FMT | 99.82% | 99.82% |
| YLT | 51.00% | 51.00% |
| NHC | 99.94% | 99.94% |
| AEE | 98.23% | 98.23% |
| YLPPC | 83.81% | 83.81% |
| SIHL | 100.00% | 100.00% |

Fair values (Level 1) of investments in subsidiaries with available published price quotation are summarized as follows:

| Name of Subsidiary | December 31 | |
|---------------------------|----------------------|----------------------|
| | 2019 | 2018 |
| ACCHC | <u>\$ 47,174,102</u> | <u>\$ 22,669,116</u> |

b. Investment in associates

| | December 31 | |
|--|----------------------|----------------------|
| | 2019 | 2018 |
| <u>Material associates</u> | | |
| Listed stocks | | |
| Far Eastern New Century Corporation (FENC) | \$ 39,074,139 | \$ 39,803,907 |
| U-Ming Marine Transport Corp. (U-Ming) | 10,462,271 | 9,983,803 |
| CSCGL | <u>5,248,933</u> | <u>4,460,107</u> |
| | <u>54,785,343</u> | <u>54,247,817</u> |
| <u>Associates that are not individually material</u> | | |
| Unlisted stocks | | |
| Yuan Ding Leasing Corp. (YDC) | 3,218,379 | 3,263,209 |
| Yue Yuan Investment Corp. (YYI) | 2,560,533 | 1,939,588 |
| Oriental Securities Corp. (OSC) | 1,921,049 | 1,877,359 |
| FEDS Development Ltd. (FEDSDL) | 640,867 | 617,872 |
| Yuan Ding Leasing Corp. (YDLC) | 373,481 | 368,032 |
| Everstrong Iron & Steel Foundry Ltd. (EISF) | <u>80,652</u> | <u>82,281</u> |
| | <u>8,794,961</u> | <u>8,148,341</u> |
| | <u>\$ 63,580,304</u> | <u>\$ 62,396,158</u> |

At the end of the reporting period, the percentages of owners' voting rights in associates held by the Corporation were as follows:

| | December 31 | |
|--------------------------|--------------------|-------------|
| Name of Associate | 2019 | 2018 |
| FENC | 23.77% | 23.77% |
| U-Ming | 39.25% | 39.25% |
| CSCGL | 7.62% | 7.62% |
| YDC | 35.50% | 35.50% |
| YYI | 29.92% | 29.92% |
| OSC | 18.93% | 18.93% |
| FEDSDL | 25.00% | 25.00% |
| YDLC | 43.60% | 43.60% |
| EISF | 40.40% | 40.40% |

1) Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

| | December 31 | |
|--------------------------|----------------------|----------------------|
| Name of Associate | 2019 | 2018 |
| FENC | <u>\$ 37,977,471</u> | <u>\$ 35,496,531</u> |
| U-Ming | <u>\$ 11,145,159</u> | <u>\$ 10,697,362</u> |
| CSCGL | <u>\$ 3,865,702</u> | <u>\$ 2,724,722</u> |

- 2) The summarized financial information in respect of the Corporation's material associates is set out below:

FENC:

| | December 31 | |
|---|----------------------|----------------------|
| | 2019 | 2018 |
| Current assets | \$ 31,823,888 | \$ 31,423,092 |
| Non-current assets | 297,297,715 | 285,607,062 |
| Current liabilities | 24,007,226 | 23,339,671 |
| Non-current liabilities | <u>100,592,089</u> | <u>90,155,346</u> |
| Equity | 204,522,288 | 203,535,137 |
| Proportion of the Corporation's ownership | 23.77% | 23.77% |
| Equity attributable to the Corporation | 48,614,948 | 48,380,302 |
| Cross shareholdings | <u>(9,540,809)</u> | <u>(8,576,395)</u> |
| Carrying amount | <u>\$ 39,074,139</u> | <u>\$ 39,803,907</u> |

| | For the Year Ended December 31 | |
|---|---------------------------------------|----------------------|
| | 2019 | 2018 |
| Operating revenue | <u>\$ 46,477,960</u> | <u>\$ 54,063,801</u> |
| Net profit for the year | \$ 10,732,669 | \$ 12,028,294 |
| Other comprehensive (loss) income | <u>(186,100)</u> | <u>855,093</u> |
| Total comprehensive income for the year | <u>\$ 10,546,569</u> | <u>\$ 12,883,387</u> |
| Dividends received from FENC | <u>\$ 2,290,099</u> | <u>\$ 1,526,733</u> |

U-Ming:

| | December 31 | |
|---|----------------------|---------------------|
| | 2019 | 2018 |
| Current assets | \$ 2,225,116 | \$ 1,985,037 |
| Non-current assets | 49,594,962 | 50,008,362 |
| Current liabilities | 11,281,141 | 17,453,879 |
| Non-current liabilities | <u>13,694,378</u> | <u>8,913,985</u> |
| Equity | 26,844,559 | 25,625,535 |
| Proportion of the Corporation's ownership | 39.25% | 39.25% |
| Equity attributable to the Corporation | 10,536,490 | 10,058,022 |
| Unrealized gain or loss with associates | <u>(74,219)</u> | <u>(74,219)</u> |
| Carrying amount | <u>\$ 10,462,271</u> | <u>\$ 9,983,803</u> |

| | For the Year Ended December 31 | |
|---|---------------------------------------|---------------------|
| | 2019 | 2018 |
| Operating revenue | <u>\$ 1,062,972</u> | <u>\$ 1,080,444</u> |
| Net profit for the year | \$ 1,621,695 | \$ 1,668,840 |
| Other comprehensive income | <u>1,118,819</u> | <u>2,007,257</u> |
| Total comprehensive income for the year | <u>\$ 2,740,514</u> | <u>\$ 3,676,097</u> |
| Dividends received from U-Ming | <u>\$ 597,062</u> | <u>\$ 398,041</u> |

CSCGL:

| | December 31 | |
|---|---------------------|---------------------|
| | 2019 | 2018 |
| Current assets | \$ 26,673,504 | \$ 26,174,052 |
| Non-current assets | 88,426,257 | 90,319,977 |
| Current liabilities | 47,973,181 | 59,104,108 |
| Non-current liabilities | 13,066,715 | 14,557,750 |
| Non-controlling interests | <u>442,928</u> | <u>286,348</u> |
| Equity attributable to CSCGL | 53,616,937 | 42,545,823 |
| Proportion of the Corporation's ownership | 7.62% | 7.62% |
| Equity attributable to the Corporation | 4,109,625 | 3,241,551 |
| Goodwill | 810,993 | 810,993 |
| Quarry right | <u>328,315</u> | <u>407,563</u> |
| Carrying amount | <u>\$ 5,248,933</u> | <u>\$ 4,460,107</u> |

| | For the Year Ended December 31 | |
|---|---------------------------------------|----------------------|
| | 2019 | 2018 |
| Operating revenue | <u>\$ 96,302,852</u> | <u>\$ 80,162,793</u> |
| Net profit for the year | \$ 13,578,105 | \$ 9,856,967 |
| Other comprehensive income (loss) | <u>8,286</u> | <u>(1,082,166)</u> |
| Total comprehensive income for the year | <u>\$ 13,586,391</u> | <u>\$ 8,774,801</u> |

As described in Note 8, the Corporation's investments in CSCGL was reclassified from financial assets at fair value through other comprehensive income to investments accounted for using equity method in 2018.

3) Aggregate information of associates that are not individually material

| | For the Year Ended December 31 | |
|---|---------------------------------------|-------------------|
| | 2019 | 2018 |
| The Corporation's share of: | | |
| Profit for the year | \$ 425,625 | \$ 211,771 |
| Other comprehensive income | <u>377,763</u> | <u>184,884</u> |
| Total comprehensive income for the year | <u>\$ 803,388</u> | <u>\$ 396,655</u> |

- 4) The amounts of investments in associates pledged as collateral for bank borrowings are disclosed in Note 31.

All the subsidiaries and associates are accounted for using equity method.

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

Refer to Table 7 "Information on Investees" and Table 8 "Information on Investments in Mainland China" for the nature of activities, principal place of business and country of incorporation of the subsidiaries and associates.

13. PROPERTY, PLANT AND EQUIPMENT

a. Assets used by the Corporation - 2019

| | Land | Buildings | Equipment | Other Equipment | Property Under Construction | Total |
|--|---------------------|-------------------|-------------------|-------------------|-----------------------------|---------------------|
| <u>Cost</u> | | | | | | |
| Balance at January 1, 2019 | \$ 2,779,088 | \$ 4,217,415 | \$ 16,780,128 | \$ 5,758,416 | \$ 130,351 | \$ 29,665,398 |
| Additions | - | 837 | 95 | 126,077 | 122,921 | 249,930 |
| Disposals | - | (9,560) | (12,051) | (101,418) | - | (123,029) |
| Transferred from completed construction | - | - | 15,279 | 70,554 | (85,833) | - |
| Transferred from prepayments for leases | - | - | - | 27,568 | - | 27,568 |
| Balance at December 31, 2019 | <u>2,779,088</u> | <u>4,208,692</u> | <u>16,783,451</u> | <u>5,881,197</u> | <u>167,439</u> | <u>29,819,867</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | |
| Balance at January 1, 2019 | - | 3,662,692 | 16,435,209 | 5,193,447 | - | 25,291,348 |
| Disposals | - | (9,560) | (12,051) | (101,412) | - | (123,023) |
| Depreciation expense | - | 53,764 | 115,881 | 247,609 | - | 417,254 |
| Balance at December 31, 2019 | - | <u>3,706,896</u> | <u>16,539,039</u> | <u>5,339,644</u> | - | <u>25,585,579</u> |
| Carrying amounts at December 31, 2019 | <u>\$ 2,779,088</u> | <u>\$ 501,796</u> | <u>\$ 244,412</u> | <u>\$ 541,553</u> | <u>\$ 167,439</u> | <u>\$ 4,234,288</u> |

No impairment assessment was performed for the year ended December 31, 2019 as there was no indication of impairment.

The above items of property, plant and equipment are depreciated on a fixed-percentage-on-declining-balance basis or on a straight-line basis over the estimated useful life of the asset taken apart into major component elements:

| | |
|------------------|-------------|
| Building | |
| Main buildings | 15-55 years |
| Other facilities | 2-15 years |
| Equipment | 2-20 years |
| Other equipment | 3-15 years |

Refer to Note 31 for the carrying amount of property, plant and equipment pledged by the Corporation as collaterals for borrowings.

b. 2018

| | Land | Buildings | Equipment | Other Equipment | Property Under Construction | Total |
|--|---------------------|-------------------|-------------------|--------------------|-----------------------------------|---------------------|
| <u>Cost</u> | | | | | | |
| Balance at January 1, 2018 | \$ 2,779,025 | \$ 4,216,748 | \$ 16,963,794 | \$ 6,226,547 | \$ 118,126 | \$ 30,304,240 |
| Additions | 63 | 1,085 | 12,439 | 71,357 | 88,499 | 173,443 |
| Disposals | - | (418) | (177,648) | (618,597) | - | (796,663) |
| Transferred from completed construction | - | - | 3,049 | 73,225 | (76,274) | - |
| Reclassifications | - | - | (21,506) | 21,506 | - | - |
| Transferred to other assets | - | - | - | (15,622) | - | (15,622) |
| Balance at December 31, 2018 | <u>2,779,088</u> | <u>4,217,415</u> | <u>16,780,128</u> | <u>5,758,416</u> | <u>130,351</u> | <u>29,665,398</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | |
| Balance at January 1, 2018 | - | 3,605,414 | 16,483,956 | 5,549,477 | - | 25,638,847 |
| Disposals | - | (418) | (177,648) | (618,592) | - | (796,658) |
| Depreciation expense | - | 57,696 | 150,407 | 256,678 | - | 464,781 |
| Reclassifications | - | - | (21,506) | 21,506 | - | - |
| Transferred to other assets | - | - | - | (15,622) | - | (15,622) |
| Balance at December 31, 2018 | - | <u>3,662,692</u> | <u>16,435,209</u> | <u>5,193,447</u> | - | <u>25,291,348</u> |
| Carrying amounts at December 31, 2018 | <u>\$ 2,779,088</u> | <u>\$ 554,723</u> | <u>\$ 344,919</u> | <u>\$ 564,969</u> | <u>\$ 130,351</u> | <u>\$ 4,374,050</u> |

No impairment assessment was performed for the year ended December 31, 2018 as there was no indication of impairment.

The above items of property, plant and equipment are depreciated on a fixed-percentage-on-declining-balance basis or on a straight-line basis over the estimated useful life of the asset taken apart into major component elements:

| | |
|------------------|-------------|
| Building | |
| Main buildings | 15-55 years |
| Other facilities | 3-15 years |
| Equipment | 2-20 years |
| Other equipment | 3-15 years |

Refer to Note 31 for the carrying amount of property, plant and equipment pledged by the Corporation as collaterals for borrowings.

14. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

| | |
|-------------------------|------------------------------|
| | December 31, 2019 |
| <u>Carrying amounts</u> | |
| Land | \$ 19,429 |
| Buildings | 376,924 |
| Equipment | <u>45,308</u> |
| | <u>\$ 441,661</u> |

| | For the Year Ended December 31, 2019 |
|---|---|
| Additions to right-of-use assets | <u>\$ -</u> |
| Depreciation charge for right-of-use assets | |
| Land | \$ 4,425 |
| Buildings | 40,337 |
| Equipment | <u>61,610</u> |
| | <u>\$ 106,372</u> |

b. Lease liabilities - 2019

| | December 31, 2019 |
|-------------------------|------------------------------|
| <u>Carrying amounts</u> | |
| Current | <u>\$ 40,370</u> |
| Non-current | <u>\$ 44,787</u> |

Range of discount rate for lease liabilities was as follows:

| | December 31, 2019 |
|-----------|------------------------------|
| Land | 1.30% |
| Buildings | 1.30% |
| Equipment | 1.30% |

c. Material lease-in activities and terms

The Corporation leases harbors, land, buildings and equipment for the use in business operations. Certain lease contracts specifies that lease payment will be adjusted on the basis of changes in market rental rates or announced land value prices. The Corporation does not have bargain purchase options to acquire the leasehold assets at the end of the lease terms.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 15.

2019

| | For the Year Ended December 31, 2019 |
|---|---|
| Expenses relating to short-term leases | <u>\$ 84,817</u> |
| Expenses relating to low-value asset leases | <u>\$ 50</u> |
| Expenses relating to variable lease payments not included in the measurement of lease liabilities | <u>\$ 9,643</u> |
| Total cash outflow for leases | <u>\$ (181,439)</u> |

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

Operating leases relate to leases of office spaces. The refundable deposit paid under operating lease contracts as of December 31, 2017 was \$10,811 thousand.

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

| | December 31, 2018 |
|--|------------------------------|
| Not later than 1 year | \$ 139,712 |
| Later than 1 year and not later than 5 years | 115,477 |
| Later than 5 years | <u>15,129</u> |
| | <u>\$ 270,318</u> |

The rent expense on the above operating lease contracts was \$132,541 thousand for the year ended December 31, 2018.

15. INVESTMENT PROPERTIES

| | December 31 | |
|-----------------------------------|----------------------|----------------------|
| | 2019 | 2018 |
| Leased investment properties | \$ 36,082,384 | \$ 35,525,301 |
| Undeveloped investment properties | <u>6,031,826</u> | <u>6,164,393</u> |
| | <u>\$ 42,114,210</u> | <u>\$ 41,689,694</u> |

The movements of investment property were as follows:

| | Leased Investment Property | Undeveloped Investment Property | Total |
|--|---|--|----------------------|
| Balance at January 1, 2018 | \$ 35,822,102 | \$ 6,197,535 | \$ 42,019,637 |
| Changes in fair value of investment properties | (298,069) | (33,142) | (331,211) |
| Additions | 1,269 | - | 1,269 |
| Disposals | <u>(1)</u> | <u>-</u> | <u>(1)</u> |
| Balance at December 31, 2018 | <u>\$ 35,525,301</u> | <u>\$ 6,164,393</u> | <u>\$ 41,689,694</u> |
| Balance at January 1, 2019 | \$ 35,525,301 | \$ 6,164,393 | \$ 41,689,694 |
| Changes in fair value of investment properties | 532,249 | (132,567) | 399,682 |
| Additions | <u>24,834</u> | <u>-</u> | <u>24,834</u> |
| Balance at December 31, 2019 | <u>\$ 36,082,384</u> | <u>\$ 6,031,826</u> | <u>\$ 42,114,210</u> |

The investment properties for lease were as follows:

- a. On January 1, 1998, the Corporation granted FEDSDL the right to construct a shopping center on a parcel of land it owned with an area of 6,976 square meters located in Lin-Ya, Kaohsiung. As consideration for the right to construct and the continued use of the land for fifty years, FEDSDL shall pay the following: (a) land use right in the amount of \$1,073,000 thousand and (b) annual rental at 5% of the reference price of such land announced by the local government. The proceeds of the land use rights were recorded as long-term deferred revenue, and recognized as rental revenue on a periodic basis.
- b. The Corporation and Far Eastern Resources Development Co. (FERD) equally owned a parcel of land located at Tun Hwa South Road, Taipei City. Under an agreement entered into with YDC, the Corporation and FERD had agreed on the following: (a) construction of a twin tower building (Taipei Metro) by YDC on the said land, (b) continued use of the land without additional compensation for 30 years starting from the date of the completion of the building, (c) transfer to each of the Corporation and FERD 12% of the usable area of the building, and (d) transfer to FERD and the Corporation the remaining usable area of the building after the end of 30 years in exchange for the carrying amount of the property. In view of the foregoing agreement, the Corporation recorded the 12% of the building construction cost or \$1,402,753 thousand as building acquired and as long-term deferred revenue, and recognized as revenue on a periodic basis.
- c. Others mainly included the following:
 - 1) Land in Shu-Lin - leased to YLPPC;
 - 2) Land in Taichung Guan-Lien Industrial Zone - leased to NHC;
 - 3) Land and buildings in Lin-Ko, Taichung and Hsi-Chih - leased to YTRMC;
 - 4) Asia-Cement Building - leased to FEDS;
 - 5) Pao-Ching Building - leased to Sofiva Genomics;
 - 6) Land and building in Chayi City; and
 - 7) Land and building in Hwalien - leased to YLT;

The lease terms of the above are 1-10 years and the rents are paid monthly.

The Corporation's undeveloped investment properties included a parcel of land located in Lin-Ya, Kaohsiung.

The fair values of investment properties were valued by independent qualified professional appraisers. According to local requirements, entities are required to have independent appraisal for the investment properties with individual carrying amount of \$300 million or higher. The fair values of investment properties as of December 31, 2019 and 2018 were determined by qualified professional appraisers, Mr. Chang from Savills (Taiwan) Limited and Mr. Tsai from DTZ real estate appraisers firm on March 4, 2020 and March 4, 2019, respectively. The fair values of investment properties leased to subsidiaries were determined by Mr. Huang, a qualified real estate professional appraiser from CCIS Real Estate Appraisers Firm.

The fair value of investment properties was estimated using unobservable inputs (Level 3). The movements in the fair value were as follows:

| | Leased Investment Property | Undeveloped Investment Property | Total |
|---|---|--|----------------------|
| Balance at January 1, 2018 | \$ 35,822,102 | \$ 6,197,535 | \$ 42,019,637 |
| Recognized in profit or loss (gain or loss from changes in fair value of investment property) | (298,069) | (33,142) | (331,211) |
| Purchases | 1,269 | - | 1,269 |
| Disposals | <u>(1)</u> | <u>-</u> | <u>(1)</u> |
| Balance at December 31, 2018 | <u>\$ 35,525,301</u> | <u>\$ 6,164,393</u> | <u>\$ 41,689,694</u> |
| Balance at January 1, 2019 | \$ 35,525,301 | \$ 6,164,393 | \$ 41,689,694 |
| Recognized in profit or loss (gain or loss from changes in fair value of investment property) | 532,249 | (132,567) | 399,682 |
| Purchases | <u>24,834</u> | <u>-</u> | <u>24,834</u> |
| Balance at December 31, 2019 | <u>\$ 36,082,384</u> | <u>\$ 6,031,826</u> | <u>\$ 42,114,210</u> |

The fair value measurement of undeveloped land located in Lin-Ya, Kaohsiung, was measured by land development analysis. The increase in estimated total selling price, the increase in rate of return, or the decrease in overall capital interest rate would result in an increase in the fair value. The significant assumptions used were as follows:

| | December 31 | |
|-------------------------------|----------------------|----------------------|
| | 2019 | 2018 |
| Estimated total selling price | <u>\$ 19,379,643</u> | <u>\$ 18,991,547</u> |
| Rate of return | 22% | 22% |
| Overall capital interest rate | 5.99% | 6.08% |

The total selling price is estimated on the basis of the most effective use of the land or property available for sale after development is completed, taking into account the related regulations, domestic macroeconomic prospects, local land use, and market rates.

The fair value of investment properties, except for undeveloped land, was measured using the income approach. The significant assumptions used were stated below. The increase in estimated future net cash inflows, or the decrease in discount rates would result in increase in the fair value.

| | December 31 | |
|-----------------------------------|----------------------|----------------------|
| | 2019 | 2018 |
| Expected future cash inflows | \$ 45,637,919 | \$ 44,926,855 |
| Expected future cash outflows | <u>1,936,955</u> | <u>1,986,947</u> |
| Expected future cash inflows, net | <u>\$ 43,700,964</u> | <u>\$ 42,939,908</u> |
| Discount rate | 2.07%-4.50% | 2.07%-4.50% |

The market rentals in the area where the investment property is located were between \$1 thousand and \$5 thousand per ping (i.e., per 3.3 square meters).

The rental income generated for the years ended December 31, 2019 and 2018 was \$371,120 thousand and \$356,365 thousand, respectively.

The expected future cash inflows to be generated by investment properties include rental income, interest income on rental deposits and disposal value. The rental income was extrapolated using the Corporation's current rental contract, regional and market quotation, taking into account the annual rental growth rate; the income analysis covers a 10-year period, the interest income on rental deposits was extrapolated using the interest rate for one-year central bank-announced demand deposit interest rate; the disposal value was determined using the direct capitalization method under the income approach. The expected future cash outflows to be incurred by investment properties include expenditure such as land value taxes, house taxes, insurance premium, maintenance costs and others. This expenditure was extrapolated on the basis of the current level of expenditure, taking into account the future adjustment to the government-announced land value, and the tax rate promulgated under the House Tax Act.

The discount rate was determined by reference to the interest rate for two-year time deposits as posted by Chunghwa Post Co., Ltd., plus 0.75%, or estimated income capitalization rate, whichever is higher, as well as any asset-specific risk premiums. As of December 31, 2019 and 2018, the risk premiums were both 0.23%-2.66%, respectively.

Refer to Note 31 for the carrying amount of investment properties pledged by the Corporation as collaterals for borrowings.

16. INTANGIBLE ASSETS

| | Computer Software |
|------------------------------|------------------------------|
| <u>Cost</u> | |
| Balance at January 1, 2018 | \$ 159,611 |
| Additions | <u>2,693</u> |
| Balance at December 31, 2018 | <u>162,304</u> |
| | (Continued) |

| | Computer Software |
|--|--------------------------------|
| <u>Accumulated amortization and impairment</u> | |
| Balance at January 1, 2018 | \$ 150,663 |
| Amortization expense | <u>3,297</u> |
| Balance at December 31, 2018 | <u>153,960</u> |
| Carrying amounts at December 31, 2018 | <u>\$ 8,344</u> |
| <u>Cost</u> | |
| Balance at January 1, 2019 | \$ 162,304 |
| Additions | <u>202</u> |
| Balance at December 31, 2019 | <u>162,506</u> |
| <u>Accumulated amortization and impairment</u> | |
| Balance at January 1, 2019 | 153,960 |
| Amortization expense | <u>3,589</u> |
| Balance at December 31, 2019 | <u>157,549</u> |
| Carrying amounts at December 31, 2019 | <u>\$ 4,957</u> (Concluded) |

The above items of intangible assets are amortized on a straight-line basis over the estimated useful life of the asset. The estimated useful life of computer software is from 2 to 5 years.

17. PREPAYMENTS FOR LEASES

| | December 31, 2018 |
|---|------------------------------|
| Current asset (included in prepayments line item) | \$ 35,331 |
| Non-current asset | <u>369,801</u> |
| | <u>\$ 405,132</u> |

18. OTHER ASSETS-NON-CURRENT

| | <u>December 31</u> | |
|--------------------------------------|---------------------|---------------------|
| | 2019 | 2018 |
| Net defined benefit assets (Note 22) | \$ 2,519,601 | \$ 1,886,734 |
| Prepaid investments | 1,294,905 | 1,911,179 |
| Refundable deposits | 700,781 | 1,394,853 |
| Others | <u>131</u> | <u>129</u> |
| | <u>\$ 4,515,418</u> | <u>\$ 5,192,895</u> |

On March 23, 2017, the Corporation acquired 155 thousand issued shares of China Shanshui Investment Company Limited (CSI) in the amount of HK\$577,662 thousand from six shareholders of CSI under a share purchase agreement. The Corporation already obtained the physical share certificates of the acquired CSI shares. Pursuant to the Articles of Association of CSI, the share ownership can only be recorded on the register of shareholders if the board of directors of CSI approves the share transfer. The Corporation submitted all necessary documents to CSI for registration of the share transfer. However, CSCGL and its subsidiaries obtained from the High Court of Hong Kong an injunction order by way of an ex-parte application on April 11, 2017. Pursuant to the injunction order, four out of the abovementioned six shareholders, Mi Jingtian, Zhao Liping, Li Maohuan and Yu Yuchuan, are prohibited from removing any of their assets in Hong Kong. Each of their assets' value is up to RMB142 million (or its Hong Kong dollar equivalent), in particular, their shares in CSI and/or any proceeds from sales of any such CSI shares. The Corporation is neither a plaintiff nor a defendant in the aforesaid proceedings. But, for the purpose of securing and exercising the rights and interests of the acquired shares of CSI, the Corporation provided a bank guarantee of RMB142 million to the High Court of Hong Kong according to the High Court's ruling on April 21, 2017. On the same day, the High Court of Hong Kong lifted the injunction order on the shares of CSI acquired by the Corporation. Since the payment liability event as agreed in the bank guarantee did not occur before due date and the bank guarantee expired on April 21, 2019, the Corporation's obligations were terminated on the same day.

In addition, Chan Hongqing, a PRC individual, claimed that the CSI shares which the Corporation acquired from the abovementioned four shareholders were pledged as collaterals under a loan contract signed on August 17, 2015 with him and thus applied for arbitration with China International Economic and Trade Arbitration Commission in Beijing. Later, by an order of the High Court of Hong Kong on June 27, 2017, it requested the appointment of interim receivers in respect of the CSI shares held by the four shareholders until the end of the arbitral proceedings. On May 17, 2018, the High Court of Hong Kong set aside the order before the final award of the arbitration. The arbitral proceeding was therefore terminated on June 12, 2018.

On October 2, 2018, Chan Hongqing applied to the High Court of Hong Kong for interlocutory relief in another proceedings against the Corporation to prohibit the Corporation and the abovementioned four CSI shareholders from transferring and registering their CSI shares. Then his application for interlocutory relief was dismissed by the High Court of Hong Kong. The Corporation engaged lawyers to proactively liaise with the board of directors of CSI in connection with the registration of the share transfer.

As for the shares acquired from the other two CSI shareholders, Dong Chengtian and Wang Yongping, Chan Hongqing also claimed that the CSI shares held by the two shareholders were pledged as collaterals under the same loan contract mentioned above. As a result, the board of directors of CSI refused to approve the share transfer. Later, as the Corporation filed a lawsuit to the High Court of Hong Kong against CSI, the board of directors of CSI finally approved the share transfer. The registration of the CSI shares acquired from the two shareholders, Dong Chengtian and Wang Yongping, were completed and the prepaid investments in the balance sheets was therefore reclassified to financial assets at fair value through other comprehensive income - non-current. Refer to Note 8.

19. SHORT-TERM BILLS PAYABLE

| | <u>December 31</u> | |
|--|----------------------|----------------------|
| | 2019 | 2018 |
| Commercial paper | \$ 10,760,000 | \$ 11,440,000 |
| Less: Unamortized discounts on bills payable | <u>2,094</u> | <u>2,896</u> |
| | <u>\$ 10,757,906</u> | <u>\$ 11,437,104</u> |
| Interest rate (%) | 0.38%-0.68% | 0.36%-0.80% |

Short-term bills payable were issued under guarantee obtained from financial institutions.

20. LONG-TERM LIABILITIES

| | <u>December 31</u> | |
|--|----------------------|----------------------|
| | <u>2019</u> | <u>2018</u> |
| Bank loans | \$ 11,795,000 | \$ 10,033,000 |
| Long-term commercial paper | - | 5,000,000 |
| Less: Unamortized discounts | <u>-</u> | <u>7,989</u> |
| | <u>11,795,000</u> | <u>15,025,011</u> |
| Bonds | | |
| Domestic bonds | | |
| 1 st unsecured bonds issued in 2014 | - | 4,000,000 |
| 1 st unsecured bonds issued in 2016 | 6,000,000 | 6,000,000 |
| 1 st unsecured bonds issued in 2019 | 6,500,000 | - |
| 2 nd unsecured bonds issued in 2019 | <u>3,500,000</u> | <u>-</u> |
| | <u>16,000,000</u> | <u>10,000,000</u> |
| Overseas bonds | | |
| 3 rd Euro convertible bonds issued in 2018 - US\$215,000 thousand | <u>6,280,807</u> | <u>6,192,567</u> |
| | 34,075,807 | 31,217,578 |
| Less: Current portion | <u>3,000,000</u> | <u>4,000,000</u> |
| | <u>\$ 31,075,807</u> | <u>\$ 27,217,578</u> |

- a. Bank loans are repayable in installments at varying amounts or in one lump-sum payment prior to January 22, 2022. The Corporation has signed long-term revolving credit facilities with banks. As of December 31, 2019 and 2018, interest rates were 0.89%-1.75% and 0.89%-1.70%, respectively.
- b. Long-term commercial paper was issued by contract. As of December 31, 2018, interest rates were 0.83%-0.84%. The maturity date of the contract is December 19, 2020.
- c. Domestic bonds are repayable in installments at varying amounts or in one lump-sum on maturity prior to August 16, 2024. As of December 31, 2019 and 2018, interest rates were 0.79%-0.88% and 0.80%-1.36%, respectively.
- d. In order to redeem bonds to save interest expenses, on May 13, 2013, the Corporation issued 2nd US\$220,000 thousand (equivalent to NT\$6,551,380 thousand) zero coupon Euro convertible bonds due 2018.

The terms of the zero coupon Euro convertible bonds included the following:

1) Final redemption

Unless previously redeemed, repurchased and cancelled, or converted, the bonds will be redeemed on the maturity date at a redemption price equal to 100% of the unpaid principal amount thereof.

2) The bonds are convertible into the Corporation's ordinary shares ("Shares") at any time on or after June 23, 2013 and prior to the close of business on April 13, 2018. The initial conversion price was NT\$48 per Share, determined on the basis of a fixed exchange rate of NT\$29.53=US\$1.00.

3) Redemption at the option of the Corporation

At any time on or after May 13, 2016, the Corporation may redeem the bonds in whole, or from time to time in part, at the early redemption amount, if the closing price of the Shares, translated into U.S. dollars at the prevailing rate, during a period of 30 consecutive trading days, is at least 130% of the quotient of the early redemption amount divided by the number of Shares to be issued upon conversion of US\$200,000 principal amount of bonds on the applicable trading day based on the conversion price then in effect, translated into U.S. dollars at a fixed exchange rate of NT\$29.53=US\$1.00. Notwithstanding the foregoing, at any time, the Corporation may redeem the bonds in whole, but not in part, at the early redemption amount in U.S. dollars if at least 90% in principal amount of the bonds has already been redeemed, repurchased and cancelled, or converted.

4) Redemption at the option of the bondholders

Unless previously redeemed, repurchased and cancelled or converted, each holder will have the right to require the Corporation to redeem in whole or in part of the bonds held by such holder on May 13, 2016 at a redemption price equal to 100% of the principal amount thereof. (Refer to item 6 below for information on the redemption of bonds.)

5) The conversion price shall be subject to adjustment when there is occurrence of, including (but not limited to), the following:

- a) Declaration of dividend in Shares or free distribution or bonus issue of Shares.
- b) Subdivision, consolidation and reclassification of Shares.
- c) Rights issues to shareholders.
- d) Employee stock bonus.
- e) Warrants issued to holders of Shares.
- f) Issues of rights or warrants for equity-related securities to holders of Shares.
- g) Capital distributions, other distributions to shareholders.
- h) Issue of convertible or exchangeable securities other than to holders of Shares or on exercise of warrants.
- i) Other issues of Shares.
- j) Issue of equity related securities.
- k) Capital reduction.
- l) Tender or exchange offer.
- m) Any other event or circumstance which would have an effect analogous to any of the events in a) to l) above.

6) As bondholders exercised the put option, the Corporation had redeemed the principal amount of US\$217,000 thousand on May 11, 2016. After the redemption, the bonds outstanding in the amount of US\$3,000 thousand had been paid on May 10, 2018.

- e. In order to repay debt, save interest expenses, and strengthen the Corporation's financial structure, on September 21, 2018, the Corporation issued 3rd US\$215,000 thousand (equivalent to NT\$6,620,710 thousand) zero coupon Euro convertible bonds due 2023.

The terms of the zero coupon Euro convertible bonds included the following:

1) Final redemption

Unless previously redeemed, repurchased and canceled, or converted, the Bonds will be redeemed on the maturity date at the settlement equivalent of 103.04% of the unpaid principal amount thereof.

- 2) The bonds are convertible into the Corporation's common shares ("Shares") at any time on or after December 21, 2018 and prior to the close of business on August 22, 2023. The initial conversion price was NT\$42.24 per Share, determined on the basis of a fixed exchange rate of NT\$30.794=US\$1.00.

3) Redemption at the option of the Corporation

At any time on or after September 21, 2021, the Corporation may redeem the bonds in whole, or from time to time in part, at the early redemption amount, if the closing price of the Shares, translated into U.S. dollars at the prevailing rate, during a period of 30 consecutive trading days, is at least 130% of the quotient of the early redemption amount divided by the number of Shares to be issued upon conversion of US\$200,000 principal amount of the bonds on the applicable trading day based on the conversion price then in effect, translated into U.S. dollars at a fixed exchange rate of NT\$30.794=US\$1.00. Notwithstanding the foregoing, at any time, the Corporation may redeem the bonds in whole, but not in part, at the early redemption amount in U.S. dollars if at least 90% in principal amount of the bonds has already been redeemed, repurchased and cancelled, or converted.

4) Redemption at the option of the bondholders

Unless previously redeemed, repurchased and cancelled or converted, each holder will have the right to require the Corporation to redeem in whole or in part of the bonds held by such holder on September 21, 2021 at a redemption price equal to the settlement equivalent of 101.81% of the principal amount in U.S. dollars. Any U.S. dollar denominated amount payable in respect of the bonds will be converted into NT dollars using a fixed exchange rate and then converted back to a U.S. dollar amount using the applicable prevailing rate at the time of redemption.

- 5) The conversion price shall be subject to adjustment when there is occurrence of, including (but not limited to), the following:

- a) Declaration of dividend in Shares or free distribution or bonus issue of Shares.
- b) Subdivision, consolidation and reclassification of Shares.
- c) Rights issues to shareholders.
- d) Employee stock bonus.
- e) Warrants issued to holders of Shares.
- f) Issues of rights or warrants for equity-related securities to holders of Shares.
- g) Capital distributions, other distributions to shareholders.
- h) Issue of convertible or exchangeable securities other than to holders of Shares or on exercise of warrants.

- i) Other issues of Shares.
- j) Issue of equity related securities.
- k) Capital reduction.
- l) Tender or exchange offer.
- m) Any other event or circumstance which would have an effect analogous to any of the events in a) to l) above. The conversion price was NT\$39.7 as of December 31, 2019.

21. DEFERRED REVENUE

| | <u>December 31</u> | |
|----------------|--------------------|-------------------|
| | <u>2019</u> | <u>2018</u> |
| Land use right | \$ 790,753 | \$ 858,838 |
| Others | <u>133,052</u> | <u>140,879</u> |
| | <u>\$ 923,805</u> | <u>\$ 999,717</u> |
| Current | <u>\$ 75,912</u> | <u>\$ 75,912</u> |
| Non-current | <u>\$ 847,893</u> | <u>\$ 923,805</u> |

- a. The deferred revenue on land use rights in Lin-Ya, Kaohsiung granted to FEDSDL (Note 15) is amortized to income over 50 years on a straight-line basis.
- b. The deferred revenue on land use rights of Taipei Metro granted to YDC (Note 15) is amortized to income over 30 years on a straight-line basis.

22. RETIREMENT BENEFIT PLANS

- a. Defined contribution plans

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

- b. Defined benefit plans

The defined benefit plan adopted by the Corporation in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contributes amounts equal to 8% 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 Corporation 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 Corporation 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 Corporation has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Corporation's defined benefit plans were as follows:

| | December 31 | |
|---|-----------------------|-----------------------|
| | 2019 | 2018 |
| Present value of defined benefit obligation | \$ 803,450 | \$ 804,119 |
| Fair value of plan assets | <u>(3,323,051)</u> | <u>(2,690,853)</u> |
| Surplus | <u>(2,519,601)</u> | <u>(1,886,734)</u> |
| Net defined benefit asset | <u>\$ (2,519,601)</u> | <u>\$ (1,886,734)</u> |

Movements in net defined benefit assets were as follows:

| | Present Value of the Defined Benefit Obligation | Fair Value of the Plan Assets | Net Defined Benefit Liability (Asset) |
|---|--|--|--|
| Balance at January 1, 2018 | <u>\$ 1,006,401</u> | <u>\$ (2,523,022)</u> | <u>\$ (1,516,621)</u> |
| Service cost | | | |
| Current service cost | 9,207 | - | 9,207 |
| Net interest expense (income) | <u>12,077</u> | <u>(30,276)</u> | <u>(18,199)</u> |
| Recognized in profit or loss | <u>21,284</u> | <u>(30,276)</u> | <u>(8,992)</u> |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | (293,637) | (293,637) |
| Actuarial loss - changes in financial assumptions | 6,943 | - | 6,943 |
| Actuarial loss - experience adjustments | <u>(45,762)</u> | <u>-</u> | <u>(45,762)</u> |
| Recognized in other comprehensive income | <u>(38,819)</u> | <u>(293,637)</u> | <u>(332,456)</u> |
| Benefits paid | <u>(184,747)</u> | <u>156,082</u> | <u>(28,665)</u> |
| Balance at December 31, 2018 | <u>\$ 804,119</u> | <u>\$ (2,690,853)</u> | <u>\$ (1,886,734)</u> |
| Balance at January 1, 2019 | <u>\$ 804,119</u> | <u>\$ (2,690,853)</u> | <u>\$ (1,886,734)</u> |
| Service cost | | | |
| Current service cost | 5,970 | - | 5,970 |
| Net interest expense (income) | <u>8,845</u> | <u>(29,599)</u> | <u>(20,754)</u> |
| Recognized in profit or loss | <u>14,815</u> | <u>(29,599)</u> | <u>(14,784)</u> |
| Remeasurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | (661,669) | (661,669) |
| Actuarial loss - changes in financial assumptions | 6,530 | - | 6,530 |
| Actuarial loss - experience adjustments | <u>71,081</u> | <u>-</u> | <u>71,081</u> |
| Recognized in other comprehensive income | <u>77,611</u> | <u>(661,669)</u> | <u>(584,058)</u> |
| Benefits paid | <u>(93,095)</u> | <u>59,070</u> | <u>(34,025)</u> |
| Balance at December 31, 2019 | <u>\$ 803,450</u> | <u>\$ (3,323,051)</u> | <u>\$ (2,519,601)</u> |

Through the defined benefit plans under the Labor Standards Law, the Corporation is exposed to the following risks:

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

| | <u>December 31</u> | |
|-------------------------------------|--------------------|-------------|
| | 2019 | 2018 |
| Discount rate(s) | 1.00% | 1.10% |
| Expected rate(s) of salary increase | 2.00% | 2.00% |

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

| | <u>December 31</u> | |
|-------------------------------------|--------------------|--------------------|
| | 2019 | 2018 |
| Discount rate(s) | | |
| 0.25% increase | <u>\$ (16,169)</u> | <u>\$ (17,187)</u> |
| 0.25% decrease | <u>\$ 16,697</u> | <u>\$ 17,768</u> |
| Expected rate(s) of salary increase | | |
| 1% increase | <u>\$ 68,726</u> | <u>\$ 73,337</u> |
| 1% decrease | <u>\$ (61,703)</u> | <u>\$ (65,545)</u> |

The major categories of plan assets at the end of the reporting period are disclosed based on the information announced by the Bureau:

| | <u>December 31</u> | |
|-------------------------------------|--------------------|---------------|
| | 2019 | 2018 |
| Equity instruments | 86.82 | 88.73 |
| Deposited in financial institutions | 8.26 | 5.85 |
| Others | <u>4.92</u> | <u>5.42</u> |
| | <u>100.00</u> | <u>100.00</u> |

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

| | <u>December 31</u> | |
|--|-----------------------|-----------------------|
| | <u>2019</u> | <u>2018</u> |
| The expected contributions to the plan for the next year | \$ <u> -</u> | \$ <u> -</u> |
| The average duration of the defined benefit obligation | 9.3 years | 10 years |

23. EQUITY

a. Share capital

| | <u>December 31</u> | |
|---|----------------------|----------------------|
| | <u>2019</u> | <u>2018</u> |
| Number of shares authorized (in thousands) | <u>4,000,000</u> | <u>4,000,000</u> |
| Shares authorized | <u>\$ 40,000,000</u> | <u>\$ 40,000,000</u> |
| Number of shares issued and fully paid (in thousands) | <u>3,361,447</u> | <u>3,361,447</u> |
| Shares issued | <u>\$ 33,614,472</u> | <u>\$ 33,614,472</u> |

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

The total of 350,000 thousand and 10,000 thousand shares of the Corporation's authorized shares are reserved for the issuance of convertible bonds and employee share option, respectively.

b. Capital surplus

| | <u>December 31</u> | |
|---|---------------------|---------------------|
| | <u>2019</u> | <u>2018</u> |
| <u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u> | | |
| Donation | \$ 41,790 | \$ 41,790 |
| The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual acquisition or disposal | 54,907 | 54,907 |
| Change of capital surplus of subsidiaries and associates accounted for using equity method (2) | <u>992,530</u> | <u>992,530</u> |
| | <u>1,089,227</u> | <u>1,089,227</u> |
| <u>May be used to offset a deficit only</u> | | |
| Change of capital surplus of subsidiaries and associates accounted for using equity method (3) | <u>128,141</u> | <u>38,085</u> |
| <u>May not be used for any purpose</u> | | |
| Share warrants | 185,411 | 185,411 |
| Change of capital surplus of subsidiaries and associates accounted for using equity method | <u>53,275</u> | <u>49,831</u> |
| | <u>238,686</u> | <u>235,242</u> |
| | <u>\$ 1,465,054</u> | <u>\$ 1,362,554</u> |

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and to once a year).
- 2) Such capital surplus from the effect of changes in associate's ownership interest in its subsidiary that resulted from actual acquisition and disposal of equity may be used to offset a deficit or distributed as cash dividends or share dividends under Article 241-1 of Company Act.
- 3) Such capital surplus from the effect of changes in associate's ownership interest in its subsidiary that resulted from equity transactions other than actual acquisition and disposal may be used to offset a deficit under Article 239-1 of Company Act.

c. Retained earnings and dividends policy

Under the Corporation's dividends policy, where the Corporation has a profit at the end of a fiscal year, the Corporation shall first pay business income taxes based on law and then offset losses of previous years, and if there is any remaining profit, 10% of the balance shall be appropriated as legal reserve. In addition, appropriation for special reserve shall be made based on provisions of law. Any remaining amount of profit together with the accumulated undistributed earnings of the previous year shall be allocated for distribution to shareholders. However, depending on the condition of the business, part of the profit may be retained. In case of an increase in the capital of the Corporation, the shareholders' bonus for the new shares in the year of issue shall be decided in the shareholders' meeting. For the policies on distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 25(f).

The distribution of shareholders' dividend shall take into consideration the changes in the outlook of the Corporation's businesses, the lifespan of the various products or services that have an impact on future capital needs and taxation. Shareholders' dividend shall be distributed with the aim of maintaining stable shareholders' dividend distributions. Save for the purposes of improving the financial structure, reinvestments, production expansion or other capital expenditures in which capital is required, when distributing shareholders' dividend, the dividend payout ratio each fiscal year shall be no less than 50% of the final surplus which is the sum of after-tax profit of the fiscal year to withhold previous loss, if any, legal reserve and special reserve as required by law; the cash dividend shall not be less than 10% of the total shareholders' dividend distributed in the same year.

These appropriations shall be resolved by the shareholders in the following year and given effect to in the financial statements of that year.

The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Corporation is required to appropriate to or reverse from special reserve amounts that pertains to items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs".

The appropriation of earnings and dividends per share for 2018 and 2017 approved in the shareholders' meetings on June 24, 2019 and June 26, 2018, respectively, were as follows:

| | Appropriation of Earnings | |
|---------------------------------|---------------------------------------|---------------------|
| | For the Year Ended December 31 | |
| | 2018 | 2017 |
| Legal reserve | <u>\$ 1,111,709</u> | <u>\$ 546,900</u> |
| Special reserve | <u>\$ 518,281</u> | <u>\$ 943,188</u> |
| Cash dividends | <u>\$ 9,412,052</u> | <u>\$ 4,033,737</u> |
| Cash dividends per share (NT\$) | \$ 2.8 | \$ 1.2 |

The appropriation of earnings for 2019 had been proposed by the Corporation's board of directors on March 25, 2020. The proposed appropriation of earnings and dividend per share were as follows:

| | For the Year Ended December 31, 2019 |
|---------------------------------|---|
| Legal reserve | <u>\$ 1,745,967</u> |
| Special reserve | <u>\$ 804,347</u> |
| Cash dividends | <u>\$ 10,084,341</u> |
| Cash dividends per share (NT\$) | \$ 3.0 |

Assuming that the shares reciprocally held by associates were not treated as treasury stock and not deducted from weighted average number of shares outstanding, the basic EPS would be NT\$5.19 for the year ended December 31, 2019.

The appropriations of earnings for 2019 are subject to the resolution of the shareholders' meeting to be held on June 23, 2020.

d. Special reserve recognized at the date of transition

In the first-time adoption of IFRSs, the amounts of adjusted unrealized revaluation increments, cumulative translation adjustments and unappropriated earnings recognized from the investment properties of associates which used fair value as deemed cost were \$10,715,430 thousand, \$3,163,258 thousand and \$52,494 thousand, respectively; the Corporation appropriated the amounts to special reserve.

In addition, on the initial application of the fair value model to investment properties, the Corporation appropriated to special reserve the amount of the net increase in fair value of investment properties and transferred it to retained earnings. Additional special reserve should be appropriated for subsequent net increases in fair value. The amount appropriated may be reversed to the extent that the cumulative net increases in fair value decrease or on the disposal of investment properties.

The Corporation and its associates used and disposed of some of the related assets; accordingly, special reserve reversed to unappropriated earnings amounted to \$548,152 thousand as of December 31, 2019.

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 | \$ (2,641,364) | \$ (2,638,153) |
| Share of exchange difference of subsidiaries and associates accounted for using equity method | <u>(3,271,837)</u> | <u>(3,211)</u> |
| Balance at December 31 | <u>\$ (5,913,201)</u> | <u>\$ (2,641,364)</u> |

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

| | For the Year Ended December 31 | |
|--|---------------------------------------|---------------------|
| | 2019 | 2018 |
| Balance at January 1 | \$ 5,268,916 | \$ 516,962 |
| Recognized for the year | | |
| Unrealized gain of equity instruments | 329,435 | 158,517 |
| Related income tax | - | (158,526) |
| Share from subsidiaries and associates accounted for using the equity method | | |
| Equity instruments | 2,363,096 | 1,340,746 |
| Debt instruments | 26,587 | 2,520 |
| Cumulative unrealized (loss) gain of equity instruments transferred to retained earnings due to disposal | <u>(79,711)</u> | <u>3,408,697</u> |
| Balance at December 31 | <u>\$ 7,908,323</u> | <u>\$ 5,268,916</u> |

3) Cash flow hedges

| | For the Year Ended December 31 | |
|---|---------------------------------------|------------------|
| | 2019 | 2018 |
| Balance at January 1 | \$ 60,934 | \$ 58,485 |
| Share of cash flow hedging reserve of subsidiaries and associates accounted for using equity method | <u>(8,793)</u> | <u>2,449</u> |
| Balance at December 31 | <u>\$ 52,141</u> | <u>\$ 60,934</u> |

4) Gains on property revaluation

| | For the Year Ended December 31 | |
|--|---------------------------------------|-------------------|
| | 2019 | 2018 |
| Balance at January 1 | \$ 307,728 | \$ 307,728 |
| Share from subsidiaries and associates accounted for using the equity method | <u>77,486</u> | <u>-</u> |
| Balance at December 31 | <u>\$ 385,214</u> | <u>\$ 307,728</u> |

24. OPERATING REVENUE AND COSTS

a. Detail of client revenues contract

| | For the Year Ended December 31 | |
|------------------------------|---------------------------------------|-------------------|
| | 2019 | 2018 |
| Operating revenues | | |
| Sales of goods | \$ 8,612,328 | \$ 8,368,027 |
| Rental revenue | <u>373,589</u> | <u>364,209</u> |
| Total operating revenue, net | <u>8,985,917</u> | <u>8,732,236</u> |
| Operating costs | | |
| Cost of goods sold | 8,339,743 | 8,309,912 |
| Rental cost | <u>168,249</u> | <u>169,234</u> |
| Total operating cost | <u>8,507,992</u> | <u>8,479,146</u> |
| Gross profit | <u>\$ 477,925</u> | <u>\$ 253,090</u> |

b. Contract balances

| | For the Year Ended December 31 | |
|----------------------|---------------------------------------|------------------|
| | 2019 | 2018 |
| Contract liabilities | <u>\$ 83,726</u> | <u>\$ 40,661</u> |

The changes in the balance of contract liabilities primarily result from the timing difference between the Corporation's performance and the respective customer's payment.

25. NET PROFIT

Net profit was as follows:

a. Other income

| | For the Year Ended December 31 | |
|-----------------|---------------------------------------|-------------------|
| | 2019 | 2018 |
| Dividends | \$ 422,860 | \$ 405,773 |
| Interest income | 299,327 | 114,003 |
| Others | <u>90,608</u> | <u>72,669</u> |
| | <u>\$ 812,795</u> | <u>\$ 592,445</u> |

b. Other gains and losses

| | For the Year Ended December 31 | |
|---|---------------------------------------|---------------------|
| | 2019 | 2018 |
| Net gain on fair value changes of financial assets and liabilities designated as at fair value through profit or loss | \$ 673,850 | \$ 171,737 |
| Gain (Loss) on changes in fair value of investment properties | 399,682 | (331,211) |
| Net foreign exchange (losses) gains | (69,940) | 36,987 |
| Bank charges | (56,435) | (61,313) |
| Gain on disposal of property, plant and equipment | 40 | 4,053 |
| Miscellaneous expenses | <u>(133,087)</u> | <u>(462,053)</u> |
| | <u>\$ 814,110</u> | <u>\$ (641,800)</u> |

c. Finance costs

| | For the Year Ended December 31 | |
|--|---------------------------------------|-------------------|
| | 2019 | 2018 |
| Interest on bank loans | \$ 367,573 | \$ 332,211 |
| Interest on lease liabilities | 1,618 | - |
| Other interest expenses | 388 | - |
| Less: Amounts included in the cost of qualifying assets (capitalized interest) | <u>(230)</u> | <u>(227)</u> |
| | <u>\$ 369,349</u> | <u>\$ 331,984</u> |

Information about capitalized interest was as follows:

| | For the Year Ended December 31 | |
|----------------------|---------------------------------------|---------------|
| | 2019 | 2018 |
| Capitalized interest | \$ 230 | \$ 227 |
| Capitalization rate | 0.758%-0.988% | 0.726%-1.139% |

d. Depreciation and amortization

| | For the Year Ended December 31 | |
|---|---------------------------------------|-------------------|
| | 2019 | 2018 |
| An analysis of depreciation by function | | |
| Operating costs | \$ 521,270 | \$ 462,524 |
| Operating expenses | 1,380 | 1,783 |
| Non-operating expenses | <u>976</u> | <u>474</u> |
| | <u>\$ 523,626</u> | <u>\$ 464,781</u> |
| An analysis of amortization by function | | |
| Operating expenses | <u>\$ 3,589</u> | <u>\$ 3,297</u> |

e. Employee benefits expense

| | For the Year Ended December 31, 2019 | | | |
|------------------------------------|---|-------------------------------|-----------------------------------|-------------------|
| | Operating Costs | Operating Expenses | Non-operating Expenses | Total |
| Post-employment benefits (Note 22) | | | | |
| Defined contribution plans | \$ 10,018 | \$ 3,987 | \$ - | \$ 14,005 |
| Defined benefit plans | (8,885) | (5,899) | - | (14,784) |
| Short-term benefits | | | | |
| Salary | 391,835 | 232,757 | 9,492 | 634,084 |
| Remuneration of directors | - | 231,712 | - | 231,712 |
| Labor and health insurance | 31,264 | 11,290 | (1) | 42,553 |
| Other employees-related expenses | <u>9,946</u> | <u>4,350</u> | <u>6</u> | <u>14,302</u> |
| Total employee benefits expense | <u>\$ 434,178</u> | <u>\$ 478,197</u> | <u>\$ 9,497</u> | <u>\$ 921,872</u> |

| | For the Year Ended December 31, 2018 | | | |
|------------------------------------|---|-------------------------------|-----------------------------------|-------------------|
| | Operating Costs | Operating Expenses | Non-operating Expenses | Total |
| Post-employment benefits (Note 22) | | | | |
| Defined contribution plans | \$ 10,268 | \$ 4,450 | \$ 80 | \$ 14,798 |
| Defined benefit plans | (5,211) | (3,781) | - | (8,992) |
| Short-term benefits | | | | |
| Salary | 495,567 | 142,661 | 3,200 | 641,428 |
| Remuneration of directors | - | 225,074 | - | 225,074 |
| Labor and health insurance | 31,453 | 11,001 | 153 | 42,607 |
| Other employees-related expenses | <u>12,551</u> | <u>4,564</u> | <u>70</u> | <u>17,185</u> |
| Total employee benefits expense | <u>\$ 544,628</u> | <u>\$ 383,969</u> | <u>\$ 3,503</u> | <u>\$ 932,100</u> |

For the year of 2019 and 2018, the Corporation had average 495 and 529 employees, respectively, which included both 12 non-employee directors for both years.

The Corporation's average labor cost were \$1,429 thousand and \$1,368 thousand, respectively, for the years ended 2019 and 2018. Average salary and bonus were \$1,313 thousand and \$1,241 thousand, respectively, for the years ended 2019 and 2018. The Corporation's average salary and bonus increased by 5.80% year over year.

f. Employees' compensation and remuneration of directors

The Corporation accrued employees' compensation and remuneration of directors at the rates between 1% and 4% and no higher than 2.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2019 and 2018 which have been approved by the Corporation's board of directors on March 25, 2020 and March 21, 2019, respectively, were as follows:

| | For the Year Ended December 31 | | | |
|---------------------------|---------------------------------------|--------------|-------------|--------------|
| | 2019 | | 2018 | |
| | Cash | Share | Cash | Share |
| Employees' compensation | \$ 261,064 | \$ - | \$ 253,436 | \$ - |
| Remuneration of directors | 230,296 | - | 223,658 | - |

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

There 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 Corporation's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

26. INCOME TAXES RELATING TO CONTINUING OPERATIONS

- a. Major components of tax expense (income) recognized in profit or loss:

| | For the Year Ended December 31 | |
|---|---------------------------------------|---------------------|
| | 2019 | 2018 |
| Current tax | | |
| In respect of the current year | \$ 308,961 | \$ - |
| Income tax on unappropriated earnings | - | 19,711 |
| Adjustments for prior years | <u>25,138</u> | <u>(9)</u> |
| | <u>334,099</u> | <u>19,702</u> |
| Deferred tax | | |
| In respect of the current year | 362,328 | 1,022,598 |
| Adjustments to deferred tax attributable to changes in tax rates and laws | <u>-</u> | <u>35,338</u> |
| | <u>362,328</u> | <u>1,057,936</u> |
| Income tax expense recognized in profit or loss | <u>\$ 696,427</u> | <u>\$ 1,077,638</u> |

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

| | For the Year Ended December 31 | |
|---|---------------------------------------|----------------------|
| | 2019 | 2018 |
| Profit before tax from continuing operations | <u>\$ 18,156,100</u> | <u>\$ 12,194,732</u> |
| Income tax expense calculated at the statutory rate | \$ 3,631,220 | \$ 2,438,946 |
| Noneductible expenses in determining taxable income | 20,062 | 44,394 |
| Tax-exempt income | (1,477,601) | (1,114,646) |
| Unrecognized temporary differences | (1,274,745) | (301,182) |
| Tax on changes in fair value of investment properties | (16,328) | (32,651) |
| Unrecognized loss carryforwards | - | 23,075 |
| Income tax on unappropriated earnings | - | 19,711 |
| Adjustments for prior years' tax | 25,138 | (9) |
| Tax credit - income from sources in Mainland China | <u>(211,319)</u> | <u>-</u> |
| Income tax expense recognized in profit or loss | <u>\$ 696,427</u> | <u>\$ 1,077,638</u> |

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. 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 |
| <u>Deferred tax</u> | | |
| In respect of the current year: | | |
| Fair value changes of financial assets at FVTOCI | \$ - | \$ (158,526) |
| Remeasurement on defined benefit plans | <u>(116,811)</u> | <u>(66,491)</u> |
| Total income tax recognized in other comprehensive income | <u>\$ (116,811)</u> | <u>\$ (225,017)</u> |

c. Current tax assets and liabilities

| | December 31 | |
|-------------------------|--------------------|-----------------|
| | 2019 | 2018 |
| Current tax assets | | |
| Tax refund receivable | <u>\$ -</u> | <u>\$ 9,022</u> |
| Current tax liabilities | | |
| Income tax payable | <u>\$ 298,368</u> | <u>\$ 8,477</u> |

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 Comprehensive Income | Closing Balance |
|---|----------------------------|---|---|----------------------------|
| <u>Deferred tax assets</u> | | | | |
| Temporary differences | | | | |
| Other financial assets and liabilities | \$ 8,944 | \$ 3,804 | \$ - | \$ 12,748 |
| Property, plant and equipment | 3,659 | (2,492) | - | 1,167 |
| Others | <u>-</u> | <u>2,548</u> | <u>-</u> | <u>2,548</u> |
| | <u>\$ 12,603</u> | <u>\$ 3,860</u> | <u>\$ -</u> | <u>\$ 16,463</u> |
| <u>Deferred tax liabilities</u> | | | | |
| Temporary differences | | | | |
| Investment properties | \$ 3,598,284 | \$ (16,328) | \$ - | \$ 3,581,956 |
| Land value increment tax | 3,427,438 | - | - | 3,427,438 |
| Unappropriated earnings of subsidiaries and associates | 1,610,261 | 380,083 | - | 1,990,344 |
| Defined benefit obligation | 337,636 | 9,762 | 116,811 | 464,209 |
| Property, plant and equipment | 32,876 | 6,806 | - | 39,682 |
| Other financial assets and liabilities | 11,371 | (11,371) | - | - |
| Allowance for impairment loss | 296 | (296) | - | - |
| Others | <u>2,468</u> | <u>(2,468)</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 9,020,630</u> | <u>\$ 366,188</u> | <u>\$ 116,811</u> | <u>\$ 9,503,629</u> |

For the year ended December 31, 2018

| | Opening Balance | Recognized in Profit or Loss | Recognized in Other Comprehensive Income | Closing Balance |
|---|----------------------------|---|---|----------------------------|
| <u>Deferred tax assets</u> | | | | |
| Temporary differences | | | | |
| FVTOCI financial assets | \$ 158,526 | \$ - | \$ (158,526) | \$ - |
| FVTPL financial assets and liabilities | - | 8,944 | - | 8,944 |
| Property, plant and equipment | <u>10,460</u> | <u>(6,801)</u> | <u>-</u> | <u>3,659</u> |
| | <u>\$ 168,986</u> | <u>\$ 2,143</u> | <u>\$ (158,526)</u> | <u>\$ 12,603</u> |
| <u>Deferred tax liabilities</u> | | | | |
| Temporary differences | | | | |
| Investment properties | \$ 3,630,935 | \$ (32,651) | \$ - | \$ 3,598,284 |
| Land value increment tax | 3,427,438 | - | - | 3,427,438 |
| Unappropriated earnings of subsidiaries | 563,866 | 1,046,395 | - | 1,610,261 |
| Defined benefit obligation | 244,549 | 26,596 | 66,491 | 337,636 |
| Property, plant and equipment | 21,746 | 11,130 | - | 32,876 |
| Other financial assets and liabilities | 4,670 | 6,701 | - | 11,371 |
| Allowance for impairment loss | 84 | 212 | - | 296 |
| Others | <u>772</u> | <u>1,696</u> | <u>-</u> | <u>2,468</u> |
| | <u>\$ 7,894,060</u> | <u>\$ 1,060,079</u> | <u>\$ 66,491</u> | <u>\$ 9,020,630</u> |

- e. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized:

As of December 31, 2019 and 2018, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$5,750,255 thousand and \$5,104,939 thousand, respectively.

- f. The income tax returns through 2017, have been assessed by the tax authorities.

27. EARNINGS PER SHARE

Unit: NT\$ Per Share

| | For the Year Ended December 31 | |
|----------------------------|---------------------------------------|----------------|
| | 2019 | 2018 |
| Basic earnings per share | <u>\$ 5.56</u> | <u>\$ 3.54</u> |
| Diluted earnings per share | <u>\$ 5.25</u> | <u>\$ 3.49</u> |

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

Net Profit for the Year

| | <u>For the Year Ended December 31</u> | |
|---|---------------------------------------|----------------------|
| | 2019 | 2018 |
| Profit for the period attributable to owners of the Corporation | \$ 17,459,673 | \$ 11,117,094 |
| Effect of potentially dilutive ordinary shares: | | |
| Convertible bonds | <u>(55,373)</u> | <u>26,638</u> |
| Earnings used in the computation of diluted earnings per share | <u>\$ 17,404,300</u> | <u>\$ 11,143,732</u> |

Weighted average number of ordinary shares outstanding (in thousand shares):

| | <u>For the Year Ended December 31</u> | |
|--|---------------------------------------|------------------|
| | 2019 | 2018 |
| Weighted average number of ordinary shares in computation of basic earnings per share | 3,138,664 | 3,139,152 |
| Effect of potentially dilutive ordinary shares: | | |
| Employees' compensation | 6,888 | 8,585 |
| Convertible bonds | <u>166,769</u> | <u>44,656</u> |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | <u>3,312,321</u> | <u>3,192,393</u> |

The weighted average number of ordinary shares used in the computation of basic earnings per share is the weighted average outstanding shares after subtracting the shares of the Corporation held by the associates treated as treasury stock.

When an entity pays employee compensation that may be settled in shares or cash at the entity's option, the entity shall presume that the employee compensation will be settled in shares, and the resulting potential shares shall be included in diluted earnings per share if the effect is dilutive. The number of shares is estimated by dividing the entire amount of the compensation by the closing price of the shares at the balance sheet date. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

28. CAPITAL MANAGEMENT

The Corporation manages its capital to ensure that it 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 capital structure of the Corporation consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Corporation (comprising issued capital, reserves, retained earnings, other equity).

The Corporation is not subject to any externally imposed capital requirements.

Key management personnel of the Corporation review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Corporation may adjust the amount of dividends paid to shareholders and the amount of new debt issued or existing debt redeemed.

29. FINANCIAL INSTRUMENTS

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

December 31, 2019

| | Carrying Amount | Fair Value | | | Total |
|---|--------------------|---------------|---------|---------|---------------|
| | | Level 1 | Level 2 | Level 3 | |
| <u>Financial liabilities</u> | | | | | |
| Financial liabilities measured at amortized cost | | | | | |
| Bonds payable (included current portion) | \$ 22,280,807 | \$ 24,156,832 | \$ - | \$ - | \$ 24,156,832 |

December 31, 2018

| | Carrying Amount | Fair Value | | | Total |
|---|--------------------|---------------|---------|---------|---------------|
| | | Level 1 | Level 2 | Level 3 | |
| <u>Financial liabilities</u> | | | | | |
| Financial liabilities measured at amortized cost | | | | | |
| Bonds payable (included current portion) | \$ 16,192,567 | \$ 16,719,158 | \$ - | \$ - | \$ 16,719,158 |

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

1) Fair value hierarchy

December 31, 2019

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------|---------------------|-------------|-------------|---------------------|
| <u>Financial assets at FVTPL</u> | | | | |
| Overseas listed stocks | \$ 1,485,828 | \$ - | \$ - | \$ 1,485,828 |
| Beneficiary certificates | <u>204,700</u> | <u>-</u> | <u>-</u> | <u>204,700</u> |
| | <u>\$ 1,690,528</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,690,528</u> |

(Continued)

| | Level 1 | Level 2 | Level 3 | Total |
|---|---------------------|----------------|---------------------|---------------------|
| <u>Financial assets at FVTOCI</u> | | | | |
| Investments in equity instruments at FVTOCI | | | | |
| Domestic listed stocks | \$ 7,751,553 | \$ - | \$ - | \$ 7,751,553 |
| Domestic unlisted stocks | - | - | 586,459 | 586,459 |
| Overseas unlisted shares | - | - | 488,258 | 488,258 |
| | <u>\$ 7,751,553</u> | <u>\$ -</u> | <u>\$ 1,074,717</u> | <u>\$ 8,826,270</u> |
| Bond options | \$ - | \$ - | \$ 81,724 | \$ 81,724 |
| Cross-currency swap contracts | - | - | 30,346 | 30,346 |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 112,070</u> | <u>\$ 112,070</u> |
| | | | | (Concluded) |

December 31, 2018

| | Level 1 | Level 2 | Level 3 | Total |
|---|---------------------|----------------|-------------------|---------------------|
| <u>Financial assets at FVTPL</u> | | | | |
| Overseas listed stocks | \$ 1,037,426 | \$ - | \$ - | \$ 1,037,426 |
| Beneficiary certificates | 135,400 | - | - | 135,400 |
| | <u>\$ 1,172,826</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,172,826</u> |
| <u>Financial assets at FVTOCI</u> | | | | |
| Investments in equity instruments at FVTOCI | | | | |
| Domestic listed stocks | \$ 7,183,796 | \$ - | \$ - | \$ 7,183,796 |
| Domestic unlisted stocks | - | - | 573,372 | 573,372 |
| | <u>\$ 7,183,796</u> | <u>\$ -</u> | <u>\$ 573,372</u> | <u>\$ 7,757,168</u> |
| <u>Financial liabilities at FVTPL</u> | | | | |
| Cross-currency swap contracts | \$ - | \$ - | \$ 44,717 | \$ 44,717 |
| Bond options | - | - | 223,501 | 223,501 |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 268,218</u> | <u>\$ 268,218</u> |

There were no transfers between Levels 1 and 2 for the years ended December 31, 2019 and 2018.

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

| | Financial Liabilities at FVTPL Derivatives | Financial Assets at FVTOCI Equity Instruments |
|---|---|--|
| Balance at January 1, 2019 | \$ (268,218) | \$ 573,372 |
| Recognized in profit or loss | | |
| Net gain on financial liabilities at FVTPL | 156,148 | - |
| Recognized in other comprehensive income | | |
| Unrealized loss on financial assets at FVTOCI | - | (232,982) |
| Purchases | - | 118,055 |
| Transfers into Level 3 | <u>-</u> | <u>616,272</u> |
| Balance at December 31, 2019 | <u>\$ (112,070)</u> | <u>\$ 1,074,717</u> |
| Balance at January 1, 2018 | \$ - | \$ 4,436,621 |
| Recognized in profit or loss | | |
| Net loss on financial liabilities at FVTPL | (47,303) | - |
| Recognized in other comprehensive income | | |
| Unrealized gain on financial assets at FVTOCI | - | 411,456 |
| Purchases | (220,915) | - |
| Transfers out of Level 3 | <u>-</u> | <u>(4,274,705)</u> |
| Balance at December 31, 2018 | <u>\$ (268,218)</u> | <u>\$ 573,372</u> |

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

- a) The fair values of convertible bond options are determined using the information available from the counterparty for valuation based on the option pricing model. The option pricing model incorporates the present value techniques and reflects both the time value and the intrinsic value of options.
- b) The fair value of cross currency swap contracts is determined using the information available from the counterparty for valuation. The counterparty measures the fair value of a cross currency swap contracts using the discounted cash flows model. Future cash flows are estimated based on observable forward exchange rates at balance sheet dates and contract forward rates and discounted at rates that reflect the credit risk of various counterparties.
- c) The fair value of equity securities suspended for trading and therefore without quoted price was determined by using the weighted average of values calculated under market-based approach. In market-based approach, the fair value of the investee is measured by weighted average multiple value of (i) EV/sales, (ii) EV/EBITDA, and (iii) P/B of other comparable listed companies. Liquidity risk parameters need to be taken into account when using this approach.
 - i. EV/Sales: Enterprise value ÷ Sales.
 - ii. EV/EBITDA: Enterprise value ÷ Earnings before interest, taxes, depreciation and amortization.
 - iii. P/B: Price ÷ Book value.

- d) The fair values of unlisted stocks are determined by using the asset approach or the market approach. In the asset approach, the fair values are estimated by using the net asset value measured at fair value based on the unlisted investees' latest financial statements, while taking into account the liquidity discount and non-controlling interest discount. In the market approach, the fair values are estimated based on the market transaction prices of comparable companies with similar industrial and business characteristics and liquidity discount are considered.

c. Categories of financial instruments

| | <u>December 31</u> | |
|---|--------------------|--------------|
| | 2019 | 2018 |
| <u>Financial assets</u> | | |
| Fair value through profit or loss | \$ 1,690,528 | \$ 1,172,826 |
| Financial assets at amortized cost (1) | 5,355,731 | 4,747,829 |
| Financial assets at FVTOCI | 8,826,270 | 7,757,168 |
| <u>Financial liabilities</u> | | |
| Financial liabilities at FVTPL | 112,070 | 268,218 |
| Financial liabilities at amortized cost (2) | 46,514,261 | 44,258,001 |

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables and other receivables.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term bills payable, trade and other payables, bonds issued and long-term loans.

d. Financial risk management objectives and policies

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

The Corporation mitigates the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Corporation's policies approved by the board of directors, which provides written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis.

1) Market risk

The Corporation's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Corporation enters into cross-currency swap contracts to mitigate its exposure to foreign currency risk and interest risk.

a) Foreign currency risk

The Corporation have foreign currency sales and purchases and foreign currency financing activities, which expose the Corporation to foreign currency risk.

The carrying amounts of the Corporation's foreign currency denominated monetary assets and monetary liabilities and derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 34.

Sensitivity analysis

The Corporation was mainly exposed to the RMB and USD.

The following table details the Corporation's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity rate of 5% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items less notional amounts of cross-currency swap. The analysis assumed a 5% change in foreign currency rates at the end of the reporting period. A positive number below indicates an increase in pre-tax profit assuming the New Taiwan dollars weakened by 5% against the relevant currency. For a 5% strengthening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances shown below would be negative.

| | RMB Impact | | USD Impact | |
|---------------------------------------|---------------------------|-------------|---------------------------|-------------|
| | For the Year Ended | | For the Year Ended | |
| | December 31 | | December 31 | |
| | 2019 | 2018 | 2019 | 2018 |
| Increase (decrease) in pre-tax profit | \$ 41,450 | \$ 42,224 | \$ 186,176 | \$ 161,809 |

b) Interest rate risk

The Corporation is exposed to interest rate risk because the Corporation borrows funds at both fixed and floating interest rates. The risk is managed by the Corporation by maintaining an appropriate mix of fixed and floating rate borrowings and using cross-currency swap contracts.

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

| | December 31 | |
|-------------------------------|--------------------|--------------|
| | 2019 | 2018 |
| Fair value interest rate risk | | |
| Financial assets | \$ 3,474,879 | \$ 2,793,778 |
| Financial liabilities | 33,235,940 | 32,621,682 |
| Cash flow interest rate risk | | |
| Financial assets | 743,930 | 1,536,461 |
| Financial liabilities | 11,795,000 | 10,033,000 |

Sensitivity analysis

The sensitivity analysis below is based on the Corporation's exposure to changes in interest rates of non-derivative instruments at the end of the reporting period.

If interest rates had been 0.01% higher/lower and all other variables were held constant, the Corporation's pre-tax profit for the years ended December 31, 2019 and 2018 would have decreased/increased by \$977 thousand and \$1,049 thousand, respectively, mainly due to the Corporation's exposure to changes in interest rates of its variable-rate bank borrowings and bank deposits.

c) Other price risk

The Corporation is exposed to price risk through its investments in listed equity securities and beneficiary certificates of funds.

Sensitivity analysis

The sensitivity analysis below is based on the exposure to investment position price risks at the end of the reporting period.

If investment position prices had been 1% higher/lower, pre-tax profit for the year ended December 31, 2019 and 2018 would have increased/decreased by \$16,905 thousand and \$11,728 thousand, respectively, as a result of the changes in fair value of financial assets at fair value through profit or loss, and the pre-tax other comprehensive income for the year ended December 31, 2019 and 2018 would have increased/decreased by \$77,516 thousand and \$71,838 thousand, respectively, as a result of the changes in fair value of financial assets at fair value through other comprehensive income.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation. As at the end of the reporting period, the Corporation's maximum exposure to credit risk which would cause a financial loss to the Corporation due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Corporation is equal to the carrying amount of the financial assets as stated in the balance sheets. The Corporation 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 Corporation only transacts with entities that are rated the equivalent of investment grade and above. The Corporation uses publicly available financial information and its own trading records to rate its major customers. The Corporation's exposure and the credit ratings of its counterparties are continuously monitored.

The counterparties in trade receivables consist of a large number of clients in different industries and regions. The Corporation evaluates clients' financial condition continuously.

Credit risk represents the potential negative impact on the financial assets of the Corporation if counterparties or third parties breach the contracts. The Corporation evaluates credit risk exposure on contracts with positive carrying value. The Corporation evaluated the credit risk exposure as immaterial because all counterparties are reputable financial institutions and companies with good credit ratings.

3) Liquidity risk

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

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

The following tables detail the Corporation's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The tables included both interest and principal cash flows.

December 31, 2019

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|---|---|----------------------|-------------------------------|----------------------|------------------|
| <u>Non-derivative financial liabilities</u> | | | | | |
| Non-interest bearing | \$ 492,858 | \$ 534,475 | \$ 551,707 | \$ 101,508 | \$ - |
| Lease liabilities | 3,427 | 6,854 | 30,844 | 32,865 | 13,966 |
| Variable interest rate liabilities | - | - | - | 11,795,000 | - |
| Fixed interest rate liabilities | - | 10,757,906 | 3,000,000 | 19,280,807 | - |
| | <u>\$ 496,285</u> | <u>\$ 11,299,235</u> | <u>\$ 3,582,551</u> | <u>\$ 31,210,180</u> | <u>\$ 13,966</u> |

Additional information about the maturity analysis for lease liabilities

| | Less than 1 Year | 1-5 Years | 5-10 Years | 10-15 Years | 15-20 Years | 20+ Years |
|-------------------|-----------------------------|------------------|-------------------|--------------------|--------------------|------------------|
| Lease liabilities | <u>\$ 41,125</u> | <u>\$ 32,865</u> | <u>\$ 5,819</u> | <u>\$ 5,819</u> | <u>\$ 2,328</u> | <u>\$ -</u> |

December 31, 2018

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|---|---|-------------------|-------------------------------|----------------------|-----------------|
| <u>Non-derivative financial liabilities</u> | | | | | |
| Non-interest bearing | \$ 396,962 | \$ 568,442 | \$ 585,020 | \$ 52,895 | \$ - |
| Variable interest rate liabilities | - | - | - | 10,033,000 | - |
| Fixed interest rate liabilities | 11,437,104 | - | 4,000,000 | 17,184,578 | - |
| Finance guarantee contracts | - | - | 23,249,487 | - | - |
| | <u>\$ 11,834,066</u> | <u>\$ 568,442</u> | <u>\$ 27,834,507</u> | <u>\$ 27,270,473</u> | <u>\$ -</u> |

The amounts above of variable interest rate non-derivative financial assets and liabilities are subject to change if actual variable interest rates differ from those estimates of interest rates at the end of the reporting period.

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Corporation's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

December 31, 2019

| | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|-------------------------------|---|--------------------|-------------------------------|---------------------|-----------------|
| <u>Net settled</u> | | | | | |
| Cross-currency swap contracts | <u>\$ -</u> | <u>\$ (44,872)</u> | <u>\$ (135,109)</u> | <u>\$ (135,109)</u> | <u>\$ -</u> |

December 31, 2018

| <u>Net settled</u> | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|-------------------------------|---|-------------------|-------------------------------|------------------|-----------------|
| Cross-currency swap contracts | \$ - | \$ (39,911) | \$ (139,437) | \$ (322,827) | \$ - |

- e. Transfers of financial assets. None.
- f. Offsetting financial assets and financial liabilities. None.
- g. Reclassifications. None.

30. TRANSACTIONS WITH RELATED PARTIES

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

Transactions with related parties are conducted under normal terms.

Balances and transactions between the Corporation and single related party are disclosed separately except when the amount is less than 10% of the total balances or transactions; otherwise, the amounts are lumped together as others.

- a. Related party name and category

| <u>Related Party Name</u> | <u>Related Party Category</u> |
|--|-------------------------------|
| FMT | Subsidiary |
| DCI | Subsidiary |
| YLPPC | Subsidiary |
| ACSPL | Subsidiary |
| NHC | Subsidiary |
| AEE | Subsidiary |
| AIC | Subsidiary |
| YTRMC | Subsidiary |
| ACCHC | Subsidiary |
| YLT | Subsidiary |
| Ya Sing Ready-Mixed Concrete Corp. (YSRMC) | Sub-subsidiary |
| Fu Shan Mineral Stone Co., Ltd. (FSMS) | Sub-subsidiary |
| Fu Da Transportation Corp. (FDT) | Sub-subsidiary |
| Jiangxi Yadong Cement Co., Ltd. (JYDC) | Sub-subsidiary |
| Kowloon Cement Corp. Ltd. (KCC) | Sub-subsidiary |
| Asia Oriental Concrete, LLC (AOC) | Sub-subsidiary |
| FENC | Associate |
| U-Ming | Associate |
| YDC | Associate |
| OSC | Associate |
| FEDSDL | Associate |
| EISF | Associate |

(Continued)

| <u>Related Party Name</u> | <u>Related Party Category</u> |
|--|-------------------------------|
| Shih Hsin Storage & Transportation Co., Ltd. (SHSTC) | Associate |
| Pao-Good Industry Co., Ltd. (PGIC) | Associate |
| Far Eastone Telecommunications Co., Ltd. | Other |
| Far Eastern Department Store Ltd. | Other |
| Chu Feng Power Corporation, Preparatory Office | Other |
| Oriental Union Chemical Corp. | Other |
| Mr. Xu Yuanzhi Memorial Foundation | Other |
| Yuan Ze University | Other |
| New Century InfoComm Tech Co., Ltd. | Other |
| CHC Resources Corporation | Other |
| Far Eastern Resources Development Co. | Other |
| Far Eastern General Construction Inc. | Other |
| Far Eastern International Leasing Corporation | Other |
| U-Ming Transport (Singapore) Private Limited | Other |
| Ding Hotel Co., Ltd. | Other |
| Ding & Ding Management Consultants Co., Ltd. | Other |
| Ya Tung Department Store Ltd. | Other |
| Far Eastern Apparel Co., Ltd. | Other |
| Far Eastern Leasing Corporation | Other |
| Far Eastern Technical Consultants Co., Ltd. | Other |
| Far Eastern International Bank (FEIB) | Other |
| Far Eastern New Century (China) Corporation | Other |

(Concluded)

Note: Other related party relationships mainly include associates' subsidiaries, legal person in which the chairman is the same as the Corporation's chairman and the director is also the Corporation's chairman.

b. Operating transactions

| | <u>For the Year Ended December 31</u> | |
|--------------------|---------------------------------------|---------------------|
| | <u>2019</u> | <u>2018</u> |
| Operating revenues | | |
| Subsidiaries | \$ 2,519,628 | \$ 2,582,709 |
| Associates | 250,841 | 253,840 |
| Others | <u>130,451</u> | <u>139,159</u> |
| | <u>\$ 2,900,920</u> | <u>\$ 2,975,708</u> |
| Operating cost | | |
| Subsidiaries | \$ 501,149 | \$ 726,082 |
| Associates | 612,257 | 592,083 |
| Others | <u>237,420</u> | <u>370,105</u> |
| | <u>\$ 1,350,826</u> | <u>\$ 1,688,270</u> |

Receivables from related parties (including notes receivable, trade receivables and other receivables):

| | December 31 | |
|--------------|--------------------|-------------------|
| | 2019 | 2018 |
| Subsidiaries | | |
| YTRMC | \$ 348,763 | \$ 370,183 |
| Others | <u>93,564</u> | <u>152,353</u> |
| | 442,327 | 522,536 |
| Associates | 12,012 | 11,772 |
| Others | <u>9,485</u> | <u>6,692</u> |
| | <u>\$ 463,824</u> | <u>\$ 541,000</u> |

Accounts payable and accrued expenses to related parties:

| | December 31 | |
|--------------|--------------------|-------------------|
| | 2019 | 2018 |
| Subsidiaries | \$ 82,820 | \$ 84,014 |
| Associates | 113,621 | 97,764 |
| Others | <u>5,363</u> | <u>6,326</u> |
| | <u>\$ 201,804</u> | <u>\$ 188,104</u> |

The outstanding trade payables and receivables from related parties are unsecured. For the years ended December 31, 2019 and 2018, no impairment losses were recognized for trade receivables from related parties.

Prepayments:

| | December 31 | |
|------------|--------------------|------------------|
| | 2019 | 2018 |
| Associates | <u>\$ 15,000</u> | <u>\$ 15,000</u> |

c. Transactions with FEIB

| | December 31 | |
|-------------------------------|--------------------|---------------------|
| | 2019 | 2018 |
| Bank deposits (Note) | <u>\$ 930,024</u> | <u>\$ 1,167,742</u> |
| Bank Loans | <u>\$ -</u> | <u>\$ 400,000</u> |
| Cross-currency swap contracts | <u>\$ (1,415)</u> | <u>\$ (2,358)</u> |

As of December 31, 2019 and 2018, the notional principal of the above outstanding cross-currency swap contracts were both US\$15,000 thousands.

Note: The balances included amounts recognized as financial assets measured at amortized cost, and other non-current assets (refundable deposits).

d. Compensation of key management personnel

The amounts of the compensation of directors and other key management personnel for the years ended December 31, 2019 and 2018 were as follows:

| | For the Year Ended December 31 | |
|------------------------------|---------------------------------------|-------------------|
| | 2019 | 2018 |
| Short-term employee benefits | \$ 291,657 | \$ 268,538 |
| Post-employment benefits | <u>864</u> | <u>756</u> |
| | <u>\$ 292,521</u> | <u>\$ 269,294</u> |

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

e. Other transactions with related parties

1) Operating expense - rental

| | For the Year Ended December 31 | |
|------------|---------------------------------------|------------------|
| | 2019 | 2018 |
| Associates | \$ 44,924 | \$ 44,912 |
| Others | <u>5,597</u> | <u>6,084</u> |
| | <u>\$ 50,521</u> | <u>\$ 50,996</u> |

2) Acquisitions of property, plant and equipment

| | For the Year Ended December 31 | |
|--------|---------------------------------------|--------------|
| | 2019 | 2018 |
| Others | <u>\$ -</u> | <u>\$ 34</u> |

3) Acquisitions of investment properties

| | For the Year Ended December 31 | |
|--------|---------------------------------------|---------------|
| | 2019 | 2018 |
| Others | <u>\$ -</u> | <u>\$ 337</u> |

31. ASSETS PLEDGED AS COLLATERAL

The following assets are provided as collaterals for short-term and long-term bank borrowings:

| | December 31 | |
|--|----------------------|----------------------|
| | 2019 | 2018 |
| Investment properties | \$ 13,855,572 | \$ 13,840,249 |
| Investments accounted for using equity method | 11,287,882 | 11,388,997 |
| Financial assets at fair value through other comprehensive income - current | 1,045,450 | 1,107,800 |
| Property, plant and equipment, net | <u>857,003</u> | <u>886,829</u> |
| | <u>\$ 27,045,907</u> | <u>\$ 27,223,875</u> |

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

As of December 31, 2019, the Corporation had the following significant commitments and contingencies:

a. Unused letters of credit of EUR145 thousand.

b. Guarantee notes issued for related parties:

| | |
|-----------------|----------------------|
| The Corporation | |
| AIC | \$ 12,195,800 |
| DCI | 9,848,950 |
| NHC | 1,509,020 |
| YTRMC | 1,000,000 |
| YLPPC | 497,642 |
| AEE | 329,930 |
| YSRMC | 150,000 |
| FSMS | <u>30,000</u> |
| | <u>\$ 25,561,342</u> |

c. On December 4, 2015 and December 17, 2015, CSCGL, China Shanshui Cement Group (Hong Kong) Company Limited and China Pioneer Cement (Hong Kong) Company Limited (collectively referred as “Shanshui Cement Group”) commenced legal proceedings against former directors of CSCGL in respect of alleged dishonest breaches of fiduciary duty or alleged conspiracy to injure CSCGL during their tenures. The proceedings arose from disputes between CSCGL’s present and former board of directors over the changes in management and the takeover of the headquarters of CSCGL. On April 7, 2016, the Corporation was added as the 10th defendant. The Corporation engaged lawyers to take legal actions in connection with the unqualified claim to defend its reputation and interests. Up to the date of the auditors’ report, the trial was set to take place from April to June in 2021. The Corporation considered it premature to evaluate at this stage the likely outcome of the proceedings and therefore did not recognize any contingent liabilities.

d. Tianrui Group Company Limited and Tianrui (International) Holding Company Limited (collectively referred as “Tianrui Group”), CSI and former directors of CSCGL, in breach of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Codes on Takeovers and Mergers and share Buy-backs issued by the Hong Kong Securities and Futures Commission and the fiduciary duties, have engaged in unfair prejudicial conducts in favor of Tianrui directly and indirectly through CSCGL which are detrimental to the interests of the shareholders including the Corporation. The Corporation filed a writ of summons to the High Court of Hong Kong in June 2017 and has been seeking legal advice in relation to the legal proceedings. As the respondents’ applications to strike out the petition for technical reasons, the Corporation amended the applications accordingly. Up to the date

of the auditors' report, no decision has been rendered down yet. The Corporation's appointed attorney has been actively following up on the legal proceedings.

- e. On April 17, 2019, CSCGL announced the result of winding-up petition at the news website of the Hong Kong Exchanges and Clearing Limited. According to the announcement, the Court of Appeal of the Cayman Islands declined to grant CSCGL's application to set aside its decision. As a result, the winding-up petition against CSCGL will be reinstated and returned to the Grand Court of the Cayman Islands. As CSCGL and its legal counsel are considering all available options, the result of the winding-up petition remains uncertain. Considering that CSCGL is a listed company on the Hong Kong Exchanges and Clearing Limited and makes announcements to the public pursuant to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Corporation did not notice anything unusual in its operation according to its recent announcements. In addition, since no further decision has been rendered down yet, the Corporation considered it premature to evaluate at this stage the likely outcome of the proceedings. Therefore, the Corporation assessed that the winding-up petition did not have any material impact on its investments in CSCGL.

33. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Since the outbreak of the Coronavirus Disease 2019 (COVID-19) epidemic in January 2020, the pandemic caused by the COVID-19 has certain impacts on the business operation and overall economy in different region and industries in the world. The Corporation will stay alert on the development and situation of the COVID-19 and take necessary action to mitigate the business risk.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The significant financial assets and liabilities denominated in foreign currencies were as follows:

December 31, 2019

| | Foreign Currencies | Exchange Rate | New Taiwan Dollars |
|------------------------------|-------------------------------|----------------------|-------------------------------|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| RMB | \$ 193,225 | 4.29032 | \$ 828,996 |
| USD | 124,408 | 29.93 | 3,723,523 |
| Non-monetary items | | | |
| HKD | 389,062 | 3.819 | 1,485,828 |
| <u>Financial liabilities</u> | | | |
| Non-monetary items | | | |
| USD | 3,744 | 29.93 | 112,070 |

December 31, 2018

| | Foreign Currencies | Exchange Rate | New Taiwan Dollars |
|------------------------------|-------------------------------|----------------------|-------------------------------|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| RMB | \$ 189,004 | 4.46804 | \$ 844,478 |
| USD | 105,534 | 30.665 | 3,236,187 |
| Non-monetary items | | | |
| HKD | 266,622 | 3.891 | 1,037,426 |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 8,747 | 30.665 | 268,218 |

For the years ended December 31, 2019 and 2018, the total amounts of realized and unrealized net foreign exchange (losses) gains were (\$69,940) thousand and \$36,987 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency because of the variety of the foreign currency transactions and functional currencies of the entities.

35. SEPARATELY DISCLOSED ITEMS

Following are the additional disclosures required by the Securities and Futures Bureau for the Corporation and investees:

- a. Financing provided to others: Table 1 (attached).
- b. Endorsement/guarantee provided: Table 2 (attached).
- c. Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Table 3 (attached).
- d. Marketable securities acquired and disposed of at costs or prices at least \$300 million or 20% of the paid-in capital: Table 4 (attached).
- e. Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital: None.
- f. Disposal of individual real estate at prices of at least \$300 million or 20% of the paid-in capital: None.
- g. Total purchase from or sale to related parties amounting to at least \$100 million or 20% of the paid-in capital: Table 5 (attached).
- h. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: Table 6 (attached).
- i. Names, locations, and related information of investees on which the Corporation exercises significant influence (excluding investee companies in Mainland China): Table 7 (attached).
- j. Derivative financial instrument transactions: Note 7.

k. 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, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 8)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 8.
 - 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 period or on the financial position, such as the rendering or receiving of services.

ASIA CEMENT CORPORATION

FINANCING PROVIDED TO OTHERS
YEAR ENDED DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| No. | Lender | Borrower | Financial Statement Account | Related Parties | Highest Balance for the Period | Ending Balance (Note 2) | Actual Borrowing Amount | Interest Rate (Note 3) | Nature of Financing | Business Transaction Amounts | Reasons for Short-term Financing | Allowance for Impairment Loss | Collateral | | Financing Limit for Each Borrower (Note 1) | Aggregate Financing Limits (Note 1) |
|-----|--------|----------|-----------------------------|-----------------|---|---|---|------------------------|------------------------------------|------------------------------------|----------------------------------|-------------------------------|------------|-------|---|---|
| | | | | | | | | | | | | | Item | Value | | |
| 1 | ACCHC | FENCC | Other receivables | Y | RMB431,900 thousand (equivalent to NT\$1,852,987 thousand) | - | - | - | Necessary for short-term financing | \$ - | Operating capital | \$ - | - | \$ - | 20% of net worth RMB2,852,760 thousand (equivalent to NT\$12,239,242 thousand) | 50% of net worth RMB7,131,901 thousand (equivalent to NT\$30,598,109 thousand) |
| | | YDES | Other receivables | Y | RMB230,000 thousand (equivalent to NT\$986,773 thousand) | - | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above |
| 2 | OIHPL | ACCHC | Other receivables | Y | RMB44,000 thousand (equivalent to NT\$188,774 thousand) | RMB44,000 thousand (equivalent to NT\$188,774 thousand) | RMB44,000 thousand (equivalent to NT\$188,774 thousand) | 4.14% | Necessary for short-term financing | - | Operating capital | - | - | - | 20% of net worth RMB2,443,648 thousand (equivalent to NT\$10,484,022 thousand) | 50% of net worth RMB6,109,120 thousand (equivalent to NT\$26,210,055 thousand) |
| 3 | OHC | SIYDCCL | Other receivables | Y | RMB200,000 thousand (equivalent to NT\$858,063 thousand) | RMB200,000 thousand (equivalent to NT\$858,063 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | 20% of net worth RMB577,182 thousand (equivalent to NT\$2,476,293 thousand) | 50% of net worth RMB1,442,955 thousand (equivalent to NT\$6,190,733 thousand) |
| | | SLCL | Other receivables | Y | RMB350,000 thousand (equivalent to NT\$1,501,611 thousand) | RMB350,000 thousand (equivalent to NT\$1,501,611 thousand) | RMB190,000 thousand (equivalent to NT\$815,160 thousand) | 4.09% | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above |
| 4 | JYDC | YYDCCL | Other receivables | Y | RMB160,000 thousand (equivalent to NT\$686,451 thousand) | RMB140,000 thousand (equivalent to NT\$600,644 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | 20% of net worth RMB1,202,402 thousand (equivalent to NT\$5,158,685 thousand) | 50% of net worth RMB3,006,005 thousand (equivalent to NT\$12,896,711 thousand) |
| | | TZOCCL | Other receivables | Y | RMB145,000 thousand (equivalent to NT\$622,096 thousand) | RMB140,000 thousand (equivalent to NT\$600,644 thousand) | RMB70,000 thousand (equivalent to NT\$300,322 thousand) | 4.09% | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above |
| | | SIYDCCL | Other receivables | Y | RMB100,000 thousand (equivalent to NT\$429,032 thousand) | RMB50,000 thousand (equivalent to NT\$214,516 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above |
| | | SLCL | Other receivables | Y | RMB400,000 thousand (equivalent to NT\$1,716,126 thousand) | RMB200,000 thousand (equivalent to NT\$858,063 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above |
| | | SLCCL | Other receivables | Y | RMB35,000 thousand (equivalent to NT\$150,161 thousand) | - | - | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above |

(Continued)

| No. | Lender | Borrower | Financial Statement Account | Related Parties | Highest Balance for the Period | Ending Balance (Note 2) | Actual Borrowing Amount | Interest Rate (Note 3) | Nature of Financing | Business Transaction Amounts | Reasons for Short-term Financing | Allowance for Impairment Loss | Collateral | Financing Limit for Each Borrower (Note 1) | Aggregate Financing Limits (Note 1) | No. |
|-----|--------|----------|-----------------------------|-----------------|--|--|--|------------------------|------------------------------------|------------------------------|----------------------------------|-------------------------------|------------|--|---|--|
| | | SHYLCF | Other receivables | Y | RMB100,000 thousand (equivalent to NT\$429,032 thousand) | RMB90,000 thousand (equivalent to NT\$386,128 thousand) | RMB45,000 thousand (equivalent to NT\$193,064 thousand) | 4.09% | Necessary for short-term financing | \$ - | Operating capital | \$ - | - | \$ - | 20% of net worth RMB1,202,402 thousand (equivalent to NT\$5,158,685 thousand) | 50% of net worth RMB3,006,005 thousand (equivalent to NT\$12,896,711 thousand) |
| | | ACCHC | Other receivables | Y | RMB700,000 thousand (equivalent to NT\$3,003,221 thousand) | RMB700,000 thousand (equivalent to NT\$3,003,221 thousand) | RMB700,000 thousand (equivalent to NT\$3,003,221 thousand) | 2.94% | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above |
| 5 | NYDC | SIYDCCL | Other receivables | Y | RMB20,000 thousand (equivalent to NT\$85,806 thousand) | RMB20,000 thousand (equivalent to NT\$85,806 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | 20% of net worth RMB33,924 thousand (equivalent to NT\$145,545 thousand) | 50% of net worth RMB84,811 thousand (equivalent to NT\$363,866 thousand) |
| | | SLCL | Other receivables | Y | RMB30,000 thousand (equivalent to NT\$128,709 thousand) | RMB30,000 thousand (equivalent to NT\$128,709 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above |
| 6 | HYDCCL | WYXC | Other receivables | Y | RMB60,000 thousand (equivalent to NT\$257,419 thousand) | RMB20,000 thousand (equivalent to NT\$85,806 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | 20% of net worth RMB523,594 thousand (equivalent to NT\$2,246,384 thousand) | 50% of net worth RMB1,308,985 thousand (equivalent to NT\$5,615,959 thousand) |
| | | HXMC | Other receivables | Y | RMB40,000 thousand (equivalent to NT\$171,613 thousand) | RMB24,500 thousand (equivalent to NT\$105,113 thousand) | RMB10,000 thousand (equivalent to NT\$42,903 thousand) | 4.68% | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above |
| | | WYCPCL | Other receivables | Y | RMB35,000 thousand (equivalent to NT\$150,161 thousand) | RMB20,000 thousand (equivalent to NT\$85,806 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above |
| | | SLCL | Other receivables | Y | RMB150,000 thousand (equivalent to NT\$643,547 thousand) | RMB100,000 thousand (equivalent to NT\$429,032 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above |
| | | SYCPCL | Other receivables | Y | RMB50,000 thousand (equivalent to NT\$214,516 thousand) | RMB20,000 thousand (equivalent to NT\$85,806 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above |
| | | SIYDCCL | Other receivables | Y | RMB80,000 thousand (equivalent to NT\$343,225 thousand) | - | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above |
| | | ACCHC | Other receivables | Y | RMB400,000 thousand (equivalent to NT\$1,716,126 thousand) | RMB400,000 thousand (equivalent to NT\$1,716,126 thousand) | RMB400,000 thousand (equivalent to NT\$1,716,126 thousand) | 2.94% | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above |
| 7 | WYDC | WYXC | Other receivables | Y | RMB70,000 thousand (equivalent to NT\$300,322 thousand) | RMB70,000 thousand (equivalent to NT\$300,322 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | 20% of net worth RMB121,817 thousand (equivalent to NT\$522,633 thousand) | 50% of net worth RMB304,543 thousand (equivalent to NT\$1,306,586 thousand) |
| | | WYCPCL | Other receivables | Y | RMB35,000 thousand (equivalent to NT\$150,161 thousand) | RMB25,000 thousand (equivalent to NT\$107,258 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above |

(Continued)

| No. | Lender | Borrower | Financial Statement Account | Related Parties | Highest Balance for the Period | Ending Balance (Note 2) | Actual Borrowing Amount | Interest Rate (Note 3) | Nature of Financing | Business Transaction Amounts | Reasons for Short-term Financing | Allowance for Impairment Loss | Collateral | | Financing Limit for Each Borrower (Note 1) | Aggregate Financing Limits (Note 1) |
|-----|--------|----------|-----------------------------|-----------------|---|---|---|------------------------|------------------------------------|------------------------------|----------------------------------|-------------------------------|------------|-------|---|---|
| | | | | | | | | | | | | | Item | Value | | |
| | | SYCPCL | Other receivables | Y | RMB40,000 thousand (equivalent to NT\$171,613 thousand) | RMB40,000 thousand (equivalent to NT\$171,613 thousand) | RMB40,000 thousand (equivalent to NT\$171,613 thousand) | 4.09% | Necessary for short-term financing | \$ - | Operating capital | \$ - | - | \$ - | 20% of net worth RMB121,817 thousand (equivalent to NT\$522,633 thousand) | 50% of net worth RMB304,543 thousand (equivalent to NT\$1,306,586 thousand) |
| | | SLCL | Other receivables | Y | RMB90,000 thousand (equivalent to NT\$386,128 thousand) | RMB90,000 thousand (equivalent to NT\$386,128 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above |
| 8 | CYCPCL | SIYDCCL | Other receivables | Y | RMB12,000 thousand (equivalent to NT\$51,484 thousand) | RMB12,000 thousand (equivalent to NT\$51,484 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | 20% of net worth RMB16,455 thousand (equivalent to NT\$70,597 thousand) | 50% of net worth RMB41,138 thousand (equivalent to NT\$176,495 thousand) |
| | | SLCL | Other receivables | Y | RMB12,000 thousand (equivalent to NT\$51,484 thousand) | RMB12,000 thousand (equivalent to NT\$51,484 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above |
| 9 | HGYDC | SIYDCCL | Other receivables | Y | RMB50,000 thousand (equivalent to NT\$214,516 thousand) | RMB35,000 thousand (equivalent to NT\$150,161 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | 20% of net worth RMB254,209 thousand (equivalent to NT\$1,090,637 thousand) | 50% of net worth RMB635,524 thousand (equivalent to NT\$2,726,599 thousand) |
| | | SLCL | Other receivables | Y | RMB70,000 thousand (equivalent to NT\$300,322 thousand) | RMB70,000 thousand (equivalent to NT\$300,322 thousand) | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above |
| 10 | NYLC | SIYDCCL | Other receivables | Y | RMB16,000 thousand (equivalent to NT\$68,645 thousand) | - | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | 20% of net worth RMB32,835 thousand (equivalent to NT\$140,873 thousand) | 50% of net worth RMB82,087 thousand (equivalent to NT\$352,179 thousand) |
| | | SLCL | Other receivables | Y | RMB16,000 thousand (equivalent to NT\$68,645 thousand) | - | - | - | Necessary for short-term financing | - | Operating capital | - | - | - | Same as above | Same as above |
| 11 | SLCL | SLCCL | Other receivables | Y | RMB40,000 thousand (equivalent to NT\$171,613 thousand) | RMB40,000 thousand (equivalent to NT\$171,613 thousand) | RMB33,000 thousand (equivalent to NT\$141,580 thousand) | 4.09% | Necessary for short-term financing | - | Operating capital | - | - | - | 20% of net worth RMB300,846 thousand (equivalent to NT\$1,290,724 thousand) | 50% of net worth RMB752,116 thousand (equivalent to NT\$3,226,815 thousand) |

Note 1: The net value was calculated based on audited financial statements as of December 31, 2019.

Note 2: The ending balance is the financing credit lines to the respective borrowers approved by the board of directors of lenders.

Note 3: The interest rate was for the year ended December 31, 2019.

Note 4: The foreign currency amounts are expressed in New Taiwan dollars at exchange rate as of December 31, 2019.

(Concluded)

ASIA CEMENT CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED

YEAR ENDED DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| No. | Endorser/ Guarantor | Endorsee/Guarantee | | Limits on Each Endorsement/ Guarantee Given on Behalf of Each Party (Note 1) | Maximum Amount Endorsed/ Guaranteed During the Period | Outstanding Endorsement/ Guarantee at the End of the Period | Actual Borrowing Amount | Amount Endorsed/ Guaranteed by Collaterals | Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%) | Aggregate Endorsement/ Guarantee Limit (Note 1) | 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 3) | | | | | | | | | | |
| 0 | The Corporation | AIC | b | 50% of net worth (\$73,033,679 thousand) | \$ 12,227,000 | \$ 12,195,800 | \$ 6,890,000 | None | 8.35 | 100% of net worth (\$146,067,358 thousand) | Y | - | - |
| | | DCI | b | Same as above | 9,856,750 | 9,848,950 | 4,952,000 | None | 6.74 | Same as above | Y | - | - |
| | | FSMS | b | Same as above | 30,000 | 30,000 | 30,000 | None | 0.02 | Same as above | Y | - | - |
| | | NHC | b | Same as above | 1,516,300 | 1,509,020 | 420,000 | None | 1.03 | Same as above | Y | - | - |
| | | AEE | b | Same as above | 422,880 | 329,930 | 150,000 | None | 0.23 | Same as above | Y | - | - |
| | | YLPPC | b | Same as above | 497,642 | 497,642 | 137,757 | None | 0.34 | Same as above | Y | - | - |
| | | YSRMC | b | Same as above | 150,000 | 150,000 | - | None | 0.10 | Same as above | Y | - | - |
| | | YTRMC | b | Same as above | 1,000,000 | 1,000,000 | - | None | 0.68 | Same as above | Y | - | - |
| 1 | DCI | FSMS | b | 50% of net worth (\$6,828,783 thousand) | 50,000 | 50,000 | 10,000 | None | 0.37 | 100% of net worth (\$13,657,566 thousand) | Y | - | - |
| 2 | AOG | AOC | b | 50% of net worth (US\$1,146 thousand) (equivalent to NT\$34,305 thousand) | 15,775 | 14,965 | - | None | 21.81 | 100% of net worth (US\$2,292 thousand) (equivalent to NT\$68,610 thousand) | Y | - | - |
| 3 | YLSS | YLSS | - | 50% of net worth (\$902,155 thousand) | 100,000 | 100,000 | 30,000 | 100,000 | 5.54 | 100% of net worth (\$1,804,309 thousand) | - | - | - |
| 4 | YTRMC | AOC | b | 50% of net worth (\$900,885 thousand) | 15,775 | 14,965 | - | None | 0.83 | 100% of net worth (\$1,801,770 thousand) | Y | - | - |

Note 1: The net value was calculated based on audited financial statements as of December 31, 2019.

Note 2: The foreign currency amounts are expressed in New Taiwan dollars at exchange rate as of December 31, 2019.

Note 3: The relationship between guarantor and guarantee are as follows:

- a. Firms that do business with the Corporation.
- b. Firms of which the Corporation holds, directly or indirectly, over 50% of the voting shares.

ASIA 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 |
|---|---|---|--|-------------------|-----------------|-----------------------------|------------|--------|
| | | | | Shares or Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| The Corporation | <u>Beneficiary certificates</u> | | | | | | | |
| | Deutsche Far Eastern DWS Taiwan Flagship Security Investment Trust Fund | - | Financial assets at fair value through profit or loss - current | 10,000,000 | \$ 204,700 | - | \$ 204,700 | |
| | <u>Ordinary shares</u> | | | | | | | |
| | China Conch Venture Holding | - | Financial assets at fair value through profit or loss - current | 11,443,000 | 1,485,828 | 0.63 | 1,485,828 | |
| | Far EasTone | The same chairman | Financial assets at fair value through other comprehensive income - current | 31,034,372 | 2,237,578 | 0.95 | 2,237,578 | Note 4 |
| | Far Eastern Department Stores Ltd. | The same chairman | Financial assets at fair value through other comprehensive income - noncurrent | 80,052,950 | 2,085,379 | 5.65 | 2,085,379 | |
| | Oriental Union Chemical Corp. | The same chairman | Same as above | 63,766,522 | 1,339,097 | 7.20 | 1,339,097 | |
| | CHC Resources Corporation | The Corporation is its director | Same as above | 22,801,185 | 1,146,900 | 9.17 | 1,146,900 | |
| | Far Eastern International Bank | The chairman of the Corporation is its vice-chairman | Same as above | 78,878,582 | 942,599 | 2.35 | 942,599 | |
| | Kaohsiung Rapid Transit | - | Same as above | 15,873,243 | 78,630 | 5.70 | 78,630 | |
| | Taiwan Stock Exchange Corp. | - | Same as above | 8,430,368 | 466,199 | 1.16 | 466,199 | |
| | Ding Ding Hotel Corp. | Related party in substance | Same as above | 555,638 | 5,340 | 0.53 | 5,340 | |
| | L' Hotel de Chine Hotel | - | Same as above | 598,121 | 14,469 | 0.31 | 14,469 | |
| | China Trade & Development Corp. | - | Same as above | 250,003 | 3,902 | 0.38 | 3,902 | |
| | Pan Asia Engineers & Constructors Corp. | The Corporation is its director | Same as above | 1,551,395 | 17,919 | 1.36 | 17,919 | |
| Linkou Recreation Corporation | - | Same as above | 5 | - | 0.50 | - | | |
| China Shanshui Investment Corp | - | Same as above | 49,928 | 488,258 | 4.99 | 488,258 | | |
| DCI | <u>Beneficiary certificates</u> | | | | | | | |
| | Polaris Taiwan Top 50 Tracker Fund | - | Financial assets at fair value through profit or loss - current | 400,000 | 38,780 | - | 38,780 | |
| | Mega Target Return Strategy Fund of ETF Funds | - | Same as above | 1,000,811 | 10,620 | - | 10,620 | |
| | ChinaAMC CSI 300 Index ETF | - | Same as above | 540,000 | 95,689 | 0.20 | 95,689 | |
| | Opas Fund Segregated Portfolio Tranche A | Related party in substance | Same as above | 8,000 | 273,741 | - | 273,741 | |
| | <u>Ordinary shares</u> | | | | | | | |
| | Industrial and Commercial Bank of China, A share | - | Financial assets at fair value through profit or loss - current | 2,000,000 | 50,454 | - | 50,454 | |
| | China Mobile Communications Corporation | - | Same as above | 210,000 | 52,530 | - | 52,530 | |
| | Haitong Securities Co., Ltd. | - | Same as above | 1,800,000 | 63,311 | 0.02 | 63,311 | |
| | Taiwan Cement Co., Ltd. | - | Same as above | 8,796,722 | 384,417 | 0.16 | 384,417 | |
| | Hsing Ta Cement Co., Ltd. | - | Same as above | 6,504,854 | 130,748 | 1.90 | 130,748 | |
| | Chunghwa Picture Tubes, Ltd. | - | Same as above | 275,223 | - | - | - | |
| | Innolux Corporation | - | Same as above | 9,200,000 | 76,636 | 0.09 | 76,636 | |
| | Pegatron Corporation | - | Same as above | 1,242,000 | 84,953 | 0.05 | 84,953 | |
| | Tong Yang Industry Co., Ltd | - | Same as above | 1,732,000 | 80,798 | 0.29 | 80,798 | |
| E Ink Holdings corporation | - | Same as above | 1,130,000 | 35,313 | 0.10 | 35,313 | | |
| Hiwin Technologies Corporation | - | Same as above | 60,000 | 16,860 | 0.02 | 16,860 | | |
| Accton Technology Corporation | - | Same as above | 150,000 | 25,200 | 0.03 | 25,200 | | |
| Casatek Holdings Limited | - | Financial assets at fair value through other comprehensive income - current | 1,050,000 | 49,718 | 0.25 | 49,718 | | |
| China Life Insurance Company Limited, H share | - | Same as above | 607,000 | 50,188 | - | 50,188 | | |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2019 | | | | Note |
|----------------------|---|---|--|-------------------|-----------------|-----------------------------|------------|--------|
| | | | | Shares or Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| | Far Eastern International Bank | The chairman of the Corporation's major shareholder is its vice-chairman | Financial assets at fair value through other comprehensive income - current | 37,693,157 | \$ 450,433 | 1.12 | \$ 450,433 | |
| | Oriental Union Chemical Corp. | Same chairman with the major shareholder | Same as above | 41,246 | 866 | - | 866 | |
| | Far EasTone | Same chairman with the major shareholder | Same as above | 215,000 | 15,502 | 0.01 | 15,502 | |
| | Mega Financial Holding Co., Ltd. | - | Same as above | 9,958,000 | 304,715 | 0.07 | 304,715 | |
| | Lite-On Technology Corporation | - | Same as above | 299,000 | 14,756 | 0.01 | 14,756 | |
| | Tripod Technology Corporation | - | Same as above | 261,000 | 32,756 | 0.05 | 32,756 | |
| | WPG Holdings Limited | - | Same as above | 340,000 | 13,294 | 0.02 | 13,294 | |
| | Far Eastern International Bank | The chairman of the Corporation's major shareholder is its vice-chairman | Financial assets at fair value through other comprehensive income - noncurrent | 97,439,707 | 1,164,404 | 2.90 | 1,164,404 | |
| | Far Eastern Department Stores Ltd. | The same chairman | Same as above | 13,630,966 | 355,087 | 0.96 | 355,087 | Note 5 |
| | Oriental Union Chemical Corp. | The same chairman | Same as above | 10,506,792 | 220,643 | 1.19 | 220,643 | |
| | CHC Resources Corporation | The Corporation is its director | Same as above | 4,812,514 | 242,069 | 1.94 | 242,069 | |
| | Picvue Electronics Co., Ltd. | - | Same as above | 161,700 | - | 0.06 | - | |
| | Ding Ding Hotel Corp. | Same chairman with the major shareholder | Same as above | 213,442 | 2,051 | 0.21 | 2,051 | |
| | Far Eastern International Leasing Corporation | The Corporation is its director | Same as above | 45,258,938 | 602,813 | 10.14 | 602,813 | |
| NHC | <u>Ordinary shares</u> Far EasTone | Same chairman with the major shareholder | Financial assets at fair value through profit or loss - current | 50,000 | 3,605 | - | 3,605 | |
| YTRMC | <u>Ordinary shares</u> Far EasTone | Same chairman with the major shareholder | Financial assets at fair value through other comprehensive income - current | 230,000 | 16,583 | - | 16,583 | |
| FMT | <u>Ordinary shares</u> Everest Textile Co., Ltd. | The chairman of the Corporation is its chairman | Financial assets at fair value through other comprehensive income - current | 13,279,219 | 121,372 | 2.60 | 121,372 | |
| | Oriental Union Chemical Corp. | The chairman of the Corporation is its director | Financial assets at fair value through other comprehensive income - noncurrent | 2,256,782 | 47,392 | 0.25 | 47,392 | |
| | Far Eastern Department Store Ltd. | Same chairman with the major shareholder | Same as above | 1,185,713 | 30,888 | 0.08 | 30,888 | |
| | Yi Tong Fiber Co., Ltd. | - | Same as above | 5,256,454 | 41,691 | 5.94 | 41,691 | |
| FDT | <u>Ordinary shares</u> Far Eastern International Bank | The chairman of the Corporation is its vice-chairman by the ultimate parent company | Financial assets at fair value through other comprehensive income - current | 296,017 | 3,537 | 0.01 | 3,537 | |
| | Far Eastern Department Store Ltd. | The chairman of the Corporation is its vice-chairman | Financial assets at fair value through other comprehensive income - noncurrent | 935,029 | 24,358 | 0.07 | 24,358 | |
| | Oriental Union Chemical Corp. | Same chairman with the ultimate parent company | Same as above | 3,254,125 | 68,337 | 0.37 | 68,337 | |
| | Ding & Ding Management Consultants Co., Ltd. | - | Same as above | 866,730 | 8,376 | 16.00 | 8,376 | |
| AEE | <u>Ordinary shares</u> Far EasTone | Same chairman with the major shareholder | Financial assets at fair value through profit or loss - current | 120,000 | 8,652 | - | 8,652 | |
| | Ding & Ding Management Consultants Co., Ltd. | - | Financial assets at fair value through other comprehensive income - noncurrent | 273,024 | 900 | 5.04 | 900 | |
| YLPPC | <u>Ordinary shares</u> Far EasTone | The director of the Corporation is its chairman | Financial assets at fair value through other comprehensive income - current | 105,000 | 7,571 | - | 7,571 | |
| | Yamay International Development Corp. | - | Financial assets at fair value through other comprehensive income - noncurrent | 15 | - | - | - | |
| AIC | <u>Beneficiary certificates</u> Opas Fund Segregated Portfolio Tranche E | Related party in substance | Financial assets at fair value through profit or loss - current | 3,973 | 156,299 | - | 156,299 | |
| | ChinaAMC CSI 300 Index ETF | - | Same as above | 1,000,000 | 177,202 | 0.37 | 177,202 | |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2019 | | | | Note |
|-------------------------------------|---|--|--|-------------------|-----------------|-----------------------------|------------|--------|
| | | | | Shares or Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| | <u>Ordinary shares</u> Hsing Ta Cement Co., Ltd | - | Financial assets at fair value through profit or loss - current | 10,834,650 | \$ 217,776 | 3.17 | \$ 217,776 | |
| | Foxconn Technology Co., Ltd | - | Same as above | 2,043,000 | 135,247 | 0.14 | 135,247 | |
| | Taiwan Cement Co., Ltd. | - | Same as above | 389,519 | 17,022 | 0.01 | 17,022 | |
| | Quanta Computer Inc. | - | Same as above | 525,000 | 33,758 | 0.01 | 33,758 | |
| | Pegatron Corporation | - | Same as above | 825,000 | 56,430 | 0.03 | 56,430 | |
| | Hon Hai Precision Industry Co., Ltd. | - | Same as above | 1,720,000 | 156,176 | 0.01 | 156,176 | |
| | China Construction Bank Corporation, A share | - | Same as above | 2,500,000 | 77,548 | - | 77,548 | |
| | China Life Insurance Company Limited, H share | - | Same as above | 1,350,000 | 111,620 | - | 111,620 | |
| | China Mobile Communications Corporation | - | Same as above | 448,000 | 112,065 | - | 112,065 | |
| | Hiwin Technologies Corporation | - | Same as above | 38,000 | 10,678 | 0.01 | 10,678 | |
| | Accton Technology Corporation | - | Same as above | 150,000 | 25,200 | 0.03 | 25,200 | |
| | Far EasTone | Same chairman with the major shareholder | Financial assets at fair value through other comprehensive income - current | 1,426,303 | 102,836 | 0.04 | 102,836 | |
| | Casatek Holdings Limited | - | Same as above | 1,000,000 | 47,350 | 0.24 | 47,350 | |
| | Nan Ya Plastics Corporation | - | Same as above | 3,286,000 | 239,221 | 0.04 | 239,221 | |
| | Inventec Corporation | - | Same as above | 2,882,000 | 65,854 | 0.08 | 65,854 | |
| | China Life Insurance Company Limited, A share | - | Same as above | 540,000 | 80,786 | - | 80,786 | |
| | China Life Insurance Company Limited, H share | - | Same as above | 986,000 | 81,524 | - | 81,524 | |
| | Lite-On Technology Corporation | - | Same as above | 136,000 | 6,712 | 0.01 | 6,712 | |
| | Tripod Technology Corporation | - | Same as above | 100,000 | 12,550 | 0.02 | 12,550 | |
| | WPG Holdings Limited | - | Same as above | 340,000 | 13,294 | 0.02 | 13,294 | |
| | Far Eastern International Bank | The chairman of the Corporation's major shareholder is its vice-chairman | Financial assets at fair value through other comprehensive income - noncurrent | 135,149,123 | 1,615,032 | 4.03 | 1,615,032 | |
| | Oriental Union Chemical Corp. | Same chairman with the major shareholder | Same as above | 1,552,156 | 32,595 | 0.18 | 32,595 | |
| | Far Eastern Department Store Ltd. | Same chairman with the major shareholder | Same as above | 4,473,972 | 116,547 | 0.32 | 116,547 | Note 6 |
| | Ding Shen Investment Co., Ltd. | The Corporation is its director | Same as above | 39,600,000 | 372,240 | 18.00 | 372,240 | |
| | Hsin Nsn Construction Co., Ltd. | - | Same as above | 2,696 | - | - | - | |
| Asia Cement Pioneer Investment Ltd. | <u>Ordinary shares</u> Cementon Micronesia L.L.C. | - | Financial assets at fair value through other comprehensive income - noncurrent | (Note 1) | 116,727 | 10.00 | 116,727 | |
| FSMS | <u>Ordinary shares</u> Stone Industry Resource System Corp | - | Financial assets at fair value through other comprehensive income - noncurrent | 10,000 | 70 | 0.15 | 70 | |
| YLT | <u>Beneficiary certificates</u> Polaris Taiwan Top 50 Tracker Fund | - | Financial assets at fair value through profit or loss - current | 350,000 | 33,933 | - | 33,933 | |
| | <u>Ordinary shares</u> Far Eastern International Bank | The chairman of the Corporation's major shareholder is its vice-chairman | Financial assets at fair value through other comprehensive income - noncurrent | 3,020,872 | 36,099 | 0.09 | 36,099 | |
| | Far EasTone | Same chairman with the major shareholder | Same as above | 71,099 | 5,126 | - | 5,126 | |
| YLSS | <u>Ordinary shares</u> Far EasTone | Same chairman with the major shareholder | Financial assets at fair value through other comprehensive income - current | 130,000 | 9,373 | - | 9,373 | |
| KCC | <u>Beneficiary certificates</u> CSOP FTSE China A50 ETF | - | Financial assets at fair value through profit or loss - current | 300,000 | 17,438 | - | 17,438 | |
| KCCL | <u>Beneficiary certificates</u> Allianz US High Yield Fund | - | Financial assets at fair value through profit or loss - current | 97,741 | 21,147 | - | 21,147 | |
| | Opas Fund Segregated Portfolio Tranche C | Related party in substance | Same as above | 1,606 | 70,827 | - | 70,827 | |

(Continued)

| Holding Company Name | Type and Name of Marketable Securities | Relationship with the Holding Company | Financial Statement Account | December 31, 2019 | | | | Note |
|----------------------|--|---------------------------------------|---|-------------------|-----------------|-----------------------------|------------|------|
| | | | | Shares or Units | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| ACSPL | <u>Beneficiary certificates</u> | | | | | | | |
| | United Emerging Markets Bond Funds | - | Financial assets at fair value through profit or loss - current | 3,232,758 | \$ 93,112 | - | \$ 93,112 | |
| | United Growth Fund | - | Same as above | 745,068 | 60,131 | - | 60,131 | |
| | <u>Ordinary shares</u> | | | | | | | |
| | DBS Group | - | Financial assets at fair value through profit or loss - current | 33,436 | 19,202 | - | 19,202 | |
| | Guocoland Ltd. | - | Same as above | 26,666 | 1,160 | - | 1,160 | |
| | Hong Leong Asia | - | Same as above | 20,000 | 297 | - | 297 | |
| INTRACO | - | Same as above | 46,875 | 296 | - | 296 | | |
| Engro Corp Ltd. | - | Same as above | 2,000 | 43 | - | 43 | | |
| OCPL | <u>Ordinary shares</u> | | | | | | | |
| | Hiap Hoe Ltd. | - | Financial assets at fair value through profit or loss - current | 44,260 | 786 | - | 786 | |

Note 1: This is not a company limited by shares.

Note 2: Marketable securities in this table are shares, bonds, beneficiary certificates and securities derived from these items under IFRS 9 "Financial Instruments: Recognition and Measurement".

Note 3: The carrying amounts of financial instruments measured at fair values are adjusted for fair value less accumulated impairment loss; the carrying amounts of financial instruments not measured at fair values are the original cost or amortized cost less accumulated impairment loss.

Note 4: 14,500 thousand shares (\$1,045,450 thousand) of the securities are pledged as collaterals for bank loans of the Corporation.

Note 5: 5,000 thousand shares (\$130,250 thousand) of the securities are pledged as collaterals for bank loans of DCI.

Note 6: 3,500 thousand shares (\$91,175 thousand) of the securities are pledged as collaterals for bank loans of AIC.

(Concluded)

ASIA CEMENT CORPORATION

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NTS300 MILLION OR 20% OF THE PAID-IN CAPITAL
 YEAR ENDED DECEMBER 31, 2019
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Company Name | Type and Name of Marketable Securities (Note 1) | Financial Statement Account | Counterparty (Note 2) | Relationship (Note 2) | Beginning Balance | | Acquisition (Note 3) | | Disposal (Note 3) | | | Ending Balance | | |
|--------------|--|---|---|-----------------------|-------------------|-----------------------|----------------------|----------------------|-------------------|-----------|----------------|-------------------------|----------------------|------------------------|
| | | | | | Shares/Units | Amount | Shares/Units | Amount | Shares/Units | Amount | Carrying Value | Gain (Loss) on Disposal | Shares/Units | Amount |
| ACCHC | Ordinary shares PIHPL | Investments in subsidiaries | Proceeds from issuance of ordinary shares | Subsidiaries | 9,379,303 | US 2,165,969 thousand | 340,232 | US 73,781 thousand | - | \$ - | \$ - | \$ - | 9,719,535 (Note 2) | US 2,484,649 thousand |
| PIHPL | Ordinary shares OIH | Investments in subsidiaries | Proceeds from issuance of ordinary shares | Subsidiaries | 700,709,352 | US 1,473,705 thousand | (Note 2) | US 73,781 thousand | - | - | - | - | 700,709,352 (Note 2) | US 1,751,418 thousand |
| OIH | Ordinary shares OHC | Investments in subsidiaries | Proceeds from issuance of ordinary shares | Subsidiaries | (Note 1) | RMB 813,357 thousand | - | RMB 500,000 thousand | - | - | - | - | (Note 1) | RMB 2,885,909 thousand |
| OHC | Ordinary shares YDES | Investments accounted for using the equity method | Proceeds from issuance of ordinary shares | Associates | (Note 1) | - | - | RMB 714,190 Thousand | - | - | - | - | (Note 1) | RMB 706,643 thousand |
| ACSPL | Beneficiary certificates Opas Fund Segregated Portfolio Tranche D | Financial assets at fair value through profit or loss - current | - | - | 19,000 | 580,194 | - | - | 19,000 | 612,797 | 583,562 | 29,235 | - | - |
| DCI | Beneficiary certificates Opas Fund Segregated Portfolio Tranche D | Financial assets at fair value through profit or loss - current | - | - | 56,000 | 1,716,669 | 94 | 2,869 | 56,094 | 1,805,004 | 1,716,469 | 88,536 | - | - |
| AIC | Beneficiary certificates Opas Fund Segregated Portfolio Tranche D | Financial assets at fair value through profit or loss - current | - | - | 58,000 | 1,777,798 | - | - | 58,000 | 1,863,752 | 1,774,800 | 88,952 | - | - |
| Mega | Beneficiary certificates Opas Fund Segregated Portfolio Tranche D | Financial assets at fair value through profit or loss - current | - | - | - | - | 9,601 | 294,286 | 9,601 | 296,073 | 294,286 | 1,787 | - | - |
| Mega IV | Beneficiary certificates Opas Fund Segregated Portfolio Tranche D | Financial assets at fair value through profit or loss - current | - | - | - | - | 9,601 | 294,286 | 9,601 | 296,073 | 294,286 | 1,787 | - | - |
| Leap | Beneficiary certificates Opas Fund Segregated Portfolio Tranche D | Financial assets at fair value through profit or loss - current | - | - | - | - | 9,601 | 294,286 | 9,601 | 296,073 | 294,286 | 1,787 | - | - |

Note 1: This is not a company limited by shares.

Note 2: The cash capital increment was not registered yet.

ASIA CEMENT CORPORATION

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 YEAR ENDED DECEMBER 31, 2019
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Purchasing or (Selling) Company Name | Related Party | Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts (Payable) or Receivable | | Note |
|--------------------------------------|--|--|-----------------------|---------------------------|------------|---|----------------------|---------------|--|------------|------|
| | | | Purchase (Sale) | Amount | % to Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % to Total | |
| The Corporation | YTRMC | A subsidiary of the Corporation | Sales | \$ (1,805,262) | (20) | Purchase 45 days after monthly closing | \$ - | - | \$ 348,664 | 33 | |
| | ACSPL | A subsidiary of the Corporation | Sales | (522,223) | (6) | Average 30 days | - | - | 38,621 | 4 | |
| | YSRMC | A subsidiary of the Corporation | Sales | (163,476) | (2) | Purchase 45 days after monthly closing | - | - | 34,114 | 3 | |
| | U-Ming | An investee accounted for by equity method | Sales freight expense | 551,952 | 6 | Average 60 days | - | - | (66,176) | (4) | |
| | U-Ming Singapore | A subsidiary of an investee accounted for by equity method | Sales freight expense | 186,958 | 2 | Average 10 days | - | - | - | - | |
| | YLT | A subsidiary of the Corporation | Sales freight expense | 176,539 | 2 | Average 30 days | - | - | (31,883) | (2) | |
| | NHC | A subsidiary of the Corporation | Purchase | 151,293 | 2 | Purchase 45 days after monthly closing | - | - | (28,431) | (2) | |
| ACSPL | Alliance Concrete Singapore Pte. Ltd. | An investee accounted for by equity method | Sales | SGD (28,215) thousand | (78) | Average 60 days | - | - | SGD 6,247 thousand | 83 | |
| | The Corporation | Parent company | Purchase | SGD 23,042 thousand | 63 | Average 30 days | - | - | SGD (1,740) thousand | (28) | |
| YTRMC | Far Eastern General Construction Inc. | Related party in substance | Sales | (430,434) | (5) | Average 90 days | - | - | 213,416 | 6 | |
| | Far Eastern Resources Development Co. | Related party in substance | Sales | (104,551) | (1) | Average 90 days | - | - | 76,481 | 2 | |
| | The Corporation | Parent company | Purchase | 1,805,262 | 21 | Purchase 45 days after monthly closing | - | - | (348,664) | (24) | |
| | CHC Resources Corporation | Related party in substance | Purchase | 466,075 | 5 | Purchase 45 days after monthly closing | - | - | (64,488) | (4) | |
| FMT | Air Liquide Far Eastern Co. | Related party in substance | Sales | (156,034) | (14) | Purchase 120 days after monthly closing | - | - | 52,734 | 25 | |
| | FENC | An investee accounted for by equity method | Sales | (207,509) | (19) | Purchase 60 days after monthly closing | - | - | 27,527 | 13 | |
| | OUCG | Related party in substance | Sales | (133,627) | (12) | Purchase 75 days after monthly closing | - | - | 23,895 | 11 | |
| FDT | Oriental Petrochemical (Taiwan) Co., Ltd. | Related party in substance | Sales | (176,300) | (20) | 110 days | - | - | 55,066 | 46 | |
| YSRMC | Chubei New Century Shopping Mall Co., Ltd. | Related party in substance | Sales | (104,908) | (15) | Average 60 days | - | - | 19,648 | 8 | |
| | The Corporation | Parent company | Purchase | 163,476 | 25 | Purchase 45 days after monthly closing | - | - | (34,114) | (30) | |
| YLPPC | Far Eastern General Construction Inc. | Related party in substance | Sales | (116,783) | (66) | Average 90 days | - | - | 35,542 | 34 | |
| NHC | The Corporation | Parent company | Sales | (151,293) | (40) | Purchase 45 days after monthly closing | - | - | 28,431 | 33 | |
| YLT | The Corporation | Parent company | Sales | (176,539) | (98) | 30 days | - | - | 31,883 | 99 | |
| YTV | Far Eastern Polytex Vietnam Ltd. | A subsidiary of an investee accounted for by equity method | Sales | VND (79,774,106) thousand | (82) | Within 45 days | - | - | VND 26,936,744 thousand | 87 | |
| JYDC | TZOCCL | The same ultimate parent company | Sales | RMB (240,626) thousand | (5) | Within 90 days | - | - | RMB 34,873 thousand | 4 | |
| | WYDC | The same ultimate parent company | Sales | RMB (212,481) thousand | (4) | Average 30 days | - | - | RMB 37,902 thousand | 5 | |
| | YYDCCL | The same ultimate parent company | Sales | RMB (552,419) thousand | (11) | Within 90 days | - | - | RMB 31,765 thousand | 4 | |
| | NYDC | A subsidiary of the Corporation | Sales | RMB (92,202) thousand | (2) | Average 30 days | - | - | RMB 16,285 thousand | 2 | |

(Continued)

| Purchasing or (Selling) Company Name | Related Party | Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts (Payable) or Receivable | | Note |
|--------------------------------------|---------------|--|-----------------------|------------------------|------------|-----------------|----------------------|---------------|--|------------|------|
| | | | Purchase (Sale) | Amount | % to Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % to Total | |
| | NYLC | A subsidiary of the Corporation | Sales | RMB (33,435) thousand | (1) | Average 30 days | \$ - | - | RMB 6,503 thousand | 1 | |
| | HYDCCL | The same ultimate parent company | Sales | RMB (49,612) thousand | (1) | Within 90 days | - | - | RMB 12,304 thousand | 1 | |
| | RYNM | A subsidiary of the Corporation | Sales | RMB (23,366) thousand | - | Average 30 days | - | - | RMB 3,856 thousand | - | |
| | JYLTC | A subsidiary of the Corporation | Sales freight expense | RMB 52,041 thousand | 2 | Within 90 days | - | - | RMB (14,608) thousand | (8) | |
| | WAMTC | An investee accounted for by equity method | Sales freight expense | RMB 76,408 thousand | 2 | Within 90 days | - | - | RMB (19,484) thousand | 11 | |
| | NYDC | A subsidiary of the Corporation | Purchase | RMB 294,343 thousand | 10 | Average 30 days | - | - | RMB (45,705) thousand | (25) | |
| | NYLC | A subsidiary of the Corporation | Purchase | RMB 28,776 thousand | 1 | Average 30 days | - | - | RMB (2,475) thousand | (1) | |
| | HGYDC | The same ultimate parent company | Purchase | RMB 24,880 thousand | 1 | Average 30 days | - | - | RMB (7,370) thousand | (4) | |
| NYDC | JYDC | Parent company | Sales | RMB (294,343) thousand | (100) | Average 30 days | - | - | RMB 45,705 thousand | 100 | |
| | JYDC | Parent company | Purchase | RMB 92,202 thousand | 35 | Average 30 days | - | - | RMB (16,285) thousand | (58) | |
| NYLC | JYDC | Parent company | Sales | RMB (28,776) thousand | (17) | Average 30 days | - | - | RMB 2,475 thousand | 2 | |
| | JYDC | Parent company | Purchase | RMB 33,435 thousand | 23 | Average 30 days | - | - | RMB (6,503) thousand | (31) | |
| TZOCCL | JYDC | The same ultimate parent company | Purchase | RMB 240,626 thousand | 85 | Within 90 days | - | - | RMB (34,873) thousand | (92) | |
| | YYDCCL | The same ultimate parent company | Purchase | RMB 29,860 thousand | 11 | Within 90 days | - | - | RMB (912) thousand | (2) | |
| WYDC | JYDC | The same ultimate parent company | Purchase | RMB 212,481 thousand | 63 | Average 30 days | - | - | RMB (37,902) thousand | (59) | |
| | HYDCCL | The same ultimate parent company | Purchase | RMB 25,704 thousand | 8 | Within 90 days | - | - | RMB (280) thousand | - | |
| YYDCCL | TZOCCL | The same ultimate parent company | Sales | RMB (29,860) thousand | (3) | Within 90 days | - | - | RMB 912 thousand | 1 | |
| | JYDC | The same ultimate parent company | Purchase | RMB 552,419 thousand | 70 | Within 90 days | - | - | RMB (31,765) thousand | (64) | |
| | WAMTC | An investee accounted for by equity method | Sales freight expense | RMB 25,879 thousand | 3 | Within 90 days | - | - | RMB (2,885) thousand | (6) | |
| HYDCCL | WYDC | The same ultimate parent company | Sales | RMB (25,704) thousand | (2) | Within 90 days | - | - | RMB 280 thousand | - | |
| | WYCPCL | The same ultimate parent company | Sales | RMB (44,639) thousand | (3) | Within 90 days | - | - | RMB 14,085 thousand | 4 | |
| | HZYCCL | An investee accounted for by equity method | Sales | RMB (32,231) thousand | (2) | Within 90 days | - | - | RMB 14,906 thousand | 4 | |
| | JYDC | The same ultimate parent company | Purchase | RMB 49,612 thousand | 5 | Within 90 days | - | - | RMB (12,304) thousand | (14) | |
| | HGYDC | The same ultimate parent company | Purchase | RMB 86,691 thousand | 8 | Within 90 days | - | - | RMB (9,658) thousand | (11) | |
| | WAMTC | An investee accounted for by equity method | Sales freight expense | RMB 33,759 thousand | 3 | Within 90 days | - | - | - | - | |
| | HXMC | An investee accounted for by equity method | Purchase | RMB 22,650 thousand | 2 | Within 90 days | - | - | RMB (1,856) thousand | (2) | |

(Continued)

| Purchasing or (Selling) Company Name | Related Party | Relationship | Transaction Details | | | | Abnormal Transaction | | Notes/Accounts (Payable) or Receivable | | Note |
|--------------------------------------|---------------|----------------------------------|---------------------|-----------------------|------------|-----------------|----------------------|---------------|--|------------|------|
| | | | Purchase (Sale) | Amount | % to Total | Payment Terms | Unit Price | Payment Terms | Ending Balance | % to Total | |
| WYCPCL | HYDCCL | The same ultimate parent company | Purchase | RMB 44,639 thousand | 30 | Within 90 days | \$ - | - | RMB (14,085) thousand | (43) | |
| SIYDCCL | SLCL | A subsidiary of the Corporation | Sales | RMB (81,058) thousand | (4) | Within 90 days | - | - | RMB 7,306 thousand | 1 | |
| | SYCPCL | The same ultimate parent company | Sales | RMB (27,616) thousand | (1) | Within 90 days | - | - | RMB 8,710 thousand | 1 | |
| HGYDC | HYDCCL | The same ultimate parent company | Sales | RMB (86,691) Thousand | (10) | Within 90 days | - | - | RMB 9,658 thousand | 18 | |
| | JYDC | The same ultimate parent company | Sales | RMB (24,880) thousand | (3) | Average 30 days | - | - | RMB 7,370 thousand | 14 | |
| SLCL | SYCPCL | The same ultimate parent company | Sales | RMB (23,395) thousand | (2) | Within 90 days | - | - | RMB 22,603 thousand | 3 | |
| | SIYDCCL | Parent company | Purchase | RMB 81,058 thousand | 10 | Within 90 days | - | - | RMB (7,306) thousand | (15) | |
| | SYTCL | The same ultimate parent company | Purchase | RMB 43,424 Thousand | 5 | Within 90 days | - | - | RMB (6,162) thousand | (12) | |
| SYCPCL | SLCL | The same ultimate parent company | Purchase | RMB 23,395 Thousand | 9 | Average 30 days | - | - | RMB (22,603) thousand | (24) | |
| | SIYDCCL | The same ultimate parent company | Purchase | RMB 27,616 Thousand | 11 | Within 90 days | - | - | RMB (8,710) thousand | (9) | |
| JYLTC | JYDC | Parent company | Sales | RMB (52,041) thousand | (63) | Within 90 days | - | - | RMB 14,608 thousand | 62 | |
| SYTCL | SLCL | The same ultimate parent company | Sales | RMB (43,424) thousand | (56) | Within 90 days | - | - | RMB 6,162 thousand | 24 | |
| RYNM | JYDC | Parent company | Purchase | RMB 23,366 thousand | 100 | Average 30 days | - | - | RMB (3,856) thousand | (99) | |

(Concluded)

ASIA CEMENT CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

YEAR ENDED DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Company Name | Related Party | Relationship | Ending Balance | Turnover Rate | Overdue | | Amounts Received in Subsequent Period | Allowance for Impairment Loss |
|-----------------|---------------------------------------|--|----------------------|---------------|---------|--------------|---------------------------------------|-------------------------------|
| | | | | | Amount | Action Taken | | |
| The Corporation | YTRMC | A subsidiary of the Corporation | \$ 348,664 | 5.02 times | \$ - | - | \$ 5,386 | \$ - |
| ACSPL | Alliance Concrete Singapore Pte. Ltd. | An investee accounted for by equity method | SGD 6,247 thousand | 4.25 times | - | - | SGD 6,247 thousand | - |
| YTRMC | Far Eastern General Construction Inc. | Related party in substance | 213,416 | 1.75 times | - | - | 121,620 | - |
| JYDC | TZDC | The same ultimate parent company | RMB 34,873 thousand | 6.92 times | - | - | RMB 30,032 thousand | - |
| | WYDC | The same ultimate parent company | RMB 37,902 thousand | 6.71 times | - | - | - | - |
| | YYDCCL | The same ultimate parent company | RMB 31,765 thousand | 16.52 times | - | - | RMB 23,692 thousand | - |
| | ACCHC | Parent company | RMB 700,000 thousand | Note 1 | - | - | - | - |
| | SHYLCP | The same ultimate parent company | RMB 45,000 thousand | Note 1 | - | - | - | - |
| | TZOCCL | The same ultimate parent company | RMB 70,000 thousand | Note 1 | - | - | - | - |
| NYDC | JYDC | Parent company | RMB 45,705 thousand | 6.77 times | - | - | RMB 45,705 thousand | - |
| OIH | ACCHC | Parent company | RMB 44,000 thousand | Note 1 | - | - | - | - |
| OHC | SLCL | The same ultimate parent company | RMB 190,000 thousand | Note 1 | - | - | RMB 90,000 thousand | - |
| SLCL | SLCCL | A subsidiary of the Corporation | RMB 33,000 thousand | Note 1 | - | - | - | - |
| WYDC | SYCPCL | The same ultimate parent company | RMB 40,000 thousand | Note 1 | - | - | - | - |
| HYDCCL | ACCHC | Parent company | RMB 400,000 thousand | Note 1 | - | - | - | - |

Note 1: The accounts receivable from financing.

ASIA CEMENT CORPORATION

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE CORPORATION EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INVESTMENT IN MAINLAND CHINA)
 YEAR ENDED DECEMBER 31, 2019
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Investor Company | Investee Company | Location | Main Businesses and Products | Investment Amount | | Balance as of December 31, 2019 | | | Net Income (Loss) of the Investee | Share of Profits (Loss) | Note |
|------------------|----------------------------|------------|---|-------------------|-------------------|---------------------------------|-------------------------|----------------|-----------------------------------|---------------------------------|---------------------------------|
| | | | | December 31, 2019 | December 31, 2018 | Shares | Percentage of Ownership | Carrying Value | | | |
| The Corporation | ACCHC | Cayman | Investment | \$ 13,660,636 | \$ 13,660,636 | 1,061,209,202 | 67.73 | \$ 41,411,828 | \$ 14,106,889 | \$ 9,554,596 | A subsidiary of the Corporation |
| | FENC | Taiwan | Textile | 3,459,787 | 3,459,787 | 1,272,277,085 | 23.77 | 39,074,139 | 10,732,669 | 1,637,898 | |
| | U-Ming | Taiwan | Marine transportation | 510,236 | 510,236 | 331,701,152 | 39.25 | 10,462,271 | 1,621,695 | 636,545 | |
| | DCI | Taiwan | Investment | 2,555,255 | 2,555,255 | 595,576,603 | 99.99 | 13,656,200 | 1,262,905 | 1,262,788 | A subsidiary of the Corporation |
| | CHP | Taiwan | Power plant | 3,119,492 | 3,119,492 | 280,093,521 | 59.59 | 6,059,603 | 1,097,061 | 653,769 | A subsidiary of the Corporation |
| | YDC | Taiwan | Investment | 2,232,220 | 2,232,220 | 178,707,648 | 35.50 | 3,218,379 | 214,541 | 67,561 | |
| | YYI | Taiwan | Investment | 911,058 | 911,058 | 155,000,803 | 29.92 | 2,560,533 | 811,808 | 242,893 | |
| | ACSPL | Singapore | Cement | 186,958 | 186,958 | 10,495,495 | 99.96 | 4,142,011 | 693,709 | 693,431 | A subsidiary of the Corporation |
| | OSC | Taiwan | Broker | 154,207 | 154,207 | 135,092,154 | 18.93 | 1,921,049 | 250,003 | 47,326 | |
| | AIC | Taiwan | Investment | 1,212,679 | 1,212,679 | 222,039,596 | 100.00 | 3,256,199 | 977,016 | 977,016 | A subsidiary of the Corporation |
| | YTRMC | Taiwan | Ready-mixed concrete, cement - related products | 1,042,252 | 1,042,252 | 159,067,779 | 99.99 | 1,801,770 | 146,801 | 146,801 | A subsidiary of the Corporation |
| | YLSS | Taiwan | Stainless steel | 2,661,240 | 2,661,240 | 200,000,000 | 100.00 | 1,969,817 | 1,347 | (6,939) | A subsidiary of the Corporation |
| | FMT | Taiwan | Transportation | 68,416 | 68,416 | 29,517,188 | 99.82 | 1,410,458 | 213,189 | 213,363 | A subsidiary of the Corporation |
| | FEDSDL | Taiwan | Retails | 500,000 | 500,000 | 53,250,000 | 25.00 | 640,867 | 152,284 | 56,887 | |
| | NHC | Taiwan | Cement, granulated blast-furnace slag | 410,994 | 410,994 | 26,128,171 | 99.94 | 261,372 | 52,531 | 52,499 | A subsidiary of the Corporation |
| | YDLC | Taiwan | Leasing | 309,049 | 309,049 | 34,640,189 | 43.60 | 373,481 | 12,144 | 5,295 | |
| | YLT | Taiwan | Transportation | 22,110 | 22,110 | 5,100,000 | 51.00 | 265,154 | 22,796 | 11,626 | A subsidiary of the Corporation |
| | AEE | Taiwan | Engineering | 5,136 | 5,136 | 7,970,703 | 98.23 | 182,274 | 59,946 | 58,885 | A subsidiary of the Corporation |
| | EISF | Taiwan | Iron and steel | 31,463 | 31,463 | 3,199,823 | 40.40 | 80,652 | 14,020 | 5,664 | |
| | YLPPC | Taiwan | Cement - related products | 144,961 | 144,961 | 16,241,083 | 83.81 | 75,594 | 1,040 | 871 | A subsidiary of the Corporation |
| SIHL | B.V.I. | Investment | 2,898 | 2,898 | 90,000 | 100.00 | 54,922 | 3,038 | 3,038 | A subsidiary of the Corporation | |
| CSCGL | Cayman | Investment | 4,821,008 | 4,821,008 | 331,878,315 | 7.62 | 5,248,933 | 13,578,105 | 965,182 | | |
| DCI | YDC | Taiwan | Investment | 289,982 | 289,982 | 72,989,090 | 14.50 | 1,320,548 | 214,541 | Not applicable | |
| | FEC | Taiwan | Construction | 140,138 | 140,138 | 115,882,928 | 33.76 | 4,402,354 | 725,256 | Not applicable | |
| | FENC | Taiwan | Textile | 1,263,385 | 1,263,385 | 82,812,887 | 1.55 | 2,509,521 | 10,732,669 | Not applicable | |
| | KCC | Hong Kong | Cement | 36,024 | 36,024 | 1,127,000 | 49.00 | 446,154 | 40,881 | Not applicable | A subsidiary of the Corporation |
| | SHSTC | Taiwan | Storage and transportation | - | 143,516 | - | - | - | - | Not applicable | |
| | FSMS | Taiwan | Mining excavation, mineral processing and sales | 112,096 | 112,096 | 1,294,270 | 99.56 | 133,735 | (6,936) | Not applicable | A subsidiary of the Corporation |
| | U-Ming | Taiwan | Marine transportation | 27,619 | 27,619 | 468,486 | 0.06 | 30,967 | 1,621,695 | Not applicable | |
| | AC Mega Investment Ltd. | B.V.I. | Investment | 828,313 | 579,926 | 27,700,000 | 100.00 | 774,004 | 86,138 | Not applicable | A subsidiary of the Corporation |
| | AC Leap Investment Ltd. | B.V.I. | Investment | 846,224 | 579,439 | 28,300,000 | 100.00 | 855,589 | 100,918 | Not applicable | A subsidiary of the Corporation |
| | AC Mega II Investment Ltd. | B.V.I. | Investment | 289,050 | 289,050 | 10,000,000 | 100.00 | 281,337 | 46,877 | Not applicable | A subsidiary of the Corporation |

(Continued)

| Investor Company | Investee Company | Location | Main Businesses and Products | Investment Amount | | Balance as of December 31, 2019 | | | Net Income (Loss) of the Investee | Share of Profits (Loss) | Note | |
|--------------------------------------|---|------------|-------------------------------|-------------------|-------------------|---------------------------------|-------------------------|----------------|-----------------------------------|---------------------------------|---------------------------------|--|
| | | | | December 31, 2019 | December 31, 2018 | Shares | Percentage of Ownership | Carrying Value | | | | |
| NHC | AC Mega III Investment Ltd. | B.V.I. | Investment | \$ 289,050 | \$ 289,050 | 10,000,000 | 100.00 | \$ 319,223 | \$ 52,787 | Not applicable | A subsidiary of the Corporation | |
| | AC Mega IV Investment Ltd. | B.V.I. | Investment | 780,510 | 780,510 | 26,100,000 | 100.00 | 888,698 | 106,605 | Not applicable | A subsidiary of the Corporation | |
| | Drive Catalyst SPC - SP Tranche One | B.V.I. | Investment | 123,120 | 123,120 | 4,000 | 25.00 | 120,649 | 3,831 | Not applicable | | |
| | Drive Catalyst SPC - SP Tranche Three | B.V.I. | Investment | 123,960 | - | 4,000 | 25.00 | 118,975 | (3,076) | Not applicable | | |
| | CSCGL | Cayman | Investment | 872,619 | 872,619 | 56,297,000 | 1.29 | 890,053 | 13,578,105 | Not applicable | | |
| | SHSTC | Taiwan | Storage and transportation | - | 333,309 | - | - | - | - | - | Not applicable | |
| | PGIC | Taiwan | Granulated blast-furnace slag | 36,771 | 36,771 | 3,287,550 | 31.00 | 51,455 | 8,847 | Not applicable | | |
| | FENC | Taiwan | Textile | 15,240 | 15,240 | 1,739,978 | 0.03 | 40,356 | 10,732,669 | Not applicable | | |
| | U-Ming | Taiwan | Marine transportation | 1,027 | 1,027 | 64,143 | 0.01 | 941 | 1,621,695 | Not applicable | | |
| | CSCGL | Cayman | Investment | 282,957 | 282,957 | 9,250,000 | 0.21 | 145,992 | 13,578,105 | Not applicable | | |
| YTRMC | YSRMC | Taiwan | Ready-mixed concrete | 69,930 | 69,930 | 6,993,000 | 69.93 | 87,687 | 27,530 | Not applicable | A subsidiary of the Corporation | |
| | YTV | Vietnam | Ready-mixed concrete | 201,823 | 201,823 | (Note 1) | 100.00 | 291,247 | 7,838 | Not applicable | A subsidiary of the Corporation | |
| | PYCI | Indonesia | Ready-mixed concrete | 144,369 | 61,439 | (Note 1) | 99.00 | 68,599 | (72,481) | Not applicable | A subsidiary of the Corporation | |
| | AOG | Guam | Investment | 236,240 | 175,230 | (Note 1) | 95.04 | 65,207 | (43,552) | Not applicable | A subsidiary of the Corporation | |
| FMT | FDT | Taiwan | Transportation | 30,373 | 30,373 | 27,892,834 | 99.87 | 740,647 | 109,850 | Not applicable | A subsidiary of the Corporation | |
| | FENC | Taiwan | Textile | 40,263 | 40,263 | 4,415,299 | 0.08 | 109,949 | 10,732,669 | Not applicable | | |
| FDT | YDEC | Taiwan | Retail | 160,424 | 160,424 | 30,557,900 | 26.95 | 585,374 | 117,812 | Not applicable | | |
| | U-Ming | Taiwan | Marine transportation | 1,891 | 1,891 | 50,000 | 0.01 | 1,805 | 1,621,695 | Not applicable | | |
| | FENC | Taiwan | Textile | 31,322 | 31,322 | 1,020,000 | 0.02 | 31,091 | 10,732,669 | Not applicable | | |
| AEE | ACCHC | Cayman | Investment | 50,541 | 50,541 | 3,161,500 | 0.20 | 84,246 | 14,106,889 | Not applicable | A subsidiary of the Corporation | |
| | U-Ming | Taiwan | Marine transportation | 38,931 | 38,931 | 3,485,997 | 0.41 | 35,455 | 1,621,695 | Not applicable | | |
| | CSCGL | Cayman | Investment | 266,942 | 266,942 | 8,368,000 | 0.19 | 132,075 | 13,578,105 | Not applicable | | |
| YLPPC | YDEC | Taiwan | Retail | 20,776 | 20,776 | 4,411,559 | 3.89 | 84,414 | 117,812 | Not applicable | | |
| | PYCI | Indonesia | Ready-mixed concrete | 1,448 | 621 | (Note 1) | 1.00 | 693 | (72,481) | Not applicable | A subsidiary of the Corporation | |
| | YLPCIP | India | Tunnel lining segments | 8,338 | 8,338 | (Note 1) | 99.99 | 1,915 | (219) | Not applicable | A subsidiary of the Corporation | |
| | AOG | Guam | Investment | 66,816 | 66,816 | (Note 1) | 4.96 | 3,403 | (43,552) | Not applicable | A subsidiary of the Corporation | |
| AIC | FENC | Taiwan | Textile | 405,473 | 405,473 | 15,430,293 | 0.29 | 649,483 | 10,732,669 | Not applicable | | |
| | U-Ming | Taiwan | Marine transportation | 77,446 | 77,446 | 7,796,914 | 0.92 | 72,456 | 1,621,695 | Not applicable | | |
| | CHP | Taiwan | Power plant | 376 | 376 | 37,574 | 0.01 | 850 | 1,097,061 | Not applicable | A subsidiary of the Corporation | |
| | Asia Cement Pioneer Investment Ltd. | B.V.I. | Investment | 2,100,779 | 2,039,879 | 68,550,000 | 100.00 | 2,064,326 | 306,888 | Not applicable | A subsidiary of the Corporation | |
| | Asia Cement Pioneer II Investment Ltd. | B.V.I. | Investment | 833,410 | 544,135 | 28,000,000 | 100.00 | 891,935 | 101,257 | Not applicable | A subsidiary of the Corporation | |
| | Asia Cement Pioneer III Investment Ltd. | B.V.I. | Investment | 578,325 | 289,050 | 19,500,000 | 100.00 | 542,204 | 36,662 | Not applicable | A subsidiary of the Corporation | |
| | Asia Cement Pioneer IV Investment Ltd. | B.V.I. | Investment | 575,538 | 286,263 | 19,010,000 | 100.00 | 588,459 | 48,009 | Not applicable | A subsidiary of the Corporation | |
| Asia Cement Explorer Investment Ltd. | B.V.I. | Investment | 623,340 | 334,065 | 20,915,000 | 100.00 | 442,420 | 14,774 | Not applicable | A subsidiary of the Corporation | | |
| | DCI | Taiwan | Investment | 76 | 76 | 5,401 | - | 76 | 1,262,905 | Not applicable | A subsidiary of the Corporation | |

(Continued)

| Investor Company | Investee Company | Location | Main Businesses and Products | Investment Amount | | Balance as of December 31, 2019 | | | Net Income (Loss) of the Investee | Share of Profits (Loss) | Note |
|------------------|--|-----------|---|-------------------|-------------------|---------------------------------|-------------------------|----------------|-----------------------------------|-------------------------|---------------------------------|
| | | | | December 31, 2019 | December 31, 2018 | Shares | Percentage of Ownership | Carrying Value | | | |
| | FMT | Taiwan | Transportation | \$ 176 | \$ 176 | 5,000 | 0.02 | \$ 272 | \$ 213,189 | Not applicable | A subsidiary of the Corporation |
| | NHC | Taiwan | Cement, granulated blast-furnace slag | 78 | 78 | 5,000 | 0.02 | 80 | 52,531 | Not applicable | A subsidiary of the Corporation |
| | AEE | Taiwan | Engineering | 116 | 116 | 6,000 | 0.07 | 120 | 59,946 | Not applicable | A subsidiary of the Corporation |
| | FSMS | Taiwan | Mining excavation, mineral processing and sales | 119 | 119 | 5,000 | 0.38 | 125 | (6,936) | Not applicable | A subsidiary of the Corporation |
| | FDT | Taiwan | Transportation | 110 | 110 | 7,145 | 0.03 | 199 | 109,850 | Not applicable | A subsidiary of the Corporation |
| | YSRMC | Taiwan | Ready-mixed concrete | 37 | 37 | 5,000 | 0.05 | 44 | 27,530 | Not applicable | A subsidiary of the Corporation |
| | EISF | Taiwan | Iron and steel | 15,649 | 15,649 | 660,000 | 8.33 | 16,630 | 14,020 | Not applicable | |
| | YTRMC | Taiwan | Ready-mixed concrete, cement - related products | 53 | 53 | 5,782 | - | 53 | 146,801 | Not applicable | A subsidiary of the Corporation |
| | CSCGL | Cayman | Investment | 556,895 | 556,895 | 31,528,000 | 0.72 | 498,144 | 13,578,105 | Not applicable | |
| YLT | U-Ming | Taiwan | Marine transportation | 58,840 | 58,840 | 6,348,103 | 0.75 | 308,774 | 1,621,695 | Not applicable | |
| ACE | CSCGL | Cayman | Investment | 266,882 | 266,882 | 7,480,000 | 0.17 | 118,080 | 13,578,105 | Not applicable | |
| | Opas Fund Segregated Portfolio Company | Cayman | Investment | 1,531 | 1,531 | 33 | 33.00 | 1,607 | 113 | Not applicable | |
| | Drive Catalyst SPC | Cayman | Investment | 494 | 494 | 33 | 33.00 | 488 | 20 | Not applicable | |
| ACP | CSCGL | Cayman | Investment | 1,959,250 | 1,959,250 | 107,536,000 | 2.47 | 1,700,893 | 13,578,105 | Not applicable | |
| ACP II | CSCGL | Cayman | Investment | 544,689 | 544,689 | 36,865,000 | 0.85 | 583,507 | 13,578,105 | Not applicable | |
| ACP III | CSCGL | Cayman | Investment | 290,967 | 290,967 | 14,790,000 | 0.34 | 233,970 | 13,578,105 | Not applicable | |
| ACP IV | CSCGL | Cayman | Investment | 292,032 | 292,032 | 18,514,000 | 0.43 | 293,443 | 13,578,105 | Not applicable | |
| Leap | CSCGL | Cayman | Investment | 567,556 | 567,556 | 35,569,000 | 0.82 | 562,979 | 13,578,105 | Not applicable | |
| Mega | CSCGL | Cayman | Investment | 554,533 | 554,533 | 30,251,000 | 0.70 | 479,139 | 13,578,105 | Not applicable | |
| Mega II | CSCGL | Cayman | Investment | 293,393 | 293,393 | 16,058,000 | 0.37 | 254,137 | 13,578,105 | Not applicable | |
| Mega III | CSCGL | Cayman | Investment | 292,743 | 292,743 | 18,477,000 | 0.42 | 291,688 | 13,578,105 | Not applicable | |
| Mega IV | CSCGL | Cayman | Investment | 504,078 | 504,078 | 37,410,000 | 0.86 | 591,806 | 13,578,105 | Not applicable | |
| KCC | KCCL | Hong Kong | Ready-mixed concrete | 38 | 38 | 10,000 | 100.00 | 138,589 | 13,198 | Not applicable | A subsidiary of the Corporation |
| | Join Fortune Trading Ltd. | B.V.I. | Investment | 88,372 | 88,372 | 2,979,721 | 100.00 | 18,957 | 584 | Not applicable | A subsidiary of the Corporation |
| JFTL | Empire Success Corp Ltd. | Hong Kong | Storage and transportation | 65,076 | 65,076 | 17,040,000 | 50.00 | 16,508 | (559) | Not applicable | |
| | Profit Enterprises Int'l Ltd. | Hong Kong | Barge transportation | 23,296 | 23,296 | 6,100,000 | 50.00 | 3,289 | 1,253 | Not applicable | |
| AOG | Asia Oriental Concrete, LLC | Guam | Ready-mixed concrete | 237,944 | 178,084 | (Note 1) | 71.70 | 22,269 | (66,247) | Not applicable | A subsidiary of the Corporation |
| | Perez-Mtec-ACC, L.L.C. | Guam | Ready-mixed concrete | 8,979 | 8,979 | (Note 1) | 33.33 | 42 | - | Not applicable | |

(Continued)

| Investor Company | Investee Company | Location | Main Businesses and Products | Investment Amount | | Balance as of December 31, 2019 | | | Net Income (Loss) of the Investee | Share of Profits (Loss) | Note |
|------------------|---------------------------------------|-----------|-------------------------------|-------------------|-------------------|---------------------------------|-------------------------|----------------|-----------------------------------|-------------------------|---------------------------------|
| | | | | December 31, 2019 | December 31, 2018 | Shares | Percentage of Ownership | Carrying Value | | | |
| ACSPL | OCPL | Singapore | Ready-mixed concrete, leasing | \$ 377,230 | \$ 377,230 | 17,000,000 | 100.00 | \$ 260,244 | \$ 3,400 | Not applicable | A subsidiary of the Corporation |
| | ACCHC | Cayman | Investment | 598,600 | 598,600 | 63,790,798 | 4.07 | 2,488,498 | 14,106,889 | Not applicable | A subsidiary of the Corporation |
| | Alliance Concrete Singapore Pte. Ltd. | Singapore | Ready-mixed concrete | 155,330 | 155,330 | 6,000,000 | 50.00 | 206,833 | 204,204 | Not applicable | |
| ACCHC | PIHPL | B.V.I. | Investment | 26,356,747 | 26,356,747 | 9,379,303 | 100.00 | 74,365,545 | 15,638,825 | Not applicable | A subsidiary of the Corporation |

Note 1: This is not a company limited by shares.

(Concluded)

ASIA CEMENT CORPORATION

INVESTMENT IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| Investee Company | Main Businesses and Products | Paid-in Capital | Method of Investment (Note 2) | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 1) | Carrying Amount as of December 31, 2019 | Accumulated Repatriation of Investment Income as of December 31, 2019 |
|------------------|---|---|-------------------------------|--|---------------------|---|--|---|--|---|--|--|
| | | | | | Outward | Inward | | | | | | |
| SHYLC | It manufactures and sells ready-mixed concrete and cement - related products | US\$15,000 (equivalent to NT\$448,950 thousand) | (2) | US\$11,200 (equivalent to NT\$335,216 thousand) | \$ - | \$ - | US\$11,200 (equivalent to NT\$335,216 thousand) | RMB14,271 (equivalent to NT\$63,986 thousand) | 72.00 | RMB10,275 (equivalent to NT\$46,070 thousand) | RMB10,405 (equivalent to NT\$44,643 thousand) | US\$800 (equivalent to NT\$23,944 thousand) |
| JYDC | It manufactures and sells cement, clinker and ready-mixed concrete (including cement - related products). | US\$356,104 (equivalent to NT\$10,658,193 thousand) | (2) | US\$93,035 (equivalent to NT\$2,784,538 thousand) RMB(126,758) (equivalent to NT\$(543,832) thousand) | - | RMB(380,367) (equivalent to NT\$(1,631,895) thousand) | US\$93,035 (equivalent to NT\$2,784,538 thousand) RMB(507,125) (equivalent to NT\$(2,175,727) thousand) | RMB1,488,812 (equivalent to NT\$6,675,264 thousand) | 68.40 | RMB1,018,348 (equivalent to NT\$4,565,881 thousand) | RMB4,112,215 (equivalent to NT\$17,642,702 thousand) | US\$50,781 (equivalent to NT\$1,519,875 thousand) RMB507,125 (equivalent to NT\$2,175,727 thousand) |
| WYDC | It manufactures and sells cement, slag powder and slag cement. | US\$36,140 (equivalent to NT\$1,081,670 thousand) | (2) | US\$22,081 (equivalent to NT\$660,884 thousand) RMB(3,533) (equivalent to NT\$(15,158) thousand) | - | - | US\$22,081 (equivalent to NT\$660,884 thousand) RMB(3,533) (equivalent to NT\$(15,158) thousand) | RMB29,023 (equivalent to NT\$130,126 thousand) | 72.00 | RMB20,896 (equivalent to NT\$93,691 thousand) | RMB438,541 (equivalent to NT\$1,881,481 thousand) | US\$4,469 (equivalent to NT\$133,757 thousand) RMB3,533 (equivalent to NT\$15,158 thousand) |
| SHYFCP | It manufactures and sells ready-mixed concrete and cement - related products | - | - | US\$1,270 (equivalent to NT\$38,011 thousand) | - | - | US\$1,270 (equivalent to NT\$38,011 thousand) | - | - | - | - | - |
| OHC | Investment | US\$130,407 (equivalent to NT\$3,903,082 thousand) | (2) | US\$54,191 (equivalent to NT\$1,621,937 thousand) | - | - | US\$54,191 (equivalent to NT\$1,621,937 thousand) | RMB386,044 (equivalent to NT\$1,730,872 thousand) | 72.00 | RMB277,951 (equivalent to NT\$1,246,228 thousand) | RMB2,077,855 (equivalent to NT\$8,914,653 thousand) | US\$809 (equivalent to NT\$24,213 thousand) |
| NYLC | It manufactures and sells ready-mixed concrete and cement - related products | RMB60,000 (equivalent to NT\$257,419 thousand) | (2) | - | - | - | - | RMB(6,553) (equivalent to NT\$(29,379) thousand) | 68.40 | RMB(4,482) (equivalent to NT\$(20,096) thousand) | RMB112,989 (equivalent to NT\$484,760 thousand) | - |
| NYDC | It manufactures and sells cement, slag powder and slag cement. | RMB90,000 (equivalent to NT\$386,128 thousand) | (2) | - | - | - | - | RMB15,586 (equivalent to NT\$69,883 thousand) | 52.20 | RMB8,136 (equivalent to NT\$36,479 thousand) | RMB88,543 (equivalent to NT\$379,876 thousand) | - |
| SIYDCCL | Cement, clinker, slag powder and ready-mixed concrete (including cement - related products) | US\$368,340 (equivalent to NT\$11,024,416 thousand) | (2) | US\$67,585 (equivalent to NT\$2,022,819 thousand) RMB(4,091) (equivalent to NT\$(17,552) thousand) | - | RMB(136,094) (equivalent to NT\$(583,886) thousand) | US\$67,585 (equivalent to NT\$2,022,819 thousand) RMB(140,185) (equivalent to NT\$(601,438) thousand) | RMB1,264,886 (equivalent to NT\$5,671,266 thousand) | 72.00 | RMB910,718 (equivalent to NT\$4,083,312 thousand) | RMB3,773,937 (equivalent to NT\$16,191,384 thousand) | US\$27,009 (equivalent to NT\$808,379 thousand) RMB140,185 (equivalent to NT\$601,438 thousand) |
| CYCPCL | It manufactures and sells ready-mixed concrete and cement - related products | US\$4,100 (equivalent to NT\$122,713 thousand) | (2) | US\$2,023 (equivalent to NT\$60,548 thousand) | - | - | US\$2,023 (equivalent to NT\$60,548 thousand) | RMB14,136 (equivalent to NT\$63,381 thousand) | 72.00 | RMB10,178 (equivalent to NT\$45,634 thousand) | RMB59,238 (equivalent to NT\$254,151 thousand) | US\$77 (equivalent to NT\$2,305 thousand) |
| JYLTC | Transportation | RMB12,500 (equivalent to NT\$53,629 thousand) | (2) | - | - | - | - | RMB6,397 (equivalent to NT\$28,680 thousand) | 70.12 | RMB4,485 (equivalent to NT\$20,111 thousand) | RMB25,780 (equivalent to NT\$110,602 thousand) | - |

(Continued)

| Investee Company | Main Businesses and Products | Paid-in Capital | Method of Investment (Note 2) | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 1) | Carrying Amount as of December 31, 2019 | Accumulated Repatriation of Investment Income as of December 31, 2019 |
|------------------|---|--|-------------------------------|---|---------------------|--|--|---|--|---|---|--|
| | | | | | Outward | Inward | | | | | | |
| HYDCCL | Cement, clinker, slag powder and ready-mixed concrete (including cement - related products) | US\$154,800 (equivalent to NT\$4,633,164 thousand) | (2) | US\$44,610 (equivalent to NT\$1,335,177 thousand) RMB(36,155) (equivalent to NT\$(155,116) thousand) | \$ - | RMB(87,753) (equivalent to NT\$(376,488) thousand) | US\$44,610 (equivalent to NT\$1,335,177 thousand) RMB(123,908) (equivalent to NT\$(531,604) thousand) | RMB430,511 (equivalent to NT\$1,930,247 thousand) | 72.00 | RMB309,968 (equivalent to NT\$1,389,778 thousand) | RMB1,884,938 (equivalent to NT\$8,086,981 thousand) | US\$12,990 (equivalent to NT\$388,791 thousand) RMB123,908 (equivalent to NT\$531,604 thousand) |
| CYSPC | Slag powder | - | - | US\$980 (equivalent to NT\$29,331 thousand) | - | - | US\$980 (equivalent to NT\$29,331 thousand) | - | - | - | - | - |
| SYCPCL | It manufactures and sells ready-mixed concrete and cement - related products | US\$3,300 (equivalent to NT\$98,769 thousand) | (2) | US\$2,970 (equivalent to NT\$88,892 thousand) | - | - | US\$2,970 (equivalent to NT\$88,892 thousand) | RMB17,747 (equivalent to NT\$79,571 thousand) | 72.00 | RMB12,778 (equivalent to NT\$57,291 thousand) | RMB38,641 (equivalent to NT\$165,782 thousand) | - |
| SYTCL | Transportation | US\$3,500 (equivalent to NT\$104,755 thousand) | (2) | US\$2,158 (equivalent to NT\$64,589 thousand) | - | - | US\$2,158 (equivalent to NT\$64,589 thousand) | RMB4,087 (equivalent to NT\$18,323 thousand) | 72.00 | RMB2,942 (equivalent to NT\$13,193 thousand) | RMB31,255 (equivalent to NT\$134,095 thousand) | US\$992 (equivalent to NT\$29,691 thousand) |
| YYDCCL | Cement, slag powder and ready-mixed concrete (including cement - related products) | US\$35,530 (equivalent to NT\$1,063,413 thousand) | (2) | US\$14,833 (equivalent to NT\$443,952 thousand) | - | - | US\$14,833 (equivalent to NT\$443,952 thousand) | RMB50,419 (equivalent to NT\$226,061 thousand) | 72.00 | RMB36,302 (equivalent to NT\$162,764 thousand) | RMB300,302 (equivalent to NT\$1,288,390 thousand) | US\$1,016 (equivalent to NT\$30,409 thousand) |
| HGYDC | Cement, clinker, slag powder and ready-mixed concrete (including cement - related products) | US\$86,170 (equivalent to NT\$2,579,068 thousand) | (2) | US\$13,513 (equivalent to NT\$404,444 thousand) RMB(24,078) (equivalent to NT\$(103,302) thousand) | - | RMB(67,959) (equivalent to NT\$(291,566) thousand) | US\$13,513 (equivalent to NT\$404,444 thousand) RMB(92,037) (equivalent to NT\$(394,868) thousand) | RMB265,762 (equivalent to NT\$1,191,577 thousand) | 72.00 | RMB191,349 (equivalent to NT\$857,936 thousand) | RMB915,154 (equivalent to NT\$3,926,300 thousand) | US\$1,837 (equivalent to NT\$54,981 thousand) RMB92,037 (equivalent to NT\$394,868 thousand) |
| HYTCL | Transportation | RMB13,000 (equivalent to NT\$55,774 thousand) | (2) | - | - | - | - | RMB112 (equivalent to NT\$501 thousand) | 72.00 | RMB80 (equivalent to NT\$360 thousand) | RMB13,316 (equivalent to NT\$57,130 thousand) | - |
| WYCPCL | It manufactures and sells ready-mixed concrete and cement - related products | RMB60,000 (equivalent to NT\$257,419 thousand) | (2) | - | - | - | - | RMB23,129 (equivalent to NT\$103,702 thousand) | 72.00 | RMB16,653 (equivalent to NT\$74,665 thousand) | RMB65,039 (equivalent to NT\$279,036 thousand) | - |
| WYXC | Cement, clinker, slag powder and ready-mixed concrete (including cement - related products) | RMB90,000 (equivalent to NT\$386,128 thousand) | (2) | - | - | - | - | RMB45,088 (equivalent to NT\$202,157 thousand) | 64.79 | RMB28,758 (equivalent to NT\$128,941 thousand) | RMB256,172 (equivalent to NT\$1,099,058 thousand) | - |
| HZYCCL | It manufactures and sells ready-mixed concrete and cement - related products | RMB30,000 (equivalent to NT\$128,709 thousand) | (2) | - | - | - | - | RMB6,787 (equivalent to NT\$30,430 thousand) | 28.80 | RMB1,955 (equivalent to NT\$8,764 thousand) | RMB13,305 (equivalent to NT\$57,084 thousand) | - |
| HXMC | Production and sales of limestone | RMB10,000 (equivalent to NT\$42,903 thousand) | (2) | - | - | - | - | RMB10,800 (equivalent to NT\$48,425 thousand) | 28.80 | RMB2,948 (equivalent to NT\$13,217 thousand) | RMB6,819 (equivalent to NT\$29,255 thousand) | - |
| WAMTC | Marine transportation | RMB35,500 (equivalent to NT\$152,306 thousand) | (2) | - | - | - | - | RMB10,804 (equivalent to NT\$48,439 thousand) | 34.20 | RMB3,751 (equivalent to NT\$16,820 thousand) | RMB32,162 (equivalent to NT\$137,985 thousand) | - |
| TZOCCL | Cement - related products | US\$16,000 (equivalent to NT\$478,880 thousand) | (2) | - | - | - | - | RMB13,131 (equivalent to NT\$58,875 thousand) | 72.00 | RMB8,982 (equivalent to NT\$40,271 thousand) | RMB60,949 (equivalent to NT\$261,493 thousand) | - |

(Continued)

| Investee Company | Main Businesses and Products | Paid-in Capital | Method of Investment (Note 2) | Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) (Note 1) | Carrying Amount as of December 31, 2019 | Accumulated Repatriation of Investment Income as of December 31, 2019 |
|------------------|--|---|-------------------------------|---|---------------------|--------|---|---|--|---|---|---|
| | | | | | Outward | Inward | | | | | | |
| SLCL | Cement, clinker, slag powder and ready-mixed concrete (including cement - related products) | RMB600,000 (equivalent to NT\$2,574,190 thousand) | (2) | \$ - | \$ - | \$ - | \$ - | RMB568,864 (equivalent to NT\$2,550,570 thousand) | 72.00 | RMB407,522 (equivalent to NT\$1,827,173 thousand) | RMB1,512,948 (equivalent to NT\$6,491,023 thousand) | \$ - |
| SLCCL | Cement - related products | RMB20,000 (equivalent to NT\$85,806 thousand) | (2) | - | - | - | - | RMB(503) (equivalent to NT\$(2,254) thousand) | 72.00 | RMB(362) (equivalent to NT\$(1,623) thousand) | RMB(15,014) (equivalent to NT\$(64,413) thousand) | - |
| YDES | Wholesale of chemical products and machinery equipment, design and development of computer software and network technology | RMB1,763,425 (equivalent to NT\$7,565,650 thousand) | (2) | - | - | - | - | RMB(22,262) (equivalent to NT\$(99,813) thousand) | 28.80 | RMB(5,434) (equivalent to NT\$(24,364) thousand) | RMB508,783 (equivalent to NT\$2,182,839 thousand) | - |
| RYNM | Building materials, products and construction waste | RMB2,000 (equivalent to NT\$8,581 thousand) | (2) | - | - | - | - | RMB47,672 (equivalent to NT\$213,741 thousand) | 68.40 | RMB32,607 (equivalent to NT\$146,199 thousand) | RMB33,975 (equivalent to NT\$145,765 thousand) | - |

| Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2019 | Investment Amounts Authorized by Investment Commission, MOEA | Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA |
|---|--|---|
| US\$481,069 (Note 3) (equivalent to NT\$14,398,395 thousand) RMB(866,788) (equivalent to NT\$(3,718,794) thousand) | US\$2,284,279 (equivalent to NT\$68,368,470 thousand) | (Note 4) |

Note 1: The accrual is based on the financial statements audited by independent auditors.

Note 2: The investor companies were incorporated in Mainland China by a company (2) (ACCHC) which was incorporated in the area other than Taiwan and Mainland China in order to invest in Mainland China.

Note 3: As of December 31, 2019 accumulated investment in China Shanshui Cement Group Ltd which listed at HKEx for managing finance purpose was US\$150,620 thousand included in Accumulated Outward Remittance for Investment in Mainland China.

Note 4: The Corporation obtained certificate No. 10620435220 from Industrial Development Bureau, Ministry of Economic Affairs, according to the "Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China", the accumulation of fund is not limited.

Note 5: The foreign currency amounts of original investment amount and carrying value are expressed in New Taiwan dollars at exchange rate as of December 31, 2019 the foreign currency amount of net income is expressed in New Taiwan dollars at average exchange rate for the year ended December 31, 2019.

(Concluded)