Taiwan Cement Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2017 and 2016 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of Taiwan Cement Corporation as of and for the year ended December 31, 2017, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10 "Consolidated Financial Statements". In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Taiwan Cement Corporation and subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

TAIWAN CEMENT CORPORATION
AN-PING CHANG
Chairman

March 28, 2018

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan Cement Corporation

Opinion

We have audited the accompanying consolidated financial statements of Taiwan Cement Corporation and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2017 and 2016, 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, 2017. 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 description of the key audit matter of the Group's consolidated financial statements for the year ended December 31, 2017 is as follows:

Impairment Loss of Property, Plant and Equipment and Goodwill

As disclosed in Notes 4, 5, 15, and 17 to the consolidated financial statements, the Group's property, plant and equipment is mainly from the cement business and goodwill is mainly from the acquisition of subsidiaries to expand the Group's cement business in China. The amounts of property, plant and equipment and goodwill are material for the consolidated financial statements as a whole, and the Group is required to periodically evaluate the impairment loss for such goodwill and property, plant and equipment when there is any indication that these assets may be impaired under IAS 36 "Impairment of Assets".

For the impairment assessment process, management is required to calculate the expected recoverable amounts of assets identified as being impaired and determine a suitable discount rate. In this process, management's evaluation and judgment on the expected recoverable amounts is highly judgmental and is based on assumptions subject to changes in the market or economic conditions, which contains a significant level of uncertainty. Thus, the impairment of property, plant and equipment and goodwill is considered a key audit matter.

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

1. Understood the Group's asset impairment evaluation processes and implementation of related controls, including the assumption basis and information sources.

2. Understood and assessed whether the recent operating results and industry conditions were considered in the calculation and the achievability measure of expected recoverable amounts.

3. Evaluated the reasonableness of the discount rates that the Group used.

Other Matter

We have also audited the parent company only financial statements of Taiwan Cement Corporation as of and for the years ended December 31, 2017 and 2016 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the 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, 2017 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Ya-Ling Wong and Chih-Ming Shao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 28, 2018

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.

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017		2016	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 26,331,218	10	$ 28,179,758	11
Financial assets at fair value through profit or loss (Notes 4 and 7)	147,049	-	148,488	-
Available-for-sale financial assets (Notes 4, 8 and 30)	25,101,220	9	15,536,693	6
Notes receivable (Notes 4 and 10)	20,003,996	7	12,600,411	5
Accounts receivable (Notes 4, 10, 11 and 30)	7,072,466	3	6,782,292	3
Notes and accounts receivable from related parties (Notes 4 and 29)	229,702	-	546,984	-
Other receivables (Notes 4 and 24)	751,932	-	770,838	-
Other receivables from related parties (Notes 4 and 29)	3,092	-	181,997	-
Inventories (Notes 4, 12 and 31)	8,354,522	3	8,893,965	3
Prepayments (Notes 18 and 30)	2,914,701	1	2,955,246	1
Other financial assets (Notes 4, 6 and 30)	1,302,249	1	812,127	-
Other current assets (Notes 4 and 9)	507,767	-	475,213	-
Total current assets	92,719,914	34	77,884,012	29
NON-CURRENT ASSETS				
Available-for-sale financial assets (Notes 4, 8 and 30)	3,455,938	1	4,190,855	2
Financial assets carried at cost (Note 4)	582,819	-	589,736	-
Investments accounted for by using the equity method (Notes 4 and 14)	7,940,701	3	7,444,947	3
Property, plant and equipment (Notes 4, 15, 23 and 30)	94,709,404	35	101,799,766	38
Investment properties (Notes 4, 16, 23 and 30)	6,374,920	2	6,073,056	2
Intangible assets (Notes 4, 17 and 23)	20,852,624	8	21,175,282	8
Prepayments for property, plant and equipment	2,926,304	1	2,740,525	1
Long-term finance lease receivables (Notes 4, 11 and 30)	32,425,584	12	33,666,040	13
Net defined benefit asset (Notes 4 and 21)	897,637	-	827,402	-
Long-term prepayments for leases (Note 18)	6,833,745	3	6,934,059	3
Other non-current assets (Notes 4, 24 and 30)	2,837,459	1	3,663,016	1
Total non-current assets	179,837,135	66	189,104,684	71
TOTAL	$ 272,557,049	100	$ 266,988,696	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Notes 19 and 30)	$ 20,314,112	7	$ 20,635,324	8
Short-term bills payable (Note 19)	7,991,417	3	5,921,518	2
Notes and accounts payable (Note 29)	7,789,179	3	7,899,677	3
Other payables (Notes 20 and 31)	8,839,408	3	7,732,857	3
Current income tax liabilities (Notes 4 and 24)	1,651,042	1	1,324,329	1
Advance receipts	4,548,755	2	3,352,902	1
Long-term loans - current portion (Notes 19 and 30)	13,910,242	5	8,163,950	3
Other current liabilities	148,805	-	74,362	-
Total current liabilities	65,192,960	24	55,104,919	21
NON-CURRENT LIABILITIES				
Long-term loans (Notes 19 and 30)	43,494,968	16	53,342,059	20
Deferred income tax liabilities (Notes 4 and 24)	10,397,776	4	10,213,967	4
Net defined benefit liability (Notes 4 and 21)	211,697	-	184,115	-
Other non-current liabilities (Note 31)	612,432	-	746,965	-
Total non-current liabilities	54,716,873	20	64,487,106	24
Total liabilities	119,909,833	44	119,592,025	45
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Notes 22, 24 and 26)				
Share capital	42,465,090	16	36,921,759	14
Capital surplus	25,739,065	9	13,534,162	5
Retained earnings	49,019,510	18	47,337,524	18
Others	19,124,539	7	8,974,606	3
Equity attributable to shareholders of the parent	136,348,204	50	106,768,051	40
NON-CONTROLLING INTERESTS (Note 22)	16,299,012	6	40,628,620	15
Total equity	152,647,216	56	147,396,671	55
TOTAL	$ 272,557,049	100	$ 266,988,696	100

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 9 and 29)	$ 98,311,776	100	$ 89,564,306	100
OPERATING COSTS (Notes 4, 9, 12, 23 and 29)	79,398,862	81	71,583,302	80
GROSS PROFIT	18,912,914	19	17,981,004	20
OPERATING EXPENSES (Notes 23 and 29)				
Marketing	791,540	1	733,021	1
General and administrative	4,126,090	4	4,193,229	4
Research and development	32,399	-	20,618	-
Total operating expenses	4,950,029	5	4,946,868	5
INCOME FROM OPERATIONS	13,962,885	14	13,034,136	15
NON-OPERATING INCOME AND EXPENSES				
Share of profit of associates and joint ventures (Notes 4 and 14)	1,271,111	1	979,609	1
Interest income (Notes 4 and 29)	244,041	-	267,182	-
Dividend income (Note 4)	799,137	1	808,767	1
Other income (Note 23)	628,473	1	928,426	1
Finance costs (Notes 4 and 23)	(1,923,309)	(2)	(1,916,837)	(2)
Other expenses (Note 23)	(555,190)	(1)	(473,231)	-
Foreign exchange losses, net	(241,360)	-	(985,562)	(1)
Impairment loss recognized on financial assets	(110,507)	-	(619,013)	(1)
Impairment loss recognized on non-financial assets (Notes 15 and 17)	(250,622)	-	(508,142)	(1)
Total non-operating income and expenses	(138,226)	-	(1,518,801)	(2)
INCOME BEFORE INCOME TAX	13,824,659	14	11,515,335	13
INCOME TAX EXPENSE (Notes 4 and 24)	3,501,859	3	2,673,260	3
NET INCOME	10,322,800	11	8,842,075	10

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TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Notes 21 and 22)	$ 12,233	-	$ 385,369	-
Share of other comprehensive income (loss) of associates and joint ventures (Note 22)	3,444	-	(6,193)	-
Income tax expense related to items that will not be reclassified subsequently to profit or loss (Note 24)	(2,080)	-	(65,512)	-
	13,597	-	313,664	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 22)	1,357,564	1	(7,055,040)	(8)
Unrealized gain on available-for-sale financial assets (Note 22)	8,815,404	9	243,381	-
Cash flow hedges (Notes 9 and 22)	(13,167)	-	4,022	-
Share of other comprehensive loss of associates and joint ventures (Note 22)	(194,765)	-	(493,741)	-
Income tax expense related to items that may be reclassified subsequently to profit or loss (Notes 22 and 24)	(1,861)	-	-	-
	9,963,175	10	(7,301,378)	(8)
Other comprehensive income (loss) for the year, net of income tax	9,976,772	10	(6,987,714)	(8)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 20,299,572	21	$ 1,854,361	2
NET INCOME ATTRIBUTABLE TO:				
Shareholders of the parent	$ 7,594,247	7	$ 6,358,452	7
Non-controlling interests	2,728,553	3	2,483,623	3
	$ 10,322,800	10	$ 8,842,075	10
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the parent	$ 17,775,812	18	$ 2,411,113	3
Non-controlling interests	2,523,760	3	(556,752)	(1)
	$ 20,299,572	21	$ 1,854,361	2

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TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Income Attributable to Shareholders of the Parent	
	2017	**2016**
EARNINGS PER SHARE (NT$, Note 25)		
Basic earnings per share	$2.03	$1.72
Diluted earnings per share	$2.03	$1.72

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent											
			Retained Earnings				Others					
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain on Available-for-sale Financial Assets	Cash Flow Hedges	Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2016	$ 36,921,759	$ 12,309,615	$ 12,811,665	$ 13,050,495	$ 19,710,897	$ 45,573,057	$ 2,239,093	$ 10,993,974	$ 5,487	$ 108,042,985	$ 47,441,267	$ 155,484,252
Appropriation of prior year's earnings												
Legal reserve	-	-	577,599	-	(577,599)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(4,910,594)	(4,910,594)	-	-	-	(4,910,594)	-	(4,910,594)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(2,299,291)	(2,299,291)
Net income for the year ended December 31, 2016	-	-	-	-	6,358,452	6,358,452	-	-	-	6,358,452	2,483,623	8,842,075
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	316,609	316,609	(4,472,710)	206,349	2,413	(3,947,339)	(3,040,375)	(6,987,714)
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	6,675,061	6,675,061	(4,472,710)	206,349	2,413	2,411,113	(556,752)	1,854,361
Difference between consideration paid and the carrying amount of subsidiaries' net assets during actual acquisitions	-	1,224,547	-	-	-	-	-	-	-	1,224,547	(1,224,547)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,732,057)	(2,732,057)
Reversal of special reserve recognized from asset disposals	-	-	-	(11)	11	-	-	-	-	-	-	-
BALANCE, DECEMBER 31, 2016	36,921,759	13,534,162	13,389,264	13,050,484	20,897,776	47,337,524	(2,233,617)	11,200,323	7,900	106,768,051	40,628,620	147,396,671
Appropriation of prior year's earnings												
Legal reserve	-	-	635,845	-	(635,845)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(5,353,655)	(5,353,655)	-	-	-	(5,353,655)	-	(5,353,655)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(2,258,975)	(2,258,975)
Net income for the year ended December 31, 2017	-	-	-	-	7,594,247	7,594,247	-	-	-	7,594,247	2,728,553	10,322,800
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	31,632	31,632	1,443,142	8,714,691	(7,900)	10,181,565	(204,793)	9,976,772
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	7,625,879	7,625,879	1,443,142	8,714,691	(7,900)	17,775,812	2,523,760	20,299,572
Difference between consideration received/paid and the carrying amount of subsidiaries' net assets during actual acquisitions and disposals	-	(1,224,547)	-	-	(590,238)	(590,238)	-	-	-	(1,814,785)	1,408,336	(406,449)
Changes in ownership interests of subsidiaries	-	2,120	-	-	-	-	-	-	-	2,120	389	2,509
Issuance of new shares for the acquisition of shares in subsidiaries	5,543,331	13,427,330	-	-	-	-	-	-	-	18,970,661	-	18,970,661
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(26,003,118)	(26,003,118)
Reversal of special reserve recognized from asset disposals	-	-	-	(849)	849	-	-	-	-	-	-	-
BALANCE, DECEMBER 31, 2017	$ 42,465,090	$ 25,739,065	$ 14,025,109	$ 13,049,635	$ 21,944,766	$ 49,019,510	$ (790,475)	$ 19,915,014	$ -	$ 136,348,204	$ 16,299,012	$ 152,647,216

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 13,824,659	$ 11,515,335
Adjustments for:		
Depreciation expense	6,080,554	6,587,626
Amortization expense	383,239	402,921
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	103,169	(367,641)
Finance costs	1,923,309	1,916,837
Interest income	(244,041)	(267,182)
Dividend income	(799,137)	(808,767)
Share of profits of associates and joint ventures	(1,271,111)	(979,609)
Loss (gain) on disposal of property, plant and equipment, net	191,033	(3,245)
Loss (gain) on disposal of investments, net	303	(402)
Impairment loss on financial assets	110,507	619,013
Impairment loss on non-financial assets	250,622	508,142
(Reversals of) write-downs of inventories	(112,076)	17,956
Unrealized loss on foreign exchange, net	114,129	11,880
Others	219,634	235,962
Changes in operating assets and liabilities:		
Financial assets held for trading	(105,184)	365,551
Notes receivable	(8,569,848)	(421,615)
Accounts receivable	(334,841)	62,927
Notes and accounts receivable from related parties	295,570	426,650
Other receivables	(70,927)	(205,146)
Other receivables from related parties	68,842	76,503
Inventories	(70,534)	(53,965)
Prepayments	(136,853)	269,215
Other current assets	(73,761)	(52,334)
Notes and accounts payable	254,865	890,346
Other payables	1,759,499	329,921
Advance receipts	1,311,936	257,740
Other current liabilities	74,443	(40,014)
Net defined benefit liability	(30,420)	(93,608)
Cash generated from operations	15,147,580	21,200,997
Income tax paid	(2,837,020)	(2,450,842)
Net cash generated from operating activities	12,310,560	18,750,155
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of available-for-sale financial assets	(245,128)	(366,113)
Proceeds from sale of available-for-sale financial assets	57,597	69,708
Purchases of financial assets carried at cost	-	(1)
Proceeds from the return of capital upon investees' capital reduction of financial assets carried at cost	5,833	11,584

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TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017	2016
Proceeds from the return of capital upon investees' capital reduction of investees measured by using the equity method	$ 185,902	$ -
Payments for property, plant and equipment	(1,523,028)	(2,995,914)
Proceeds from disposal of property, plant and equipment	242,135	41,826
Payments for intangible assets	(291,211)	(79,398)
Payments for investment properties	-	(568)
Decrease in long-term finance lease receivables	1,240,456	669,369
Decrease (increase) in other financial assets	(563,702)	1,225,039
Decrease (increase) in other non-current assets	688,785	(593,738)
Increase in prepayments for leases	(190,211)	(72,594)
Interest received	250,905	288,807
Dividends received	1,197,271	1,856,760
Net cash generated from investing activities	1,055,604	54,767
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	374,531	(1,480,747)
Increase in long-term loans	9,412,885	19,433,699
Repayments of long-term loans	(10,020,076)	(34,738,309)
Increase (decrease) in short-term bills payable	2,069,899	(238,262)
Decrease in other non-current liabilities	(134,533)	(209,314)
Cash dividends paid	(7,612,630)	(7,209,885)
Acquisitions of additional interests in subsidiaries	(7,234,603)	(2,732,057)
Partial disposals of interests in subsidiaries without losing control	16,917	-
Interest paid	(1,764,869)	(1,721,077)
Net cash used in financing activities	(14,892,479)	(28,895,952)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(322,225)	(706,572)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,848,540)	(10,797,602)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	28,179,758	38,977,360
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 26,331,218	$ 28,179,758

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

1. GENERAL INFORMATION

Taiwan Cement Corporation (the "Corporation") was incorporated in 1946 and restructured as a corporation in 1951, which was jointly operated by the Ministry of Economics Resource Committee and the Taiwan Provincial Government. In 1954, the Corporation privatized as a result of the Taiwan government's land reform program, land-to-the-tiller policy. The Corporation engages in the manufacture and marketing of cement, cement-related products and ready-mixed concrete. The Corporation's shares have been listed on the Taiwan Stock Exchange since February 1962.

The consolidated financial statements of the Corporation and its subsidiaries, collectively referred to as the "Group", are presented in New Taiwan dollars, the functional currency of the Corporation.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation's board of directors on March 28, 2018.

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

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

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

Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers

The amendments include additions of several accounting items and requirements for disclosures of impairment of non-financial assets as a consequence of the IFRSs endorsed and issued into effect by the FSC. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include an emphasis on certain recognition and measurement considerations and add requirements for disclosures of related-party transactions and goodwill.

The amendments stipulate that other companies or institutions of which the chairman of the board of directors or president serves as the chairman of the board of directors or the president of the Group, or is the spouse or second immediate family of the chairman of the board of directors or president of the Group are deemed to have a substantive related-party relationship, unless it can be demonstrated that no control, joint control, or significant influence exists. Furthermore, the amendments require the disclosure of the names of the related parties and the relationships with whom the Group has significant transactions. If the transactions or balance with a specific related party is 10% or more of the Group's respective total transactions or balance, such transactions should be separately disclosed by the name of each related party.

The amendments also require additional disclosure if there is a significant difference between the actual operations after a business combination and the expected benefits on the acquisition date.

When the amendments are applied retrospectively from January 1, 2017, the disclosures of related-party transactions and impairment of goodwill are enhanced. Refer to Notes 29 and 17 for the related disclosures.

b. The Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC for application starting from 2018

New, Amended or Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018 (Note 2)
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

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

Note 2: The amendment to IFRS 12 is retrospectively applied for annual periods beginning on or after January 1, 2017; the amendments to IAS 28 are retrospectively applied for annual periods beginning on or after January 1, 2018.

- IFRS 9 "Financial Instruments" and related amendments

  Classification, measurement and impairment of financial assets

  With regard to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

  For the Group's debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

  1) For debt instruments, if they are held within a business model whose objective is to collect contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with any impairment loss recognized in profit or loss. Interest revenue is recognized in profit or loss by using the effective interest method; and

2) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gains or losses shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gains or losses previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for the above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gains or losses previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

The Group analyzed the facts and circumstances of its financial assets as of December 31, 2017 and performed the assessment of the impact of IFRS 9 on the classification and measurement of financial assets. Under IFRS 9:

1) Listed shares, emerging market shares, and unlisted shares classified as available-for-sale will be classified as at fair value through profit or loss or will be designated as at fair value through other comprehensive income and the fair value gains or losses accumulated in other equity will be transferred directly to retained earnings instead of being reclassified to profit or loss on disposal. Besides this, unlisted shares carried at cost will be measured at fair value instead; and

2) Mutual funds classified as available-for-sale will be classified as at fair value through profit or loss because the contractual cash flows are not solely payments of principal and interest on the principal outstanding and they are not equity instruments.

IFRS 9 requires that impairment loss on financial assets be recognized by using the "Expected Credit Losses Model". A loss allowance is required for financial assets measured at amortized cost. A loss allowance for 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since its initial recognition. A loss allowance for full-lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since its initial recognition and is not low. However, a loss allowance for full-lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

The Group has performed a preliminary assessment in which it will apply the simplified approach to recognize full-lifetime expected credit losses for trade receivables. In relation to debt instrument investments and financial guarantee contracts, the Group will assess whether there has been a significant increase in credit risk to determine whether to recognize 12-month or full-lifetime expected credit losses. In general, the Group anticipates that the application of the expected credit losses model of IFRS 9 will result in an earlier recognition of credit losses for financial assets.

The Group elects not to restate prior periods when applying the requirements for the classification, measurement and impairment of financial assets under IFRS 9 with the cumulative effect of the initial application recognized at the date of initial application and will provide the disclosures related to the classification and the adjustment information upon initial application of IFRS 9.

The anticipated impact on assets, liabilities and equity of retrospective application of the requirements for the classification, measurement and impairment of financial assets as of January 1, 2018 is set out below:

	Carrying Amount as of December 31, 2017	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2018
Impact on assets and equity			
Available-for-sale financial assets - current	$ 25,101,220	$ (25,101,220)	$ -
Available-for-sale financial assets - non-current	3,455,938	(3,455,938)	-
Financial assets carried at cost - non-current	582,819	(582,819)	-
Financial assets at fair value through profit or loss - current	147,049	391,568	538,617
Financial assets at fair value through other comprehensive income - current	-	24,709,652	24,709,652
Financial assets at fair value through other comprehensive income - non-current	-	8,952,984	8,952,984
Total effect on assets	$ 29,287,026	$ 4,914,227	$ 34,201,253
Retained earnings	$ 49,019,510	$ 654,005	$ 49,673,515
Other equity	19,124,539	4,243,857	23,368,396
Non-controlling interests	16,299,012	16,365	16,315,377
Total effect on equity	$ 84,443,061	$ 4,914,227	$ 89,357,288

Hedge accounting

The main changes in hedge accounting amended the application requirements for hedge accounting to better reflect the Group's risk management activities. Compared with IAS 39, the main changes include: (1) enhancing the types of transactions eligible for hedge accounting, specifically broadening the risks eligible for hedge accounting of non-financial items; (2) changing the way the hedging costs of derivative instruments are accounted for to reduce profit or loss volatility; and (3) replacing the retrospective effectiveness assessment with the principle of the economic relationship between the hedging instrument and the hedged item.

Except for the above impact, as of the date the consolidated financial statements were authorized, the Group assessed that the application of other standards and interpretations will not have material impact on the Group's consolidated financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2015-2017 Cycle"	January 1, 2019
Amendments to IFRS 9 " Prepayment Features with Negative Compensation"	January 1, 2019 (Note 2)
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 16 "Leases"	January 1, 2019 (Note 3)
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019 (Note 4)
Amendments to IAS 28 " Long-term Interests in Associates and Joint Ventures"	January 1, 2019
IFRIC 23 "Uncertainty Over Income Tax Treatments"	January 1, 2019

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

Note 2: The FSC permits the election for early adoption of the amendments starting from 2018.

Note 3: On December 19, 2017, the FSC announced that IFRS 16 will take effect starting from January 1, 2019.

Note 4: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating leases under IAS 17 to low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed by using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities and the interest portion are classified within financing activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Group as lessor.

When IFRS 16 becomes effective, the Group may elect to apply this standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this standard recognized at the date of initial application.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 endorsed and issued into effect by the FSC.

b. Basis of preparation

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation.

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 or 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 Group.

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 Group's interests and the non-controlling interests are adjusted to reflect the changes in its 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.

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

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

See Note 13 for more information on subsidiaries (including the percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for by using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

For each business combination, the Group measures the non-controlling interests at either fair value or the share in the recognized amounts of the acquiree's identifiable net assets. Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets, in the event of liquidation, may be initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of the measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value.

When a business combination is achieved in stages, the Group's previously held equity interest in an acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized on the same basis as would be required if those interests were directly disposed of by the Group.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

f. Foreign currencies

In preparing the financial statements of each individual group 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 except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

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, and in which case, 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 not retranslated.

For the purpose of presenting consolidated financial statements, the functional currencies of the Corporation and the group entities (including subsidiaries, associates and joint ventures in other countries that use currencies that are different from the currency of the Corporation) are translated into the presentation currency, the New Taiwan dollar, as follows: assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; 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 (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

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

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

g. Inventories

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

h. Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that 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 joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group's share of the equity of associates and joint ventures.

Any excess of the cost of an acquisition over the Group's share of the 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 the net fair value of the identifiable assets and liabilities over the cost of the acquisition, after reassessment, is recognized immediately in profit or loss.

When the 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 that 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 the Group's share of equity of associates and joint ventures. 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 by using the equity method is insufficient, the shortage is debited to retained earnings.

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

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on its 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 a group entity 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' consolidated financial statements only to the extent that interests in the associate and the joint venture are not related to the Group.

i. Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment loss.

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

Freehold land is not depreciated.

Depreciation on property, plant and equipment (including assets held under finance leases) is recognized using the straight-line method. Each significant part is depreciated separately. If a lease term is shorter than the assets' useful lives, such assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

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

j. Investment properties

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

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

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

k. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of the 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 or groups of cash-generating units was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit or groups of cash-generating units 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 to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation that is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

l. Intangible assets

1) Intangible assets acquired separately

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

When the Group has a right to charge for usage of concession infrastructure (as a consideration for providing construction services in a service concession arrangement), it recognizes this as an intangible asset at fair value upon initial recognition. The intangible asset is subsequently measured at cost less accumulated amortization and any accumulated impairment loss.

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

m. 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 an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Group assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

When an impairment loss is subsequently reversed, the carrying amount of an asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization expenses or depreciation expenses) 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.

n. Non-current assets held for sale

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

When a sale plan would result in a loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale, regardless of whether the Group will retain a non-controlling interest in that subsidiary after the sale.

When the Group is committed to a sale plan involving the disposal of an investment or a portion of an investment in an associate or a joint venture, only the investment or the portion of the investment that will be disposed of is classified as held for sale when the classification criteria are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for by using the equity method. If the Group ceases to have significant influence or joint control over the investment after the disposal takes place, the Group accounts for any retained interest that has not been classified as held for sale in accordance with the accounting policies for financial instruments.

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

When a subsidiary, joint venture, associate, or a portion of an interest in a joint venture or an associate previously classified as held for sale no longer meets the criteria to be so classified, it is measured at the carrying amount that would have been recognized had such interests not been classified as held for sale. Financial statements for the periods since classification as held for sale are amended accordingly.

o. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at 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.

1) 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 fair value through profit or loss, available-for-sale financial assets, and loans and receivables.

i. Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when a financial asset is held for trading.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on their remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 28.

ii. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amounts of available-for-sale monetary financial assets (relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments) are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group’s right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

iii. Loans and receivables

Loans and receivables are measured at amortized cost using the effective interest method less any impairment, except for short-term receivables when the effect of discounting is immaterial.

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

b) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial assets carried at amortized cost are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with defaults on receivables.

For a financial asset carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of a financial asset is reduced by its impairment loss directly for all financial assets, with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When accounts receivable are considered uncollectable, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectable accounts receivable that are written off against the 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 in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

2) Equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Corporation’s own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Corporation’s own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except for financial liabilities at fair value through profit or loss, all financial liabilities are carried at amortized cost using the effective interest method.

Financial liabilities are classified as at fair value through profit or loss when any such financial liability is either held for trading or is designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 28.

A financial liability may be designated as at fair value through profit or loss upon initial recognition when doing so results in more relevant information and if:

i. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

ii. The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Group’s documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

iii. The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at fair value through profit or loss.

For a financial liability designated as at fair value through profit or loss, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The remaining amount of changes in the fair value of that liability is presented in profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liabilities are derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in fair value of the liability are presented in profit or loss.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

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

Derivatives embedded in non-derivative host contracts 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 contracts are not measured at fair value through profit or loss.

p. Hedge accounting

The effects of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income. The gains or losses relating to the ineffective portion is recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and are included in the initial cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued prospectively when the Group revokes the designated hedging relationship, or when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer meets the criteria for hedge accounting. The cumulative gains or losses on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the gains or losses accumulated in equity are recognized immediately in profit or loss.

q. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Allowances for sales returns and liabilities for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and based on past experience and other relevant factors.

1) Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c) The amount of revenue can be measured reliably;

d) It is probable that the economic benefits associated with the transaction will flow to the Group; and

e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from the sale of property in the course of ordinary activities is recognized when the construction is completed and the property is transferred to the buyer. Until such revenue is recognized, deposits and installment payments received from sales of properties are carried in the consolidated balance sheets under current liabilities.

2) Rendering of services

Service income including that from operating services provided under service concession arrangements is recognized when services are provided.

Freight revenue is recognized by reference to the proportion of the voyage period.

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract or when services are provided.

3) Sale of electric power

Revenue from electric power is calculated according to the volume of electric power sold and the energy rate.

4) Dividend and interest income

Dividend income from investments is recognized when a shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rate.

r. Leasing

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. The lease component of all electric power selling contracts identified in accordance with IFRIC 4 “Determining Whether an Arrangement Contains a Lease” is classified as a finance lease.

1) 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.

2) The Group as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation.

Finance expenses implicit in lease payments for each period are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, and in which case they are capitalized.

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

s. Borrowing costs

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

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

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

t. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable. Relevant grants of an asset are recognized as deferred revenue or a reduction of the asset’s cost on a straight-line basis.

u. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

The net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plan or reductions in future contributions to the plan.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for a defined benefit plan except that remeasurement is recognized in profit or loss.

v. Taxation

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

1) Current tax

According to the Income Tax Law of the Republic of China, an additional tax at 10% 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.

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and 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. For deferred tax assets arising from deductible temporary differences associated with such investments and equity, the interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, and in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity. Where current tax or deferred tax arises from the initial accounting for 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, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

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

a. Impairment loss of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The calculation of the value in use requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

b. Impairment loss of property, plant and equipment

The impairment loss of property, plant and equipment in relation to production was based on the recoverable amounts of those assets, which is the higher of their fair value less costs of disposal and their value in use. Any changes in the market prices or future cash flows will affect the recoverable amounts of those assets and may lead to the recognition of additional impairment losses or the reversal of impairment losses.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2017	**2016**
Cash on hand	$ 8,031	$ 9,245
Checking accounts and demand deposits	15,092,905	17,730,116
Cash equivalents		
Time deposits with original maturities of less than 3 months	10,148,250	9,634,877
Bonds with repurchase agreements	1,082,032	805,520
	$ 26,331,218	$ 28,179,758

The market rate intervals of cash in banks and bonds with repurchase agreements at the end of the reporting period were as follows:

	December 31	
	2017	**2016**
Cash in banks	0.01%-2.60%	0.01%-2.60%
Bonds with repurchase agreements	0.34%-2.00%	0.30%-1.08%

As of December 31, 2017 and 2016, time deposits with original maturities of more than 3 months were $916,813 thousand and $411,478 thousand, respectively, which were classified as other financial assets.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2017	**2016**
Financial assets held for trading		
Non-derivative financial assets		
Mutual funds	$ 147,049	$ 146,841
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	-	1,647
	$ 147,049	$ 148,488

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2016			
Buy	USD/RMB	2017.1	USD115,000/RMB808,098

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2017	2016
Domestic investments		
Listed shares	$ 10,145,547	$ 7,338,337
Emerging market shares	89,037	536,211
Mutual funds	84,478	19,395
	10,319,062	7,893,943
Foreign investments		
Listed shares	18,238,096	11,833,605
	$ 28,557,158	$ 19,727,548
Current	$ 25,101,220	$ 15,536,693
Non-current	3,455,938	4,190,855
	$ 28,557,158	$ 19,727,548

Refer to Note 30 for information relating to available-for-sale financial assets pledged as collateral for credit accommodations.

9. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	December 31	
	2017	2016
Derivative financial assets under hedge accounting		
Cash flow hedges - foreign exchange forward contracts (included in other current assets)	$ -	$ 13,167

The terms of the foreign exchange forward contracts were negotiated to match the terms of the respective designated hedged items. The Group has entered into raw material purchase contracts with foreign coal suppliers and entered into foreign exchange forward contracts to avoid exchange rate exposure to its forecasted purchases. These foreign exchange forward contracts were designated as cash flow hedges. When forecasted purchases actually take place, the carrying amounts of the non-financial hedged items will be adjusted accordingly.

The outstanding foreign exchange forward contracts at the end of the reporting period were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2016			
Buy	NTD/USD	2017.1-2017.2	NTD527,666/USD16,800

Gains and losses of hedging instruments reclassified from equity to profit or loss were included in the following line items in the consolidated statements of comprehensive income:

	For the Year Ended December 31	
	2017	2016
Operating revenue	$ 705	$ 2,533
Operating costs	6,410	13,937
	$ 7,115	$ 16,470

10. NOTES AND ACCOUNTS RECEIVABLE

	December 31	
	2017	2016
Notes receivable	$ 20,017,541	$ 12,612,965
Accounts receivable	7,201,163	6,905,743
Less: Allowance for impairment loss	(142,242)	(136,005)
	$ 27,076,462	$ 19,382,703
Receivables past due but not impaired	$ 90,666	$ 76,558

In determining the recoverability of notes and accounts receivable, the Group considered any change in the credit quality of the notes and accounts receivable since the date credit was initially granted to the end of the reporting period. The Group recognized an allowance for impairment loss of 100% against receivables when there was indication that the receivable was impaired, and the allowance for impairment loss was recognized against the rest of the past due receivables based on the estimated irrecoverable amounts determined by reference to the past default experience with the counterparties and an analysis of their current financial positions.

For the accounts receivable balances that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss, because there was no significant change in the credit quality, and the amounts were still considered recoverable.

The Group had a wide range of unrelated customers, hence the concentration in credit risk is relatively limited.

The aging analysis of receivables was as follows:

	December 31	
	2017	2016
Up to 90 days	$ 20,070,369	$ 13,460,527
91-180 days	6,646,244	5,801,948
181-365 days	245,462	64,135
Over 365 days	114,387	56,093
	$ 27,076,462	$ 19,382,703

The above aging schedule was based on the number of days past due from the invoice date.

The movements of the allowance for doubtful notes and accounts receivable were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2016	$ 185,521	$ 37,813	$ 223,334
(Reversals of) allowances	(59,435)	5,754	(53,681)
Write-offs	(5,997)	(6,818)	(12,815)
Effects of exchange rate changes	(20,833)	-	(20,833)
Balance at December 31, 2016	$ 99,256	$ 36,749	$ 136,005
Balance at January 1, 2017	$ 99,256	$ 36,749	$ 136,005
(Reversals of) allowances	(1,951)	3,662	1,711
Write-offs	(1,114)	(1,299)	(2,413)
Effects of exchange rate changes	6,939	-	6,939
Balance at December 31, 2017	$ 103,130	$ 39,112	$ 142,242

11. FINANCE LEASE RECEIVABLES

	December 31	
	2017	2016
Not later than 1 year	$ 4,954,918	$ 4,479,022
Later than 1 year and not later than 5 years	21,155,252	20,559,413
Later than 5 years	33,001,970	38,552,728
	59,112,140	63,591,163
Less: Unearned finance income	25,398,223	29,225,002
Less: Accumulated impairment	47,878	47,878
Present value of minimum lease payments	$ 33,666,039	$ 34,318,283
Current (included in accounts receivable)	$ 1,240,455	$ 652,243
Non-current	32,425,584	33,666,040
	$ 33,666,039	$ 34,318,283

After transitioning to IFRSs, the Group's electric power selling contracts with guaranteed power generation periods fall under IFRIC 4 "Determining Whether an Arrangement Contains a Lease" and IAS 17 "Leases". The lease was denominated in New Taiwan dollars, and the term entered into was 25 years.

The interest rate inherent in the lease was fixed at the contract date for the entire lease term. The interest rate inherent in the finance lease was approximately 11.18%.

Refer to Note 30 for information relating to financial lease receivables pledged as collateral for bank borrowings, which were recorded under property, plant and equipment before transitioning to IFRSs.

12. INVENTORIES

	December 31	
	2017	**2016**
Finished goods	$ 1,806,371	$ 1,984,216
Work in process	1,096,548	1,474,511
Raw materials	5,451,603	5,290,667
Buildings and land held for sale	-	144,571
	$ 8,354,522	$ 8,893,965

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2017 and 2016 was $74,376,931 thousand and $66,801,553 thousand, respectively.

The cost of goods sold included (reversals of) inventories of write-downs which were as follows:

	For the Year Ended December 31	
	2017	**2016**
(Reversals of) inventory write-downs	$ (112,076)	$ 17,956

Previous write-downs were reversed because related inventories were sold and there was a rebound in market price resulting in an increase in the respective net realizable value.

Refer to Note 31 for information relating to bills of lading pledged as collateral for bank borrowings.

13. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

The consolidated financial statements include subsidiaries which are as follows:

			Proportion of Ownership (%) December 31		
Investor	**Investee**	**Main Business**	**2017**	**2016**	**Remark**
Taiwan Cement Corporation	Taiwan Transport & Storage Corporation	Warehousing, transportation and sale of sand and gravel	83.9	83.9	
	TCC Investment Corporation	Investment	100.0	100.0	
	Kuan-Ho Refractories Industry Corporation	Production and sale of refractory materials	95.3	95.3	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%) December 31 2017	2016	Remark
	Kuan-Ho Construction & Development Corporation	Construction and lease services	92.9	92.9	5)
	Hong Kong Cement Manufacturing Co., Ltd. ("HKCMCL")	Investment holding	84.7	84.7	
	Ta-Ho Maritime Corporation	Marine transportation	64.8	64.8	
	Taiwan Cement Engineering Corporation	Engineering services	99.0	99.0	
	TCC Green Energy Corporation	Renewable energy generation	100.0	100.0	4)
	TCC Chemical Corporation	Leasing property and energy technology services	100.0	100.0	5)
	TCC Information Systems Corporation	Information software design	99.4	99.4	
	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	50.0	50.0	
	Tung Chen Mineral Corporation	Afforestation and sale of limestone	99.5	99.5	
	Jin Chang Minerals Corporation	Afforestation and sale of limestone	100.0	100.0	
	Hoping Industrial Port Corporation	Hoping Industrial Port management	100.0	100.0	
	TCC International Ltd. ("TCCI")	Investment holding	100.0	100.0	
	Ho-Ping Power Company	Thermal power generation	59.5	59.5	
	Ta-Ho Onyx Taitung Environment Co., Ltd.	Waste collection and treatment	100.0	100.0	
	HPC Power Service Corporation	Business consulting	60.0	60.0	
	E.G.C. Cement Corporation	Sale of cement	50.6	50.6	
	Feng Sheng Enterprise Company	Sale of ready-mixed concrete	45.4	45.4	6)
	Trans Philippines Mineral Corporation ("TPMC")	Mining excavation	40.0	40.0	6)
	Taicorn Minerals Corporation ("TMC")	Mining excavation	72.7	72.7	
	Ta-Ho Onyx RSEA Environment Co., Ltd.	Waste collection and treatment	66.6	66.6	
	Ho Sheng Mining Co., Ltd.	Mining excavation	100.0	100.0	
	TCC International Holdings Ltd. ("TCCIH")	Investment	24.1	-	1)
Taiwan Transport & Storage Corporation	E.G.C. Cement Corporation	Sale of cement	44.4	44.4	
	Ho Swen Construction Material Co., Ltd.	Sand and gravel filtering and sale	51.0	51.0	3)
	Ta-Ho Maritime Corporation	Marine transportation	27.5	27.5	
TCC Investment Corporation	Union Cement Traders Inc.	Import and export trading	100.0	100.0	
	Ho-Ping Power Company	Thermal power generation	0.5	0.5	
	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	0.2	0.5	2)
	Ta-Ho Maritime Corporation	Marine transportation	-	-	
HKCMCL	TCC Development Ltd.	Property leasing	100.0	100.0	
Ta-Ho Maritime Corporation	Ta-Ho Maritime Holdings Ltd.	Investment	100.0	100.0	
Taiwan Cement Engineering Corporation	TCEC Corporation	Investment	100.0	100.0	
TCC Information Systems Corporation	Taicem Information (Samoa) Pte., Ltd.	Investment	100.0	100.0	
Hoping Industrial Port Corporation	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	2.3	2.3	
TCCI	TCCIH	Investment holding	75.9	63.1	1)
Feng Sheng Enterprise Company	Ho Swen Construction Material Co., Ltd.	Sand and gravel filtering and sale	9.0	9.0	3)
TPMC	TMC	Mining excavation	18.2	18.2	
Union Cement Traders Inc.	Taiwan Transport & Storage Corporation	Warehousing, transportation and sale of sand and gravel	0.7	0.7	
Ta-Ho Maritime Holdings Ltd.	Ta-Ho Maritime (Hong Kong) Limited	Marine transportation	100.0	100.0	
	THC International S.A.	Marine transportation	100.0	100.0	
	Chi Ho Maritime S.A.	Marine transportation	100.0	100.0	
	Sheng Ho Maritime S.A.	Marine transportation	100.0	100.0	
	Ta-Ho Maritime (Singapore) Pte. Ltd.	Marine transportation	100.0	100.0	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%) December 31 2017	2016	Remark
TCEC Corporation	TCEC (Yingde) Machine Co., Ltd.	Production and sale of cement machinery and assembly work	100.0	100.0	
Taicem Information (Samoa) Pte., Ltd.	Fuzhou TCC Information Technology Co., Ltd.	Software product and equipment maintenance	100.0	100.0	
Ta-Ho Maritime (Hong Kong) Limited	Da Tong (Guigang) International Logistics Co., Ltd.	Logistics and transportation	100.0	100.0	
Da Tong (Guigang) International Logistics Co., Ltd.	Da Tong (Ying De) Logistics Co., Ltd.	Logistics and transportation	100.0	100.0	
	Guigang Da-Ho Shipping Co., Ltd.	Marine transportation	100.0	100.0	
TCCIH	Chia Hsin Cement Greater China Holding Corporation	Investment holding	100.0	100.0	
	Upper Value Investment Limited	Investment holding	100.0	100.0	
	Upper Value Investments Ltd. ("UPPV")	Investment holding	100.0	100.0	
	TCC Hong Kong Cement (BVI) Holdings Ltd.	Investment holding	100.0	100.0	
	Ulexite Investments Ltd.	Investment holding	100.0	100.0	
Upper Value Investment Limited	Prime York Ltd.	Investment holding	100.0	100.0	
	Prosperity Minerals (International) Ltd.	Investment holding	100.0	100.0	
TCC Hong Kong Cement (BVI) Holdings Ltd.	TCC Hong Kong Cement Development Limited	Investment holding	100.0	100.0	
	TCC Hong Kong Cement ("QHC") Ltd.	Investment holding	100.0	100.0	
	TCC Hong Kong Cement (Yargoon) Ltd.	Investment holding	100.0	100.0	
	TCC Hong Kong Cement ("HKC") Ltd.	Investment holding	100.0	100.0	
	TCC Hong Kong Cement (Philippines) Ltd.	Investment holding	100.0	100.0	
	TCC Hong Kong Cement (International) Ltd.	Investment holding	100.0	100.0	
	Hong Kong Cement Company Limited ("HKCCL")	Sale of cement	100.0	100.0	
TCC Hong Kong Cement (QHC) Ltd.	Chiefolk Co., Ltd.	Investment holding	70.0	70.0	
Chiefolk Co., Ltd.	TCC International (Liuzhou) Ltd.	Investment holding	100.0	100.0	
TCC International (Liuzhou) Ltd.	TCC Liuzhou Co., Ltd.	Investment holding	100.0	100.0	
TCC Liuzhou Co., Ltd.	TCC Liuzhou Construction Materials Company Limited	Manufacturing and sale of slag powder	60.0	60.0	
TCC Hong Kong Cement (HKC) Ltd.	Koning Concrete Ltd.	Investment holding	100.0	100.0	
TCC Hong Kong Cement (Philippines) Ltd.	TCC Cement Corporation	Cement processing services	100.0	100.0	
TCC Hong Kong Cement (International) Ltd.	TCC International (Hong Kong) Co., Ltd. ("TCCI (HK)")	Investment holding	100.0	100.0	
TCCI (HK)	TCC Guigang Mining Industrial Company Limited	Mining excavation	52.5	52.5	
	Jiangsu TCC Investment Co., Ltd.	Investment holding	100.0	100.0	
	Jingyang Industrial Limited	Investment holding	100.0	100.0	
	TCC International (Guangxi) Ltd.	Investment holding	100.0	100.0	
	TCC Shaoguan Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	
	TCC Yingde Mining Industrial Company Limited	Mining excavation	48.9	48.9	
	TCC Yingde Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	
	TCC Jiangsu Mining Industrial Company Limited	Mining excavation	100.0	100.0	
	TCC Fuzhou Yangyu Port Co., Ltd.	Service of port facility	100.0	100.0	
	TCC (Dong Guan) Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	
	TCC Fuzhou Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%) December 31 2017	2016	Remark
	TCC Huaihua Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
	Anhui King Bridge Cement Co., Ltd.	Manufacturing and sale of cement	60.0	60.0	
Jiangsu TCC Investment Co., Ltd.	Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	21.5	21.5	
Jingyang Industrial Limited	Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	78.5	78.5	
TCC International (Guangxi) Ltd.	TCC (Gui Gang) Cement Ltd.	Manufacturing and sale of cement	100.0	100.0	
TCC (Gui Gang) Cement Ltd.	TCC Huaying Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
	TCC Guigang Mining Industrial Company Limited	Mining excavation	47.5	47.5	
TCC Yingde Cement Co., Ltd.	TCC Yingde Mining Industrial Company Limited	Mining excavation	34.8	34.8	
	Scitus Luzhou Concrete Co., Ltd.	Sale of ready-mixed concrete	25.0	25.0	
	Scitus Luzhou Cement Co., Ltd.	Manufacturing and sale of cement	10.0	10.0	
	Scitus Naxi Cement Co., Ltd.	Manufacturing and sale of cement	10.0	10.0	
	Scitus Hejiang Cement Co., Ltd.	Manufacturing and sale of cement	10.0	10.0	
TCC Jiangsu Mining Industrial Company Limited	TCC Yingde Mining Industrial Company Limited	Mining excavation	16.3	16.3	
TCC Huaihua Cement Company Limited	TCC Jingzhou Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
	TCC Huaihua Concrete Company Limited	Sale of ready-mixed concrete	100.0	100.0	
Ulexite Investments Ltd.	HKC Investments Limited	Investment holding	100.0	100.0	
UPPV	Wayly Holdings Ltd.	Investment holding	100.0	100.0	
	TCC International (China) Co., Ltd.	Investment holding	100.0	100.0	
	Kong On Cement Holdings Ltd.	Investment holding	65.0	65.0	
	Mega East Ltd.	Investment holding	100.0	100.0	
	Prosperity Minerals (China) Ltd.	Investment holding	100.0	100.0	
	Sure Kit Ltd.	Investment holding	100.0	100.0	
	Hensford Ltd.	Investment holding	100.0	100.0	
	Kiton Ltd.	Investment holding	100.0	100.0	
	Prosperity Cement Investment Ltd.	Investment holding	100.0	100.0	
	Scitus Cement (China) Holdings Ltd. ("Scitus Holdings")	Investment holding	100.0	100.0	
Wayly Holdings Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	
TCC International (China) Co., Ltd.	TCC New (Hangzhou) Management Company Limited	Operation management	100.0	100.0	
Kong On Cement Holdings Ltd.	Guizhou Kong On Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
Mega East Ltd.	TCC Guangan Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
Sure Kit Ltd.	TCC Chongqing Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
Hensford Ltd.	TCC Anshun Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
Kiton Ltd.	TCC Liaoning Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
Prosperity Cement Investment Ltd.	Yingde Dragon Mountain Cement Co, Ltd.	Manufacturing and sale of cement	100.0	100.0	
TCC Anshun Cement Company Limited	Anshun Xin Tai Construction Materials Company Limited	Filtering of sand and gravel and sale of ready-mixed concrete	100.0	100.0	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%) December 31 2017	2016	Remark
Scitus Holdings	Scitus Cement (China) Operating Co., Ltd.	Investment holding	100.0	100.0	
	Hexagon XIV Holdings Ltd.	Investment holding	100.0	100.0	
	Hexagon XIII Holdings Ltd.	Investment holding	100.0	100.0	
	Hexagon IX Holdings Ltd.	Investment holding	100.0	100.0	
	Hexagon VIII Holdings Ltd.	Investment holding	100.0	100.0	
	Hexagon V Holdings Ltd.	Investment holding	100.0	100.0	
	Hexagon IV Holdings Ltd.	Investment holding	100.0	100.0	
	Hexagon III Holdings Ltd.	Investment holding	100.0	100.0	
	Hexagon II Holdings Ltd.	Investment holding	100.0	100.0	
	Hexagon Holdings Ltd.	Investment holding	100.0	100.0	
Hexagon IX Holdings Ltd.	Scitus Hejiang Cement Co., Ltd.	Manufacturing and sale of cement	90.0	90.0	
Hexagon IV Holdings Ltd.	Scitus Luzhou Cement Co., Ltd.	Manufacturing and sale of cement	90.0	90.0	
Hexagon III Holdings Ltd.	Scitus Naxi Cement Co., Ltd.	Manufacturing and sale of cement	90.0	90.0	
Hexagon XIV Holdings Ltd.	Scitus Luzhou Concrete Co., Ltd.	Sales of ready-mixed concrete	75.0	75.0	

(Concluded)

Remarks:

1) Refer to Note 26 for information on the related acquisition transaction.

2) TCC Investment Corporation disposed of a part of its interest in Taiwan Prosperity Chemical Corporation in 2017.

3) Ho Swen Construction Material Co., Ltd. is still in the process of liquidation as of December 31, 2017.

4) Tunwoo Company Limited changed its Chinese-language name to TCC Green Energy Corporation in March 2018. Its original main business was warehousing and selling cement. A resolution of its board of directors changed its main business to renewable energy generation in October 2017.

5) TCC Chemical Corporation changed its Chinese-language name in December 2017. Its original main business was processing and selling chemical materials. A resolution of its board of directors changed its main business to leasing property and energy technology services in November 2017. For the propose of streamlining its investment structure, its board of directors approved to merge Kuan-Ho Construction & Development Corporation with TCC Chemical Corporation as the surviving company. The effective date of the merger was January 1, 2018.

6) The Group’s percentages of ownership in Feng Sheng Enterprise Company and TPMC were both less than 50% for the years ended December 31, 2017 and 2016, but the Group has control over those entities. Thus, Feng Sheng Enterprise Company and TPMC are subsidiaries of the Group.

b. Details of subsidiaries with material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests December 31 2017	2016
TCCIH	-	36.9%
Taiwan Prosperity Chemical Corporation	47.5%	47.2%
Ho-Ping Power Company	40.0%	40.0%

See Table 7 following the Notes to Consolidated Financial Statements for the information on the places of incorporation and principal businesses.

The summarized financial information below represents amounts before intragroup eliminations.

TCCIH and TCCIH's subsidiaries

	December 31, 2016
Current assets	$ 38,257,168
Non-current assets	90,416,308
Current liabilities	(20,655,454)
Non-current liabilities	(33,476,383)
Equity	$ 74,541,639
Equity attributable to:	
Owners of TCCIH	$ 50,106,259
Non-controlling interests of TCCIH	23,459,020
Non-controlling interests of TCCIH's subsidiaries	976,360
	$ 74,541,639

	For the Year Ended December 31, 2016
Operating revenue	$ 47,431,654
Profit for the year	$ 960,897
Other comprehensive loss for the year	(7,468,674)
Total comprehensive loss for the year	$ (6,507,777)
Profit attributable to:	
Owners of TCCIH	$ 632,717
Non-controlling interests of TCCIH	230,133
Non-controlling interests of TCCIH's subsidiaries	98,047
	$ 960,897

(Continued)

	For the Year Ended December 31, 2016
Total comprehensive loss attributable to:	
Owners of TCCIH	$ (3,773,888)
Non-controlling interests of TCCIH	(2,717,811)
Non-controlling interests of TCCIH's subsidiaries	(16,078)
	$ (6,507,777)
Net cash inflow (outflow) from:	
Operating activities	$ 7,257,589
Investing activities	392,538
Financing activities	(12,463,447)
Net cash outflow	$ (4,813,320)
Dividends paid to non-controlling interests of:	
TCCIH	$ 177,016
TCCIH's subsidiaries	$ 50,770

(Concluded)

Taiwan Prosperity Chemical Corporation

	December 31	
	2017	2016
Current assets	$ 4,015,117	$ 3,216,697
Non-current assets	6,796,106	8,005,327
Current liabilities	(6,072,209)	(4,118,013)
Non-current liabilities	(1,521,222)	(3,697,865)
Equity	$ 3,217,792	$ 3,406,146
Equity attributable to:		
Owners of Taiwan Prosperity Chemical Corporation	$ 1,690,157	$ 1,798,448
Non-controlling interests of Taiwan Prosperity Chemical Corporation	1,527,635	1,607,698
	$ 3,217,792	$ 3,406,146

	For the Year Ended December 31	
	2017	2016
Operating revenue	$ 13,192,984	$ 9,786,811
Loss for the year	$ (354,571)	$ (416,245)
Other comprehensive income for the year	166,217	82,330
Total comprehensive loss for the year	$ (188,354)	$ (333,915)
Loss attributable to:		
Owners of Taiwan Prosperity Chemical Corporation	$ (187,325)	$ (219,777)
Non-controlling interests of Taiwan Prosperity Chemical Corporation	(167,246)	(196,468)
	$ (354,571)	$ (416,245)
Total comprehensive loss attributable to:		
Owners of Taiwan Prosperity Chemical Corporation	$ (100,076)	$ (176,307)
Non-controlling interests of Taiwan Prosperity Chemical Corporation	(88,278)	(157,608)
	$ (188,354)	$ (333,915)
Net cash inflow (outflow) from:		
Operating activities	$ 486,812	$ 614,910
Investing activities	114,626	(116,626)
Financing activities	(4,479)	(458,650)
Net cash inflow	$ 596,959	$ 39,634

Ho-Ping Power Company

	December 31	
	2017	2016
Current assets	$ 6,132,653	$ 9,145,127
Non-current assets	32,905,948	34,029,740
Current liabilities	(3,886,142)	(3,975,527)
Non-current liabilities	(3,870,891)	(5,880,207)
Equity	$ 31,281,568	$ 33,319,133
Equity attributable to:		
Owners of Ho-Ping Power Company	$ 18,765,474	$ 19,988,013
Non-controlling interests of Ho-Ping Power Company	12,516,094	13,331,120
	$ 31,281,568	$ 33,319,133

	For the Year Ended December 31	
	2017	2016
Operating revenue	$ 10,353,637	$ 11,752,037
Profit for the year	$ 2,975,364	$ 5,553,536
Other comprehensive income (loss) for the year	(14,276)	4,493
Total comprehensive income for the year	$ 2,961,088	$ 5,558,029
Profit attributable to:		
Owners of Ho-Ping Power Company	$ 1,785,219	$ 3,332,122
Non-controlling interests of Ho-Ping Power Company	1,190,145	2,221,414
	$ 2,975,364	$ 5,553,536
Total comprehensive income attributable to:		
Owners of Ho-Ping Power Company	$ 1,776,653	$ 3,334,817
Non-controlling interests of Ho-Ping Power Company	1,184,435	2,223,212
	$ 2,961,088	$ 5,558,029
Net cash inflow (outflow) from:		
Operating activities	$ 3,859,757	$ 6,130,880
Investing activities	(84,128)	(86,523)
Financing activities	(7,190,080)	(6,828,999)
Net cash outflow	$ (3,414,451)	$ (784,642)
Dividends paid to non-controlling interests of Ho-Ping Power Company	$ 1,999,461	$ 1,953,460

14. INVESTMENTS ACCOUNTED FOR BY USING THE EQUITY METHOD

	December 31	
	2017	2016
Investments in associates	$ 7,940,701	$ 7,444,947

a. Investments in associates

	December 31	
	2017	2016
Material associates		
Prosperity Conch Cement Company Limited	$ 3,612,349	$ 3,103,826
Individually immaterial associates		
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	1,638,323	1,529,975
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	852,560	752,278
CCC USA Corporation	694,072	720,290
ONYX Ta-Ho Environmental Services Co., Ltd.	481,263	444,093
Quon Hing Concrete Co., Ltd.	288,911	292,066
Hong Kong Concrete Co., Ltd.	211,927	211,779
Chia Huan Tung Cement Corporation	91,581	219,588
Shih Hsin Storage & Transportation Co., Ltd.	63,018	161,118
Synpac Ltd.	6,697	9,934
Sichuan Taichang Building Material Group Company Limited	-	-
	$ 7,940,701	$ 7,444,947

1) Material associates

	Proportion of Ownership	
	December 31	
	2017	2016
Prosperity Conch Cement Company Limited	25.0%	25.0%

Refer to Table 8 “Information on Investments in Mainland China” following the Notes to Consolidated Financial Statements for the nature of activities, principal place of business and country of incorporation of Prosperity Conch Cement Company Limited. The investment accounted for by using the equity method and the share of profit or loss and other comprehensive income of the investment for the years ended December 31, 2017 and 2016 was based on the associate’s financial statements audited by the auditors for the same years.

Summarized financial information in respect of Prosperity Conch Cement Company Limited were as follows:

	December 31	
	2017	2016
Current assets	$ 9,563,819	$ 6,876,835
Non-current assets	7,220,948	7,823,814
Current liabilities	(1,650,113)	(1,586,799)
Non-current liabilities	(685,260)	(698,544)
Equity	$ 14,449,394	$ 12,415,306
Proportion of the Group’s ownership	25.0%	25.0%
Carrying amount	$ 3,612,349	$ 3,103,826

	For the Year Ended December 31	
	2017	2016
Operating revenue	$ 9,595,223	$ 7,608,795
Net income for the year	$ 2,347,343	$ 1,333,137
Other comprehensive loss	(313,252)	(941,864)
Total comprehensive income for the year	$ 2,034,091	$ 391,273

2) Aggregate information of individually immaterial associates

	Proportion of Ownership December 31	
	2017	2016
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	30.0%	30.0%
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	30.0%	30.0%
CCC USA Corporation	33.3%	33.3%
ONYX Ta-Ho Environmental Services Co., Ltd.	50.0%	50.0%
Quon Hing Concrete Co., Ltd.	50.0%	50.0%
Hong Kong Concrete Co., Ltd.	31.5%	31.5%
Chia Huan Tung Cement Corporation	33.8%	33.8%
Shih Hsin Storage & Transportation Co., Ltd.	18.9%	18.9%
Synpac Ltd.	25.0%	25.0%
Sichuan Taichang Building Material Group Company Limited	30.0%	30.0%

	For the Year Ended December 31	
	2017	2016
The Group’s share of:		
Net income for the year	$ 684,275	$ 689,837
Other comprehensive loss	(113,008)	(262,976)
Total comprehensive income for the year	$ 571,267	$ 426,861

The Group’s percentage of ownership in Shih Hsin Storage & Transportation Co., Ltd. is less than 20%, but the Group has significant influence and accounts for the investment by using the equity method.

The investments accounted for by using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2017 and 2016 were based on the associates’ audited financial statements for the same years except Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd. and Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd. The Group considered that there would be no significant adjustments if such financial statements were to be audited.

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Property in Construction	Total
Cost						
Balance at January 1, 2016	$ 20,766,374	$ 54,191,589	$ 103,905,771	$ 12,257,492	$ 4,849,487	$ 195,970,713
Additions	6,129	87,729	271,032	114,960	462,473	942,323
Disposals	-	(7,483)	(496,037)	(185,919)	-	(689,439)
Reclassification	(93,551)	138,676	51,412	13,276	(551,045)	(441,232)
Effects of exchange rate changes	-	(2,876,305)	(4,339,023)	(160,719)	(171,368)	(7,547,415)
Balance at December 31, 2016	$ 20,678,952	$ 51,534,206	$ 99,393,155	$ 12,039,090	$ 4,589,547	$ 188,234,950
Accumulated depreciation and impairment						
Balance at January 1, 2016	$ 274,188	$ 13,440,651	$ 59,128,303	$ 9,817,437	$ -	$ 82,660,579
Disposals	-	(7,483)	(462,272)	(181,103)	-	(650,858)
Depreciation expenses	-	1,504,445	4,488,513	569,262	-	6,562,220
Impairment losses	-	293,586	180,622	1,983	31,951	508,142
Reclassification	-	(11,752)	-	-	-	(11,752)
Effects of exchange rate changes	-	(553,352)	(1,941,142)	(138,668)	15	(2,633,147)
Balance at December 31, 2016	$ 274,188	$ 14,666,095	$ 61,394,024	$ 10,068,911	$ 31,966	$ 86,435,184
Carrying amounts at December 31, 2016	$ 20,404,764	$ 36,868,111	$ 37,999,131	$ 1,970,179	$ 4,557,581	$ 101,799,766
Cost						
Balance at January 1, 2017	$ 20,678,952	$ 51,534,206	$ 99,393,155	$ 12,039,090	$ 4,589,547	$ 188,234,950
Additions	-	24,997	164,285	209,720	538,431	937,433
Disposals	(1,878)	(360,272)	(697,987)	(239,931)	-	(1,300,068)
Reclassification	(12,045)	40,921	178,064	342,224	(695,316)	(146,152)
Effects of exchange rate changes	-	(652,488)	(955,223)	(208,547)	(30,049)	(1,846,307)
Balance at December 31, 2017	$ 20,665,029	$ 50,587,364	$ 98,082,294	$ 12,142,556	$ 4,402,613	$ 185,879,856

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Property in Construction	Total
Accumulated depreciation and impairment						
Balance at January 1, 2017	$ 274,188	$ 14,666,095	$ 61,394,024	$ 10,068,911	$ 31,966	$ 86,435,184
Disposals	-	(141,035)	(534,607)	(191,258)	-	(866,900)
Depreciation expenses	-	1,395,261	4,083,937	576,949	-	6,056,147
Impairment losses	-	5,922	32,903	-	55,797	94,622
Reclassification	-	(23)	(208,315)	208,338	-	-
Effects of exchange rate changes	-	(97,095)	(291,847)	(155,560)	(4,099)	(548,601)
Balance at December 31, 2017	$ 274,188	$ 15,829,125	$ 64,476,095	$ 10,507,380	$ 83,664	$ 91,170,452
Carrying amounts at December 31, 2017	$ 20,390,841	$ 34,758,239	$ 33,606,199	$ 1,635,176	$ 4,318,949	$ 94,709,404

For the years ended December 31, 2017 and 2016, the Group recognized impairment losses of $94,622 thousand and $508,142 thousand, respectively, because these assets were idle or suffered from natural disasters without value in use.

The above items of property, plant and equipment were depreciated on a straight-line basis over the estimated useful life of the asset:

Buildings	
Main buildings	30-60 years
Main plants	16-50 years
Storage units	10-50 years
Others	20-50 years
Machinery and equipment	2-28 years
Miscellaneous equipment	2-20 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 30.

Acquisitions of property, plant and equipment included non-cash items and were reconciled as follows:

	For the Year Ended December 31	
	2017	2016
Acquisitions of property, plant and equipment	$ 937,433	$ 942,323
Increase in prepayments for equipment	265,089	425,001
Decrease in payables for equipment	320,506	1,628,590
	$ 1,523,028	$ 2,995,914

16. INVESTMENT PROPERTIES

	Land	Buildings	Total
Cost			
Balance at January 1, 2016	$ 6,336,956	$ 1,400,124	$ 7,737,080
Additions	-	568	568
Reclassification	93,551	19,948	113,499
Effects of exchange rate changes	-	(525)	(525)
Balance at December 31, 2016	$ 6,430,507	$ 1,420,115	$ 7,850,622
Accumulated depreciation and impairment			
Balance at January 1, 2016	$ 1,040,902	$ 699,642	$ 1,740,544
Depreciation expenses	-	25,406	25,406
Reclassification	-	11,752	11,752
Effects of exchange rate changes	-	(136)	(136)
Balance at December 31, 2016	$ 1,040,902	$ 736,664	$ 1,777,566
Carrying amounts at December 31, 2016	$ 5,389,605	$ 683,451	$ 6,073,056
Cost			
Balance at January 1, 2017	$ 6,430,507	$ 1,420,115	$ 7,850,622
Reclassification	368,544	-	368,544
Effects of exchange rate changes	-	(2,342)	(2,342)
Balance at December 31, 2017	$ 6,799,051	$ 1,417,773	$ 8,216,824
Accumulated depreciation and impairment			
Balance at January 1, 2017	$ 1,040,902	$ 736,664	$ 1,777,566
Depreciation expenses	-	24,407	24,407
Reclassification	40,685	-	40,685
Effects of exchange rate changes	-	(754)	(754)
Balance at December 31, 2017	$ 1,081,587	$ 760,317	$ 1,841,904
Carrying amounts at December 31, 2017	$ 5,717,464	$ 657,456	$ 6,374,920

The buildings of the investment properties were depreciated over their estimated useful lives of 50 years, using the straight-line method.

The fair values of the investment properties were determined by independent qualified professional valuers or the Group's management using market prices of similar properties. As of December 31, 2017 and 2016, the fair values of investment properties were $14,853,688 thousand and $10,901,414 thousand, respectively.

The investment properties pledged as collateral for bank borrowings are set out in Note 30.

17. INTANGIBLE ASSETS

	Goodwill	Operational Concession	Mining Rights	Others	Total
Cost					
Balance at January 1, 2016	$ 13,134,936	$ 7,683,851	$ 2,992,002	$ 1,230,004	$ 25,040,793
Additions	-	-	75,680	3,718	79,398
Decreases	-	(2,375)	-	-	(2,375)
Effects of exchange rate changes	(943,003)	-	(208,631)	(30,003)	(1,181,637)
Balance at December 31, 2016	$ 12,191,933	$ 7,681,476	$ 2,859,051	$ 1,203,719	$ 23,936,179
Accumulated amortization and impairment					
Balance at January 1, 2016	$ -	$ 604,631	$ 998,997	$ 829,613	$ 2,433,241
Amortization expenses	-	151,145	153,150	98,626	402,921
Decreases	-	(221)	-	-	(221)
Effects of exchange rate changes	-	-	(66,012)	(9,032)	(75,044)
Balance at December 31, 2016	$ -	$ 755,555	$ 1,086,135	$ 919,207	$ 2,760,897
Carrying amounts at December 31, 2016	$ 12,191,933	$ 6,925,921	$ 1,772,916	$ 284,512	$ 21,175,282
Cost					
Balance at January 1, 2017	$ 12,191,933	$ 7,681,476	$ 2,859,051	$ 1,203,719	$ 23,936,179
Additions	-	-	280,878	10,333	291,211
Impairment losses	(156,000)	-		-	(156,000)
Reclassification	-	-	118,411	-	118,411
Effects of exchange rate changes	(158,976)	-	(43,239)	(24,259)	(226,474)
Balance at December 31, 2017	$ 11,876,957	$ 7,681,476	$ 3,215,101	$ 1,189,793	$ 23,963,327
Accumulated amortization and impairment					
Balance at January 1, 2017	$ -	$ 755,555	$ 1,086,135	$ 919,207	$ 2,760,897
Amortization expenses	-	151,111	138,372	93,756	383,239
Effects of exchange rate changes	-	-	(14,446)	(18,987)	(33,433)
Balance at December 31, 2017	$ -	$ 906,666	$ 1,210,061	$ 993,976	$ 3,110,703
Carrying amounts at December 31, 2017	$ 11,876,957	$ 6,774,810	$ 2,005,040	$ 195,817	$ 20,852,624

The above items of intangible assets with finite useful lives are amortized on a straight-line basis over their useful lives as follows:

Operational concession	50 years
Mining rights	30-50 years
Others	3-17 years

The Group used a discount rate of 9.3% to assess the recoverable amount of subsidiaries in 2017 and recognized impairment losses of $156,000 thousand.

18. PREPAYMENTS FOR LEASES

	December 31 2017	December 31 2016
Current (included in prepayments)	$ 217,031	$ 217,214
Non-current	6,833,745	6,934,059
	$ 7,050,776	$ 7,151,273

19. BORROWINGS

a. Short-term loans

	December 31 2017	December 31 2016
Secured borrowings		
Bank loans	$ 270,000	$ 150,000
Unsecured borrowings		
Bank loans - unsecured	19,149,645	20,245,767
Bank loans - letters of credit	894,467	239,557
	20,044,112	20,485,324
	$ 20,314,112	$ 20,635,324
Interest rate	0.81-4.35%	0.82%-4.35%

b. Short-term bills payable

	December 31 2017	December 31 2016
Commercial paper	$ 8,000,000	$ 5,930,000
Less: Unamortized discount on bills payable	8,583	8,482
	$ 7,991,417	$ 5,921,518
Interest rate	0.65%-2.04%	0.63%-1.27%

c. Long-term loans

	December 31 2017	December 31 2016
Secured borrowings	$ 5,101,655	$ 7,775,503
Unsecured borrowings	52,303,555	53,730,506
	57,405,210	61,506,009
Less: Current portions	13,910,242	8,163,950
	$ 43,494,968	$ 53,342,059
Interest rate	1.29%-3.40%	1.18%-2.90%

Long-term loans consist of unsecured borrowings, secured borrowings and earmarked loans. The principals of long-term unsecured and secured borrowings are due in December 2021, and the interests are paid monthly. The principals of earmarked loans are due in September 2021, and the interests are paid monthly, quarterly, or semiannually.

To repay loans and provide working capital, the Corporation entered into a 5-year syndicated loan agreement with a bank consortium with a credit line of $43 billion in March 2018.

20. OTHER PAYABLES

	December 31	
	2017	2016
Salaries and bonuses payable	$ 1,438,523	$ 1,134,697
Taxes payable	1,133,230	748,023
Payables for equipment	1,029,027	1,432,129
Deposits and retention money	728,009	745,642
Payables for electricity	289,016	374,268
Fines payable	264,000	264,000
Freight payables	226,334	150,637
Others	3,731,269	2,883,461
	$ 8,839,408	$ 7,732,857

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

b. Defined benefit plan

The defined benefit plan adopted by the Corporation and its subsidiaries in the Republic of China, which is in accordance with the Labor Standards Law, is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Group contributes amounts equal to a specified percentage of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

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

	December 31	
	2017	2016
Present value of defined benefit obligation	$ (1,125,032)	$ (1,229,261)
Fair value of plan assets	1,810,972	1,872,548
	$ 685,940	$ 643,287
Net defined benefit asset	$ 897,637	$ 827,402
Net defined benefit liability	$ 211,697	$ 184,115

Movements in net defined benefit asset were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Asset
Balance at January 1, 2016	$ (1,383,405)	$ 1,547,715	$ 164,310
Service costs			
Current service costs	(14,824)	-	(14,824)
Net interest income (expense)	(19,416)	21,463	2,047
Recognized in profit or loss	(34,240)	21,463	(12,777)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	373,790	373,790
Actuarial loss - changes in demographic assumptions	(3,181)	-	(3,181)
Actuarial loss - changes in financial assumptions	(17,691)	-	(17,691)
Actuarial gain - experience adjustments	32,451	-	32,451
Recognized in other comprehensive income	11,579	373,790	385,369
Contributions from the employer	-	100,550	100,550
Benefits paid	176,805	(170,970)	5,835
Balance at December 31, 2016	(1,229,261)	1,872,548	643,287
Service costs			
Current service costs	(13,375)	-	(13,375)
Net interest income (expense)	(15,631)	23,819	8,188
Recognized in profit or loss	(29,006)	23,819	(5,187)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	56,824	56,824
Actuarial loss - changes in demographic assumptions	(7,076)	-	(7,076)
Actuarial loss - changes in financial assumptions	(14,493)	-	(14,493)
Actuarial loss - experience adjustments	(23,022)	-	(23,022)
Recognized in other comprehensive income (loss)	(44,591)	56,824	12,233
Contributions from the employer	-	33,350	33,350
Benefits paid	177,826	(175,569)	2,257
Balance at December 31, 2017	$ (1,125,032)	$ 1,810,972	$ 685,940

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

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

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

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

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

	December 31	
	2017	**2016**
Discount rates	1.00%-1.63%	1.13%-1.38%
Long-term average rates of salary increase	1.50%-2.25%	1.50%-2.25%

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

	December 31	
	2017	**2016**
Discount rates		
0.25% increase	$ (25,385)	$ (26,836)
0.25% decrease	$ 26,281	$ 27,754
Expected rates of salary increase		
0.25% increase	$ 25,537	$ 26,738
0.25% decrease	$ (24,795)	$ (25,988)

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

	December 31	
	2017	**2016**
The expected contributions to the plan for the next year	$ 15,290	$ 46,345
The average duration of the defined benefit obligation	7-15 years	7-18 years

22. EQUITY

a. Ordinary shares

	December 31	
	2017	2016
Number of shares authorized (in thousands)	6,000,000	6,000,000
Shares authorized	$ 60,000,000	$ 60,000,000
Number of shares issued and fully paid (in thousands)	4,246,509	3,692,176
Shares issued	$ 42,465,090	$ 36,921,759

A holder of issued ordinary shares with par value of NT$10 is entitled to the proportional rights to vote and to dividends.

For the year ended December 31, 2017, the shares increased due to the issuance of ordinary shares.

According to the laws of Hong Kong and the Cayman Islands, the Corporation and its subsidiary, TCCI, contemplated privatizing TCCIH by a Scheme of Arrangement under the Companies Law of the Cayman Islands. On October 18, 2017 the Corporation's board of directors resolved to issue 554,333 thousand ordinary shares to acquire part of TCCIH's shares with a par value of $10, which increased the share capital issued and fully paid to $42,465,090 thousand. On November 6, 2017 the above transaction was approved by the FSC.

The Corporation's board of directors resolved to repurchase 6,000 thousand ordinary shares in February 2018 for the purpose of transfer to employees. As of the date the consolidated financial statements were authorized, the repurchase of ordinary shares was completed at an average price of $36.36 per share. Under the Securities and Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to receive dividends and to vote.

b. Capital surplus

	December 31	
	2017	2016
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of shares	$ 23,863,105	$ 10,435,775
Conversion of bonds	1,520,632	1,520,632
Difference between consideration received/paid and the carrying amount of subsidiaries' net assets during actual acquisitions	-	1,224,547
Treasury share transactions	194,598	194,598
Donations	31,537	31,537
May only be used to offset a deficit (2)		
Changes in percentage of ownership interests in subsidiaries	116,238	116,238
Forfeited share options	10,315	10,315
Dividends distributed by subsidiaries not yet received by shareholders	2,120	-

(Continued)

	December 31	
	2017	2016
May not be used for any purpose		
Changes in interests in associates accounted for by using the equity method	$ 520	$ 520
	$ 25,739,065	$ 13,534,162

(Concluded)

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

2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulting from equity transactions, other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for by using the equity method.

c. Retained earnings and dividend policy

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The shareholders held their general meeting in June 2016 and, in that meeting, resolved amendments to the Corporation's Articles of Incorporation (the "Articles"), particularly the amendment to the policy on dividend distribution and the addition of the policy on the distribution of employees' compensation.

Under the dividend policy as set forth in the amended Articles, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' general meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after amendment, refer to "Employee benefits expense" in Note 23b.

In addition to the capital-intensive, mature and stable production and marketing of cement and cement-related products, the Corporation aggressively pursues diversification. For the development of diversified investments or other important capital budgeting plans, the Corporation decided that the payout ratio of cash dividend is to be at least 20% of the total dividends to be distributed to ordinary shareholders; the rest will be paid in share dividends.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Corporation.

An appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Corporation's share capital. The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's share capital, the excess may be transferred to capital or distributed in cash.

Except for non-ROC resident shareholders, all shareholders receiving dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Corporation.

The appropriations of earnings for 2016 and 2015 approved in the shareholders' general meetings in 2017 and June 2016, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2016	**2015**	**2016**	**2015**
Legal reserve	$ 635,845	$ 577,599		
Cash dividends	5,353,655	4,910,594	$ 1.45	$ 1.33

As of March 28, 2018, the distribution of 2017 earnings had not been approved by the board of directors. The information on the distribution of earnings will be available at the Market Observation Post System website of the Taiwan Stock Exchange.

d. Special reserve

The Corporation appropriated to special reserve the amounts that were the same as the unrealized revaluation increment and cumulative translation adjustments transferred to retained earnings at the first-time adoption of IFRSs, which were $10,454,422 thousand and $2,709,369 thousand, respectively.

The special reserve appropriated at the first-time adoption of IFRSs relating to investment in properties other than land may be reversed according to the period of use. The special reserve relating to land may be reversed upon disposal or reclassification, and such special reserve of $849 thousand and $11 thousand was reversed for the years ended December 31, 2017 and 2016, respectively. The special reserve appropriated, due to currency translation adjustments for financial statements of foreign operations (including subsidiaries), shall be reversed based on the Corporation's disposal percentage, and all of the special reserve shall be reversed when the Corporation loses significant influence. There was no such reversal during the years ended December 31, 2017 and 2016.

e. Other equity items

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

	For the Year Ended December 31	
	2017	**2016**
Balance at January 1	$ (2,233,617)	$ 2,239,093
Exchange differences on translating foreign operations	1,487,776	(4,177,791)
Related income tax	(1,861)	-
Share of exchange differences of associates and joint ventures accounted for by using the equity method	(42,773)	(294,919)
Balance at December 31	$ (790,475)	$ (2,233,617)

2) Unrealized gain (loss) on available-for-sale financial assets

	For the Year Ended December 31	
	2017	2016
Balance at January 1	$ 11,200,323	$ 10,993,974
Unrealized gain arising on revaluation of available-for-sale financial assets	8,716,880	206,776
Cumulative gain reclassified to profit (loss) on disposal of available-for-sale financial assets	325	(382)
Share of unrealized loss on revaluation of available-for-sale financial assets of associates and joint ventures accounted for by using the equity method	(2,514)	(45)
Balance at December 31	$ 19,915,014	$ 11,200,323

3) Cash flow hedges

	For the Year Ended December 31	
	2017	2016
Balance at January 1	$ 7,900	$ 5,487
Changes in fair value of hedging instruments - foreign exchange forward contracts	(12,169)	(7,469)
Reclassified gain from expiration of hedging instruments - foreign exchange forward contracts	4,269	9,882
Balance at December 31	$ -	$ 7,900

f. Non-controlling interests

	For the Year Ended December 31	
	2017	2016
Balance at January 1	$ 40,628,620	$ 47,441,267
Attributable to non-controlling interests:		
Share of profit for the year	2,728,553	2,483,623
Exchange differences arising on translation of foreign operations	(130,212)	(2,877,249)
Unrealized gain on available-for-sale financial assets	98,221	37,007
Changes in cash flow hedges	(5,267)	1,609
Share of other comprehensive loss of associates and joint ventures accounted for by using the equity method	(149,478)	(198,777)
Changes in ownership interests of subsidiaries	389	-
Cumulative loss reclassified to profit or loss on disposal of available-for-sale financial assets	(22)	(20)
Remeasurement of defined benefit plan	(18,035)	(2,945)
Partials disposal of interests in subsidiaries or acquisitions of non-controlling interests in subsidiaries	(25,960,152)	(2,732,057)
Dividends paid by subsidiaries	(2,258,975)	(2,299,291)
Changes in percentage ownership in subsidiaries	1,814,785	(1,224,547)
Others	(449,415)	-
Balance at December 31	$ 16,299,012	$ 40,628,620

23. NET INCOME

Net income includes the following items:

a. Depreciation and amortization

	For the Year Ended December 31	
	2017	2016
Property, plant and equipment	$ 6,056,147	$ 6,562,220
Investment properties	24,407	25,406
Intangible assets	383,239	402,921
	$ 6,463,793	$ 6,990,547
An analysis of depreciation by function		
Operating costs	$ 5,731,491	$ 6,161,338
Operating expenses	345,395	422,373
Non-operating expenses	3,668	3,915
	$ 6,080,554	$ 6,587,626
An analysis of amortization by function		
Operating costs	$ 332,084	$ 347,442
Operating expenses	51,155	55,479
	$ 383,239	$ 402,921

b. Employee benefits expense

	For the Year Ended December 31	
	2017	2016
Retirement benefit plans		
Defined contribution plans	$ 351,663	$ 397,109
Defined benefit plan	5,187	12,777
	356,850	409,886
Other employee benefits	4,751,784	4,828,943
	$ 5,108,634	$ 5,238,829
An analysis of employee benefits expense by function		
Operating costs	$ 3,384,360	$ 3,669,757
Operating expenses	1,724,274	1,569,072
	$ 5,108,634	$ 5,238,829

The Corporation accrued employees' compensation and remuneration of directors at the rates of 0.01%-3% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The total amount of employees' compensation and remuneration of directors for the year ended December 31, 2017 is estimated to be $90,204 thousand. The employees' compensation and remuneration of directors for the year ended December 31, 2016, which were approved by the Corporation's board of directors in March 2017, were $37,114 thousand and $55,680 thousand, respectively.

For the year ended December 31, 2017, 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 was 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, 2016 and 2015.

Information on the employees' compensation and remuneration of directors resolved by the Corporation's board of directors will be available at the Market Observation Post System website of the Taiwan Stock Exchange.

c. Finance costs

	For the Year Ended December 31	
	2017	**2016**
Interest on bank borrowings	$ 1,744,478	$ 1,749,047
Other finance costs	178,831	167,790
	$ 1,923,309	$ 1,916,837

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2017	**2016**
Capitalization amount of interest	$ 11,081	$ 7,543
Capitalization rate of interest	0.62%-1.58%	1.58%-1.66%

d. Other income

	For the Year Ended December 31	
	2017	**2016**
Net gain of financial asset or financial liability at fair value through profit	$ -	$ 367,641
Government grants	117,263	217,788
Others	511,210	342,997
	$ 628,473	$ 928,426

e. Other expenses

	For the Year Ended December 31	
	2017	**2016**
Net loss of financial asset or financial liability at fair value through profit	$ 103,169	$ -
Loss on disposal of property, plant and equipment	196,894	34,476
Loss on work stoppages	142,854	190,256
Others	112,273	248,499
	$ 555,190	$ 473,231

24. INCOME TAX

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2017	2016
Current tax		
In respect of the current year	$ 3,066,731	$ 2,513,061
Income tax on unappropriated earnings	74,323	4,138
Adjustments for prior years	35,544	(21,198)
	3,176,598	2,496,001
Deferred tax	325,261	177,259
Income tax expense recognized in profit or loss	$ 3,501,859	$ 2,673,260

A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	For the Year Ended December 31	
	2017	2016
Income before tax	$ 13,824,659	$ 11,515,335
Income tax expense at the statutory rate	$ 2,350,192	$ 1,957,607
Non-deductible expenses in determining taxable income	506,345	555,512
Tax-exempt income	(630,218)	(550,505)
Unrecognized loss carryforwards and deductible temporary differences	476,524	444,695
Loss carryforwards utilized in the current year	(75,624)	(6,139)
Effects of different tax rate of subsidiaries operating in other jurisdictions	634,296	18,404
Income tax on unappropriated earnings	74,323	4,138
Adjustments for prior years	35,128	(21,198)
Others	130,893	270,746
Income tax expense recognized in profit or loss	$ 3,501,859	$ 2,673,260

The applicable corporate income tax rate used by the group entities in the ROC is 17%, while the applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

In February 2018, it was announced by the President of the ROC that the Income Tax Act in the ROC was amended and, starting from 2018, the corporate income tax rate will be adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%. Deferred tax assets and deferred tax liabilities recognized as at December 31, 2017 are expected to be adjusted and increase by $79,900 thousand and $719,932 thousand, respectively, in 2018.

As the status of the 2018 appropriation of earnings is uncertain, the potential income tax consequences of the 2017 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2017	**2016**
Deferred tax in the current year		
Remeasurement on defined benefit plan	$ 2,080	$ 65,512
Translation of foreign operations	1,861	-
	3,941	65,512

c. Current tax assets and liabilities

	December 31	
	2017	**2016**
Current tax assets		
Tax refund receivable (included in other receivables)	$ 443,340	$ 485,305
Current tax liabilities		
Current income tax liabilities	$ 1,651,042	$ 1,324,329

d. Deferred income tax assets and liabilities

The movements of deferred income tax assets (included in other non-current assets) and deferred income tax liabilities were as follows:

For the year ended December 31, 2017

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Exchange Differences	Closing Balance
Deferred income tax assets						
Loss carryforwards	$ 514,273	$ (213,146)	$ -	$ -	$ (7,592)	$ 293,535
Allowance for impaired receivables	17,524	10,045	-	-	(127)	27,442
Defined benefit plan	33,402	7,042	9,892	-	-	50,336
Inventories	128,389	(2,312)	-	-	(1,127)	124,950
Others	221,914	110,906	-	-	(982)	331,838
	$ 915,502	$ (87,465)	$ 9,892	$ -	$ (9,828)	$ 828,101
Deferred income tax liabilities						
Land value increment tax	$ 5,092,973	$ -	$ -	$ -	$ -	$ 5,092,973
Finance leases	2,659,389	115,577	-	-	-	2,774,966
Property, plant and equipment	1,325,741	(25,293)	-	-	(15,814)	1,284,634
Retained earnings from foreign subsidiaries	1,006,952	146,205	1,861	(29,504)	(22,504)	1,103,010
Defined benefit plan	120,775	688	11,972	-	-	133,435
Others	8,137	619	-	-	2	8,758
	$ 10,213,967	$ 237,796	$ 13,833	$ (29,504)	$ (38,316)	$ 10,397,776

For the year ended December 31, 2016

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Exchange Differences	Closing Balance
Deferred income tax assets						
Loss carryforwards	$ 618,553	$ (82,359)	$ -	$ -	$ (21,921)	$ 514,273
Allowance for impaired receivables	7,791	10,550	-	-	(817)	17,524
Defined benefit plan	63,195	(28,850)	(943)	-	-	33,402
Inventories	127,064	6,122	-	-	(4,797)	128,389
Others	267,171	(30,636)	-	-	(14,621)	221,914
	$ 1,083,774	$ (125,173)	$ (943)	$ -	$ (42,156)	$ 915,502

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Exchange Differences	Closing Balance
Deferred income tax liabilities						
Land value increment tax	$ 5,092,973	$ -	$ -	$ -	$ -	$ 5,092,973
Finance leases	2,565,657	93,732	-	-	-	2,659,389
Property, plant and equipment	1,559,111	(143,181)	-	-	(90,189)	1,325,741
Retained earnings from foreign subsidiaries	983,557	104,453	-	(76,559)	(4,499)	1,006,952
Defined benefit plan	57,256	(1,050)	64,569	-	-	120,775
Others	10,006	(1,868)	-	-	(1)	8,137
	$ 10,268,560	$ 52,086	$ 64,569	$ (76,559)	$ (94,689)	$ 10,213,967

(Concluded)

e. Unrecognized deferred income tax assets in respect of loss carryforwards

	December 31 2017	December 31 2016
Loss carryforwards		
Expire in 2017	$ -	$ 211,686
Expire in 2018	751,114	625,564
Expire in 2019	1,274,833	1,531,826
Expire in 2020	3,519,743	3,041,368
Expire in 2021	1,273,222	1,315,285
Expire in 2022	1,171,098	720,688
Expire in 2023	792,691	914,780
Expire in 2024	566,145	567,440
Expire in 2025	1,047,548	1,047,558
Expire in 2026	71,204	71,572
Expire in 2027	411,744	-
	$ 10,879,342	$ 10,047,767

f. Unused loss carryforwards information

Loss carryforwards as of December 31, 2017 were comprised of:

Unused Amount	Expiry Year
$ 751,114	2018
1,274,833	2019
3,742,055	2020
1,278,779	2021
1,171,098	2022
825,932	2023
566,145	2024
2,023,187	2025
463,954	2026
412,513	2027
$ 12,509,610	

g. Unrecognized deferred income tax liabilities in respect of investments

As of December 31, 2017 and 2016, the taxable temporary differences in respect of investments in subsidiaries and associates for which no deferred income tax liabilities have been recognized were $60,043,392 thousand and $50,296,499 thousand, respectively.

h. Integrated income tax information

	December 31	
	2017	2016
Unappropriated earnings		
Generated before January 1, 1998	$ 38,366	$ 38,366
Generated on and after January 1, 1998	21,906,400	20,859,410
	$ 21,944,766 (Note)	$ 20,897,776
Shareholder-imputed credit accounts	$ 1,682,466 (Note)	$ 1,702,678

	For the Year Ended December 31	
	2017	2016
Creditable ratio for distribution of earnings	(Note)	10.86%

Note: Since the amended Income Tax Act announced in February 2018 abolished the imputation tax system, the related information for 2017 is not applicable.

i. Income tax assessments

The information of income tax assessments for the Group is as follows:

Year	Name of Group Entity
2017	Ho Swen Construction Material Co., Ltd.
2016	Ta-Ho Onyx RSEA Environment Co., Ltd., Ho Sheng Mining Co., Ltd., Kuan-Ho Construction & Development Corporation, Union Cement Traders Inc., TCC Investment Corporation
2015	Taiwan Cement Engineering Corporation, TCC Chemical Corporation, TCC Information Systems Corporation, Taiwan Prosperity Chemical Corporation, Tung Chen Mineral Corporation, Jin Chang Minerals Corporation, Hoping Industrial Port Corporation, Ta-Ho Onyx Taitung Environment Co., Ltd., HPC Power Service Corporation, E.G.C. Cement Corporation, Kuan-Ho Refractories Industry Corporation, TCC Green Energy Corporation, Ta-Ho Maritime Corporation, Taiwan Transport & Storage Corporation, Ho-Ping Power Company, Feng Sheng Enterprise Company
2014	Taiwan Cement Corporation

25. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2017	**2016**
Basic earnings per share	$ 2.03	$ 1.72
Diluted earnings per share	$ 2.03	$ 1.72

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

	For the Year Ended December 31	
	2017	**2016**
Profit for the year attributable to owners of the Corporation	$ 7,594,247	$ 6,358,452
Number of shares (in thousands)		
Weighted average number of ordinary shares in computation of basic earnings per share	3,738,370	3,692,176
Effect of potentially dilutive ordinary shares:		
Employees' compensation	900	1,291
Weighted average number of ordinary shares used in the computation of diluted earnings per share	3,739,270	3,693,467

If the Corporation offered to settle compensation paid to employees in cash or shares, the Corporation assumed the entire amount of the compensation or bonus will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

According to the laws of Hong Kong and the Cayman Islands, the Corporation and its subsidiary, TCCI, contemplated privatizing TCCIH by a Scheme of Arrangement under the Companies Law of the Cayman Islands. On October 18, 2017, the Corporation's board of directors resolved to issue 554,333 thousand ordinary shares to acquire part of TCCIH's 1,319,841 thousand shares with a par value of NT$10, for a consideration of NT$18,970,661 thousand, excluding issuance costs, which increased the share capital issued and fully paid to $42,465,090 thousand. On November 6, 2017 the above transaction was approved by the FSC. TCCI acquired the residual portion of the shares of TCCIH in cash, increasing its proportionate interest from 63.1% to 75.9%.

In 2017, the Group disposed of a portion of its shares of Taiwan Prosperity Chemical Corporation decreasing its proportionate interest from 52.8% to 52.5%.

The above transactions were accounted for as equity transactions, since there was no change in the Group's control over these subsidiaries.

2017

Investor	TCCI	Taiwan Cement Corporation	TCC Investment Corporation	
Investee	TCCIH	TCCIH	Taiwan Prosperity Chemical Corporation	Total
Cash consideration (paid) received	$ (7,006,408)	$	$ 16,917	$ (6,989,491)
Issuance of new shares for the acquisition of shares in subsidiaries	-	(18,970,661)		(18,970,661)
The proportionate share of the subsidiary's net assets' carrying amount transferred from (to) non-controlling interests	6,143,410	18,010,172	(8,215)	24,145,367
Differences arising from equity transactions	$ (862,998)	$ (960,489)	$ 8,702	$ (1,814,785)

Investor	TCCI	Taiwan Cement Corporation	TCC Investment Corporation	
Investee	TCCIH	TCCIH	Taiwan Prosperity Chemical Corporation	Total
Line items adjusted for equity Transactions				
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	$ (862,998)	$ (370,251)	$ 8,702	$ (1,224,547)
Retained earnings	-	(590,238)	-	(590,238)
	$ (862,998)	$ (960,489)	$ 8,702	$ (1,814,785)

Cash consideration	$ (6,989,491)
Cost of privatization and issue of new shares	(228,195)
	$ (7,217,686)

2016

In September 2016, TCCI acquired shares of TCCIH, increasing its proportionate interest from 56.9% to 63.1%.

	TCCIH
Cash consideration	$ (2,732,057)
The proportionate share of the subsidiary's net assets' carrying amount transferred from non-controlling interests	3,956,604
Differences arising from equity transaction	$ 1,224,547

	TCCIH
Line items adjusted for equity transaction	
Capital surplus - difference between consideration paid and the carrying amount of subsidiaries' net assets during actual disposal or acquisition	$ 1,224,547

The above transactions were accounted for as equity transactions, since there was no change in the Group's control over these subsidiaries.

27. CAPITAL MANAGEMENT

The Group needs to maintain sufficient capital to fulfill the Group's requirements of business expansion and construction. Therefore, the capital management of the Group shall focus on a comprehensive operational plan to ensure sound profitability and financial structure so as to fulfill the mid- and long-term demand of working capital, capital expenditures, debts repayment and dividend distributions.

28. FINANCIAL INSTRUMENTS

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

The consolidated financial statements included holdings in unlisted shares. The fair values of those unlisted shares estimated through valuation techniques would fluctuate with high volatility, and the management believes that their fair values cannot be reliably measured. Therefore, such investments were measured at cost less accumulated impairment.

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

1) Fair value hierarchy

December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 147,049	$ -	$ -	$ 147,049
Available-for-sale financial assets				
Domestic listed shares	$ 10,145,547	$ -	$ -	$ 10,145,547
Foreign listed shares	18,238,096	-	-	18,238,096
Domestic emerging market shares	89,037	-	-	89,037
Mutual funds	84,478	-	-	84,478
	$ 28,557,158	$ -	$ -	$ 28,557,158

December 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 146,841	$ -	$ -	$ 146,841
Derivative instrument - foreign exchange forward contracts	-	1,647	-	1,647
	$ 146,841	$ 1,647	$ -	$ 148,488
Available-for-sale financial assets				
Domestic listed shares	$ 7,338,337	$ -	$ -	$ 7,338,337
Foreign listed shares	11,833,605	-	-	11,833,605
Domestic emerging market shares	536,211	-	-	536,211
Mutual funds	19,395	-	-	19,395
	$ 19,277,548	$ -	$ -	$ 19,727,548
Derivative financial assets for hedging				
Foreign exchange forward contracts	$ -	$ 13,167	$ -	$ 13,167

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Valuation techniques and inputs applied for the purpose of Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign currency forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates discounted at a rate that reflects the credit risk of various counterparties.

c. Categories of financial instruments

	December 31	
	2017	2016
Financial assets		
Financial assets at FVTPL	$ 147,049	$ 148,488
Derivative financial instruments in designated hedge accounting relationships	-	13,167
Loans and receivables (1)	88,120,239	83,540,447
Available-for-sale financial assets (2)	29,139,977	20,317,284
Financial liabilities		
Financial liabilities measured at amortized cost (3)	102,339,326	103,695,385

1) The balances include loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets and long-term finance lease receivables.

2) The balances include the carrying amount of available-for-sale financial assets carried at cost.

3) The balances include financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payable, notes and accounts payable, other payables and long-term loans (including current portion).

d. Financial risk management objectives and policies

The risk control and hedging strategy performed by the Group were affected by operation environments, and the Group adopted appropriate risk controls and hedging strategies according to its nature of business and risk diversification principles. These risks include market risk, credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The Group did not enter into or trade financial instruments for speculation.

1) Market risk

The Group's financial instruments were mainly comprised of mutual funds and listed shares, and these investments were subject to fluctuations in market prices. The Group has periodically evaluated the investment's performance, and no significant market risk was anticipated.

The Group entered into foreign exchange forward contracts to manage exposure to exchange rate fluctuations, including foreign currency risks of foreign-currency assets and liabilities and price fluctuation risks of forecasted transactions. Since the gain or loss generated from exchange rate fluctuations was mostly offset by the gains or losses of hedged items, the market price risk is expected to be insignificant.

a) Foreign currency risk

The foreign financial assets and liabilities were exposed to risk of foreign currency fluctuations. To lower foreign currency risk, the Group has established control mechanisms to immediately monitor it foreign currency position and exchange rate fluctuations.

To maximize the hedging effectiveness, the Group matched up the conditions of derivative instruments with those in the contracts of hedged items.

The carrying amounts of the significant monetary assets and liabilities not denominated in functional currency (including those eliminated on consolidation) at the end of the reporting period are set out in Note 32.

The Group was mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in after-tax profit or equity associated with the NTD/RMB/HKD strengthening 1% against the relevant currency.

	USD Impact		**HKD Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2017	**2016**	**2017**	**2016**
NTD	$ 1,370	$ (2,068)		
RMB	$ (9,741)	$ (19,098)	$ (3,864)	$ 7,931
HKD	$ 366,295	$ 348,772		

b) Interest rate risk

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

	December 31	
	2017	**2016**
Cash flow interest rate risk		
Financial assets	$ 15,092,905	$ 17,730,116
Financial liabilities	77,719,322	82,141,333

The interest risk was evaluated based on the position of financial assets and liabilities. The sensitivity analysis below was determined based on the Group's floating interest rate financial assets and liabilities at the end of the reporting period, and a 50 basis point increase or decrease was used, representing management's assessment of reasonably possible change in interest rates. The fair values of fixed interest rate financial assets and liabilities will change due to variances in market interest rates; the future cash flows of floating interest rate financial assets and financial liabilities will change due to variances in effective interest rates, which vary with market interest rates.

For the Group's position of floating interest rate financial assets, if interest rates had been 50 basis points higher/lower, the cash inflows from floating interest rate financial assets for the years ended December 31, 2017 and 2016 would increase/decrease by $62,636 thousand and $73,580 thousand, respectively.

For the Group's position of floating interest rate financial liabilities, if interest rates had been 50 basis points higher/lower, the cash outflows from floating interest rate financial liabilities for the years ended December 31, 2017 and 2016 would increase/decrease by $322,535 thousand and $340,887 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed shares and emerging market shares. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments. Sensitivity analyses were used for evaluating the exposure to equity price risks.

The sensitivity analyses were based on the exposure of listed shares and emerging market shares at the end of the reporting period. If equity prices had been 5% higher/lower, other comprehensive income for the years ended December 31, 2017 and 2016 would increase/decrease by $1,423,634 thousand and $985,408 thousand, respectively.

2) Credit risk

Potential impacts on financial assets would occur if the Group's counterparties breach financial instrument contracts, including impacts to the concentration of credit risk, components contractual amounts and other receivables.

As at the end of the reporting period, the 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, could arise from the carrying amounts of the respective recognized financial assets as stated in the balance sheets.

The Group transacted with a large number of customers from various industries and geographical locations.

The Group continuously assesses the operations and financial positions of customers and monitors the collectability of accounts receivable. The Group also required credit enhancements by bank guarantees or collateral for certain customers or in certain geographical locations.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings which were assigned by international credit-rating agencies.

3) Liquidity risk

The 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 facilities and ensures compliance with loan covenants. As of December 31, 2017 and 2016, the amount of unused financing facilities was $53,787,990 thousand and $66,943,374 thousand, respectively.

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

December 31, 2017

	On Demand or Less than 1 Month	**1-3 Months**	**3 Months to 1 Year**	**1-5 Years**	**5+ Years**
Non-derivative financial liabilities					
Non-interest bearing	$ 1,532,006	$15,322,363	$ 1,402,386	$ 175,479	$ 37,711
Variable interest rate liabilities	5,297,405	12,370,612	18,013,008	45,344,121	-
Fixed interest rate liabilities	2,110,000	4,000,000	1,890,000	-	-
	$ 8,939,411	$31,692,975	$ 21,305,394	$ 45,519,600	$ 37,711

December 31, 2016

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 1,063,710	$ 14,197,236	$ 2,739,247	$ 439,094	$ 40,402
Variable interest rate liabilities	1,788,269	18,116,475	10,646,457	55,516,565	-
Fixed interest rate liabilities	705,000	5,225,000	-	-	-
	$ 3,556,979	$ 37,538,711	$ 13,385,704	$ 55,955,659	$ 40,402

29. 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. Details of transactions between the Group and other related parties are as follows:

a. Name of the related parties and relationship

Related Party	Relationship with the Group
Onyx Ta-Ho Waste Clearance Co., Ltd.	Associates
ONYX Ta-Ho Environmental Services Co., Ltd.	Associates
Shih Hsin Storage & Transportation Co., Ltd.	Associates
Quon Hing Concrete Co., Ltd.	Associates
Prosperity Conch Cement Company Limited	Associates
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Associates
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Associates
CCC USA Corp.	Associates
Chia Hsin R.M.C. Corp.	Management personnel in substance
The Koo Foundation	Management personnel in substance
Chia Hsin Cement Corporation	Management personnel in substance
Dongguan Jinli Cement Company Limited	Management personnel in substance
L'Hotel de Chine Corporation	Management personnel in substance
FDC International Hotels Corporation	Management personnel in substance
Goldsun Building Materials Co., Ltd.	Investors with significant influence over the Group
Top Form Construction Ltd.	Investors with significant influence over the Group
China Hi-Ment Corporation	The Group acts as key management personnel
Rong Gong Enterprise Co.	The Group acts as key management personnel
O-Bank	The Group acts as key management personnel
Pan Asia Corporation	The Group acts as key management personnel
Sole Energy Tech Corp. (dissolved and closed on June 30, 2017)	Same key management personnel
Synpac-Kingdom Pharmaceutical Co., Ltd. (China Synthetic Rubber's subsidiary, disposed of in November 2017)	Same key management personnel
China Synthetic Rubber Corporation	Same key management personnel
Zhong Xin Investment Co., Ltd.	Same key management personnel

(Continued)

Related Party	Relationship with the Group
E-ONE Moli Energy Corporation	Same key management personnel
Consolidated Resource Company	Same key management personnel
CSRC China Corporation	Same key management personnel
CSRC China (Anshan) Corporation	Same key management personnel
Chienten Temple	Same key management personnel
He Feng Investment Co., Ltd.	Same key management personnel
CSRC China (Chongqing) Corporation	Same key management personnel
Dr. Cecilia Koo Botanic Conservation and Environmental Protection Foundation	Same key management personnel
Continental Carbon India Ltd.	Same key management personnel
Guangan Xin Tai Construction Materials Company Limited	Joint ventures

(Concluded)

a. Operating transactions

	For the Year Ended December 31	
	2017	2016
Sales		
Associates	$ 507,116	$ 679,213
Management personnel in substance	452,153	575,606
Same key management personnel	178,727	162,174
The Group acts as key management personnel	150,536	186,206
Investors with significant influence over the Group	81,598	282,017
	$ 1,370,130	$ 1,885,216
Purchases of goods and operating expenses		
The Group acts as key management personnel	$ 441,550	$ 476,049
Associates	105,648	100,410
Same key management personnel	62,777	107,514
Management personnel in substance	29,624	12,800
Investors with significant influence over the Group	57	120
	$ 639,656	$ 696,893

Notes receivable and accounts receivable from related parties as of December 31, 2017 and 2016 were as follows:

	December 31	
	2017	2016
Associates		
Quon Hing Concrete Co., Ltd.	$ 69,518	$ 60,656
Others	19,901	35,977
	89,419	96,633
Management personnel in substance		
Chia Hsin Cement Corporation	45,551	103,221
Dongguan Jinli Cement Company Limited	-	221,660
Others	19,941	19,197
	65,492	344,078
The Group acts as key management personnel		
China Hi-Ment Corporation	46,407	43,037
Others	-	515
	46,407	43,552
Investors with significant influence over the Group	17,771	53,788
Same key management personnel	10,613	8,933
	$ 229,702	$ 546,984

Accounts payables from related parties (included in notes and accounts payable) as of December 31, 2017 and 2016 were as follows:

	December 31	
	2017	2016
The Group acts as key management personnel	$ 127,997	$ 134,365
Associates	11,370	5,056
Same key management personnel	4,023	4,188
Management personnel in substance	2,413	-
Others	10	49
	$ 145,813	$ 143,658

The price and terms of the above transactions were similar to those for third parties. Rentals of lease contracts with related parties were based on market prices and the payment terms were determined at arm’s length.

b. Loans to related parties (included in other receivables from related parties)

	December 31	
	2017	2016
Management personnel in substance		
Dongguan Jinli Cement Company Limited	$ -	$ 113,565
Joint ventures		
Guangan Xin Tai Construction Materials Company Limited	-	24,701
	$ -	$ 138,266

For the years ended December 31, 2017 and 2016, the loans to related parties mentioned above were unsecured loans.

	For the Year Ended December 31	
	2017	2016
Interest income	$ -	$ 2,621

c. Other receivables from related parties

	December 31	
	2017	2016
Associates	$ 1,561	$ 33,264
Quon Hing Concrete Co., Ltd.	307	306
Others	1,868	33,570
Same key management personnel		
China Synthetic Rubber Corporation	434	538
E-ONE Moli Energy Corporation	399	252
Others	117	907
	950	1,697
Management personnel in substance	274	934
Joint ventures	-	7,530
	$ 3,092	$ 43,731

Other receivables from related parties included dividend receivables and interest receivables.

d. Compensation of key management personnel

The compensation of directors and other key management personnel for the years ended December 31, 2017 and 2016 were as follows:

	For the Year Ended December 31	
	2017	2016
Short-term employee benefits	$ 240,149	$ 303,226
Other long-term employee benefits	25,329	-
Post-employment benefits	4,576	20,325
	$ 270,054	$ 323,551

e. Endorsements and guarantees

Endorsements and guarantees provided by the Group to related parties and actually drawn as of December 31, 2017 and 2016 were as follows:

	December 31	
	2017	2016
Associates	$ -	$ 415,530

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were pledged or mortgaged as collateral for certain short-term loans, long-term loans, performance bonds and other credit accommodations:

	December 31	
	2017	2016
Available-for-sale financial assets (including current and non-current portion)	$ 365,369	$ 292,098
Property, plant and equipment	2,552,170	2,763,898
Investment properties	1,142,268	1,227,927
Finance lease receivables (including current and non-current portion)	16,019,540	17,642,251
Pledged bank deposits		
- current (included in other financial assets)	385,436	400,649
- non-current (included in other non-current assets)	273,977	266,010
	$ 20,738,760	$ 22,592,833

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. The balances of the letters of credit for purchase of raw material were as follows:

	December 31	
Name	**2017**	**2016**
The Corporation	$ 235,248	$ 418,428
Taiwan Prosperity Chemical Corporation	1,413,476	954,111
Ho-Ping Power Company	495,020	340,613

b. As of December 31, 2017 and 2016, the Corporation has issued bills of lading for finished goods in the amount of 286,000 tons as collateral for its credit facilities with financial institutions.

c. The amounts of letters of guarantee issued by the banks for the Group are as follows:

	December 31	
Name	**2017**	**2016**
The Corporation	$ 45,990	$ 39,870
Ho-Ping Power Company	1,148,000	1,148,000
Taiwan Prosperity Chemical Corporation	94,000	52,400
TCCI (Group)	362,561	358,025
Taiwan Transport & Storage Corporation	28,150	28,650

d. Ta-Ho Onyx RSEA Environment Co., Ltd.

Company Name	**Ta-Ho Onyx RSEA Environment Co., Ltd.**
Factual Background	In respect of the termination of the "Build-Own-Operate Agreement for Waste Incineration Plant" (the "BOO Agreement") entered into by and between Ta-Ho Onyx RSEA Environment Co., Ltd. and the Yunlin County Government, the arbitration award decided on was that Yunlin County Government shall pay Ta-Ho Onyx RSEA Environment Co., Ltd. $1.5 billion before November 30, 2008 as a Phase I payment and the remainder as a Phase Ⅱ payment in the aggregate amount of about $1.44 billion (including $1,387,000 thousand, US$1,706 thousand and JPY307 thousand) before June 30, 2009, and Ta-Ho Onyx RSEA Environment Co., Ltd. shall transfer the assets under the BOO Agreement to the Yunlin County Government at the same time.
Amount in Dispute (NT$)	About $2.94 billion
Commencement Date of Litigation	The arbitration award was rendered on October 1, 2008.
Parties	Ta-Ho Onyx RSEA Environment Co., Ltd. and the Yunlin County Government
Status	Ta-Ho Onyx RSEA Environment Co., Ltd. has applied for compulsory execution for the payment awarded by the arbitration and, thus far, has received the principal together with the interest in the amount of about $2.9 billion (tax included). Meanwhile, it continues the negotiations with the Yunlin County Government in respect of the repayment plan.

Company Name	**Ta-Ho Onyx RSEA Environment Co., Ltd.**
Factual Background	After the award was rendered, the Yunlin County Government filed an objection suit against the enforcement of compulsory execution for the Phase Ⅱ payment by Ta-Ho Onyx RSEA Environment Co., Ltd. on the ground that certain events have taken place thereafter which would impede the claim of Ta-Ho Onyx RSEA Environment Co., Ltd.
Amount in Dispute (NT$)	About $1.44 billion (including certain payments of $1,387,000 thousand, US$1,706 thousand and JPY307 thousand)
Commencement Date of Litigation	The Yunlin County Government filed the objection suit on February 4, 2016.
Parties	The Yunlin County Government and Ta-Ho Onyx RSEA Environment Co., Ltd.
Status	The Taiwan Yunlin District Court rendered a judgment against the Yunlin County Government on June 3, 2016. The Yunlin County Government then lodged an appeal on June 23, 2016. The Tainan Branch of the Taiwan High Court dismissed the appeal on June 20, 2017 and the Yunlin County Government did not re-appeal, and therefore, the case was finalized. Refer to the "Status" above (within item d) for the updates of the enforcement of compulsory execution.

e. Ho-Ping Power Company

Company Name	Ho-Ping Power Company
Factual Background	The Fair Trade Commission fined Ho-Ping Power Company $1.35 billion for an alleged violation of Article 14 of the Fair Trade Act conducted with other domestic independent power producers.
Amount in Dispute (NT$)	$1.35 billion
Commencement Date of Litigation	March 2013
Parties	Ho-Ping Power Company and the Fair Trade Commission
Status	The Fair Trade Commission made a second administrative disposition in November 2013 and reduced the amount of the fine imposed on Ho-Ping Power Company to $1,320,000 thousand. On June 30, 2015, the Supreme Administrative Court overruled the original judgment in favor of Ho-Ping Power Company and remanded the case for retrial to the Taipei High Administrative Court. On May 25, 2017, the Taipei High Administrative Court ruled in favor of Ho-Ping Power Company by holding that "the original disposition and decision of administrative appeal, which determined that Ho-Ping Power Company committed concerted action, shall be dismissed." The Fair Trade Commission then lodged an appeal, which is now under review by the Supreme Administrative Court. In accordance with the accounting conservatism principle, Ho-Ping Power Company recognized relevant losses in 2012 and paid a fine of $924,000 thousand as of December 31, 2017. The outstanding fine was recognized by Ho-Ping Power Company under (i) other payables of $264,000 thousand and other non-current liabilities of $132,000 thousand as of December 31, 2017 and (ii) other payables of $264,000 thousand and other non-current liabilities of $396,000 thousand as of December 31, 2016.

Company Name	Ho-Ping Power Company
Factual Background	Taiwan Power Company filed a lawsuit against Ho-Ping Power Company at the Taipei High Administrative Court claiming for its losses of at least $5.5 billion plus interest, which was then expanded to $10.7 billion, and filed another civil litigation at the Taipei District Court claiming for $5.5 billion.
Amount in Dispute (NT$)	About $16 billion in total
Commencement Date of Litigation	September 2015
Parties	Ho-Ping Power Company and Taiwan Power Company
Status	1) There are 2 outstanding litigations against Taiwan Power Company: a) In September 2015, Ho-Ping Power Company received an administrative pleading submitted by Taiwan Power Company to the Taipei High Administrative Court, which was transferred to the Taipei District Court in February 2017, and expanded the claim amount to $10.76 billion. The case is now under review by the Taipei District Court after Taiwan Power Company paid court fees in November 2017. b) In November 2015, Ho-Ping Power Company received a complaint of civil litigation brought by Taiwan Power Company at the Taiwan Taipei District Court based on the same ground of the aforementioned administrative litigation. The case is currently under review by the Taipei District Court. 2) Taiwan Power Company filed a lawsuit against other independent power producers based on the same ground, which was overruled by the Taipei District Court on February 8, 2018. Ho-Ping Power Company will report such court decision to the Taipei District Court to pursue a favorable judgment. 3) Given such situations, Ho-Ping Power Company considered the chance of losing the litigations remote and, therefore, did not recognize relevant losses.

f. To execute the cement barge replacement plan, Da-Ho Maritime Corporation, based on its board of directors' resolution dated December 20, 2013, entered into an agreement with Supero Seiki Co., Ltd. for the purchase of two sets of bulk cement handling equipment in the aggregate amount of US$7,600 thousand, among which US$2,628 thousand was paid as of the date that this report was authorized.

   Based on another of the board of directors' resolutions dated July 31, 2015, Da-Ho Maritime Corporation entered into an agreement with Cardinal Maritime S.A. for the purchase of two new cement barges in the aggregate amount of JPY7,036,000 thousand, among which JPY2,462,600 thousand was paid as of the date of this report's issue. The board of directors adopted another resolution dated October 15, 2015 to enter into an agreement with Sumitomo Corporation for the purchase of six bulk carriers in the aggregate amount of US$161,520 thousand. Four bulk carrier purchase agreements have been executed, and US$62,262 thousand has been paid as of the date that this report was authorized.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2017

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 51,421	29.760 (USD:NTD)	$ 1,530,289
USD	39,472	6.508 (USD:RMB)	1,173,601
USD	9,707	7.810 (USD:HKD)	288,622
HKD	269,460	0.833 (USD:RMB)	1,025,835
			$ 4,018,347
Financial liabilities			
Monetary items			
USD	56,967	29.760 (USD:NTD)	$ 1,695,325
USD	1,494,000	7.810 (USD:HKD)	44,420,609
HKD	147,171	0.833 (HKD:RMB)	560,278
			$ 46,676,212

December 31, 2016

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 50,436	32.25 (USD:NTD)	$ 1,626,561
USD	71,313	6.929 (USD:RMB)	2,300,991
USD	17,682	7.760 (USD:HKD)	570,529
			$ 4,498,081
Financial liabilities			
Monetary items			
USD	42,711	32.25 (USD:NTD)	$ 1,377,441
USD	1,320,000	7.760 (USD:HKD)	42,591,226
HKD	229,815	0.893 (HKD:RMB)	955,571
			$ 44,924,238

The realized and unrealized foreign exchange gains and losses were net losses of $241,360 thousand and $985,562 thousand for the years ended December 31, 2017 and 2016, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of foreign currency transactions and functional currencies of the group entities.

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (Table 2)

3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures) (Table 3)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the share capital (Table 4)

5) Acquisitions of individual real estate at costs of at least NT$300 million or 20% of the share capital (None)

6) Disposals of individual real estate at prices of at least NT$300 million or 20% of the share capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the share capital (Table 5)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the share capital (Table 6)

9) Trading in derivative instruments (Notes 7 and 9)

10) Intercompany relationships and significant intercompany transactions (Table 9)

11) Information on investees (Table 7)

b. Information on investments in mainland China (Table 8)

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.

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the 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 during the year, the end of year balance, the interest rate range, and total current year interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

34. 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 segment. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

a. Cement segment - production, processing and sale of cement goods

b. Chemical engineering segment - production, processing and sale of chemical raw materials

c. Electricity segment - thermal power generation

d. Other segments - land and marine transportation
 - production and sale of refractory materials
 - others

The Group uses the profit from operations as the measure for segment income and the basis of performance assessment. There was no material difference between the accounting policies of the operating segments and the accounting policies described in Note 4.

a. Segments revenue and results

	Segment Revenue		Segment Income	
	For the Year Ended December 31		For the Year Ended December 31	
	2017	2016	2017	2016
Cement segment	$ 71,905,276	$ 65,373,914	$ 9,608,840	$ 5,104,355
Chemical engineering segment	13,192,984	9,786,812	(162,677)	(212,321)
Electricity segment	10,353,637	11,752,037	4,326,424	7,895,737
Other segments	2,859,879	2,651,543	256,603	302,045
	$ 98,311,776	$ 89,564,306	14,029,190	13,089,816
Share of profits of associates and joint ventures			1,271,111	979,609
Dividend income			799,137	808,767
Interest income			244,041	267,182

(Continued)

	Segment Revenue		Segment Income	
	For the Year Ended December 31		For the Year Ended December 31	
	2017	2016	2017	2016
Impairment loss recognized on financial assets			$ (110,507)	$ (619,013)
Impairment loss recognized on non-financial assets			(250,622)	(508,142)
Administrative costs and director's remuneration			(66,305)	(55,680)
Finance costs			(1,923,309)	(1,916,837)
Foreign exchange losses, net			(241,360)	(985,562)
Other income			73,283	455,195
Income before income tax			$ 13,824,659	$ 11,515,335

(Concluded)

Segment income represented profit before tax earned by each segment without allocation of central administration costs, director's remuneration, share of profits of associates and joint ventures, dividend income, interest income, impairment recognized on financial assets, impairment loss recognized on non-financial assets, finance costs, foreign exchange gains and losses and income tax expense.

b. Geographical information

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2017	2016	2017	2016
Taiwan	$ 43,396,202	$ 42,075,081	$ 56,115,398	$ 57,614,200
Asia	54,915,574	47,489,225	77,590,957	83,856,002
	$ 98,311,776	$ 89,564,306	$ 133,706,355	$ 141,470,202

Non-current assets exclude financial instruments, deferred income tax assets, and net defined benefit asset.

c. Information about major customers

The only single customer who contributed 10% or more to the Group's revenue was as follows:

	For the Year Ended December 31	
	2017	2016
Taiwan Power Company	$ 10,353,637	$ 11,752,037

TABLE 1

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral Item	Collateral Value	Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
0	Taiwan Cement Corporation	Ta-Ho Onyx RSEA Environment Co., Ltd. (Note 2)	Other receivables - related parties	Yes	$ 40,000	$ -	$ -	-	The need for short-term financing	$ -	Operating capital	$ -		$ -	$ 27,269,641	$ 54,539,282	
1	Taiwan Transport & Storage Corporation	Ta-Ho Onyx RSEA Environment Co., Ltd. (Note 2)	Other receivables - related parties	Yes	340,000	10,000	10,000	1.54	The need for short-term financing	-	Operating capital	-		-	810,508	810,508	
2	Ta-Ho Onyx Taitung Environment Co., Ltd.	Ta-Ho Onyx RSEA Environment Co., Ltd. (Note 2)	Other receivables - related parties	Yes	100,000	-	-	-	The need for short-term financing	-	Operating capital	-		-	118,532	118,532	
3	Taiwan Cement Engineering Corporation	Ta-Ho Onyx RSEA Environment Co., Ltd. (Note 2)	Other receivables - related parties	Yes	250,000	-	-	-	The need for short-term financing	-	Operating capital	-		-	287,782	287,782	
		Kuan-Ho Construction & Development Corporation (Note 2)	Other receivables - related parties	Yes	200,000	200,000	200,000	1.54	The need for short-term financing	-	Operating capital	-		-	287,782	287,782	
4	TCCI	TCCIH (Note 2)	Other receivables - related parties	Yes	3,870,000	-	-	-	The need for short-term financing	-	Operating capital	-		-	24,043,254	24,043,254	
5	TCC (Guigang) Cement Limited	TCC Huaying Cement Company Limited (Note 2)	Other receivables - related parties	Yes	1,329,696	1,315,699	1,288,289	3.48	The need for short-term financing	-	Operating capital	-		-	18,326,537	36,653,074	
		TCC Huaihua Cement Company Limited (Note 2)	Other receivables - related parties	Yes	923,400	913,680	797,643	3.48	The need for short-term financing	-	Operating capital	-		-	18,326,537	36,653,074	
		TCC Jingzhou Cement Company Limited (Note 2)	Other receivables - related parties	Yes	692,550	685,260	685,260	3.48	The need for short-term financing	-	Operating capital	-		-	18,326,537	36,653,074	
		Scitus Luzhou Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	1,292,760	1,279,152	68,526	3.48	The need for short-term financing	-	Operating capital	-		-	18,326,537	36,653,074	
		TCC Anshun Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	461,700	456,840	-	-	The need for short-term financing	-	Operating capital	-		-	18,326,537	36,653,074	
		Scitus Naxi Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	461,700	456,840	319,788	3.48	The need for short-term financing	-	Operating capital	-		-	18,326,537	36,653,074	
		TCC Yingde Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	461,700	456,840	-	-	The need for short-term financing	-	Operating capital	-		-	18,326,537	36,653,074	
		Scitus Luzhou Concrete Co., Ltd. (Note 2)	Other receivables - related parties	Yes	92,340	91,368	-	-	The need for short-term financing	-	Operating capital	-		-	18,326,537	36,653,074	
		Guizhou Kong On Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	297,059	296,946	251,262	3.48	The need for short-term financing	-	Operating capital	-		-	18,326,537	36,653,074	
6	Yingde Dragon Mountain Cement Co., Ltd.	TCC Yingde Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	923,400	913,680	-	-	The need for short-term financing	-	Operating capital	-		-	11,052,600	22,105,200	
		TCC Liaoning Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	1,045,608	1,041,595	1,041,595	3.05	The need for short-term financing	-	Operating capital	-		-	11,052,600	22,105,200	
7	TCC Yingde Cement Co., Ltd.	TCC Guangan Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	923,400	913,680	91,368	3.48	The need for short-term financing	-	Operating capital	-		-	18,114,757	36,229,514	
		TCC Huaihua Cement Company Limited (Note 2)	Other receivables - related parties	Yes	917,200	913,680	765,207	3.48	The need for short-term financing	-	Operating capital	-		-	18,114,757	36,229,514	
		Scitus Naxi Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	230,850	228,420	137,052	3.48	The need for short-term financing	-	Operating capital	-		-	18,114,757	36,229,514	
		TCC Shaoguan Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	363,683	338,474	338,474	3.68	The need for short-term financing	-	Operating capital	-		-	18,114,757	36,229,514	
		TCC Jingzhou Cement Company Limited (Note 2)	Other receivables - related parties	Yes	230,850	228,420	123,347	3.48	The need for short-term financing	-	Operating capital	-		-	18,114,757	36,229,514	
		TCC Anshun Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	923,400	913,680	-	-	The need for short-term financing	-	Operating capital	-		-	18,114,757	36,229,514	
		TCC (Dong Guan) Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	461,700	456,840	-	-	The need for short-term financing	-	Operating capital	-		-	18,114,757	36,229,514	

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
		TCC Chongqing Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	$ 461,700	$ 456,840	$ 411,156	3.48	The need for short-term financing	$ -	Operating capital	$ -		$ -	$ 18,114,757	$ 36,229,514	
		Guizhou Kaili Rui An Jian Cai Co., Ltd. (Note 2)	Other receivables - related parties	Yes	685,521	685,260	502,524	3.48	The need for short-term financing	-	Operating capital	-		-	18,114,757	36,229,514	
		Scitus Luzhou Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	831,060	822,312	708,102	3.48	The need for short-term financing	-	Operating capital	-		-	18,114,757	36,229,514	
		Guizhou Kong On Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	457,014	456,840	379,177	3.48	The need for short-term financing	-	Operating capital	-		-	18,114,757	36,229,514	
8	TCC Fuzhou Cement Co., Ltd.	TCC New (Hangzhou) Management Co., Ltd. (Note 2)	Other receivables - related parties	Yes	461,700	456,840	-	-	The need for short-term financing	-	Operating capital	-		-	902,187	2,706,561	
		TCC Liaoning Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	323,190	319,788	159,894	3.48	The need for short-term financing	-	Operating capital	-		-	902,187	2,706,561	
		Guizhou Kaili Rui An Jian Cai Co., Ltd. (Note 2)	Other receivables - related parties	Yes	230,850	228,420	-	-	The need for short-term financing	-	Operating capital	-		-	902,187	2,706,561	
9	TCCIH	TCC Yingde Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	241,565	239,022	239,022	-	The need for short-term financing	-	Operating capital	-		-	79,161,857	158,323,714	
10	Prime York Ltd.	Upper Value Investment Limited (Note 2)	Other receivables - related parties	Yes	212,058	194,157	194,157	-	The need for short-term financing	-	Operating capital	-		-	2,759,515	5,519,030	
11	Jurong TCC Cement Co., Ltd.	TCC Huaihua Cement Company Limited (Note 2)	Other receivables - related parties	Yes	1,154,250	1,142,100	1,142,100	3.48	The need for short-term financing	-	Operating capital	-		-	11,044,634	22,089,268	
		Dongguan Jinli Cement Company Limited	Other receivables - related parties	Yes	113,565	-	-	-	The need for short-term financing	-	Operating capital	-		-	4,417,854	4,417,854	
		TCC Liaoning Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	323,190	319,788	296,946	3.48	The need for short-term financing	-	Operating capital	-		-	11,044,634	22,089,268	
		Scitus Luzhou Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	692,550	685,260	137,052	3.48	The need for short-term financing	-	Operating capital	-		-	11,044,634	22,089,268	
		TCC Huaihua Concrete Company Limited (Note 2)	Other receivables - related parties	Yes	138,510	137,052	50,252	3.48	The need for short-term financing	-	Operating capital	-		-	11,044,634	22,089,268	
		TCC Chongqing Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	923,400	913,680	-	-	The need for short-term financing	-	Operating capital	-		-	11,044,634	22,089,268	
		TCC Anshun Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	923,400	913,680	-	-	The need for short-term financing	-	Operating capital	-		-	11,044,634	22,089,268	
		TCC Yingde Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	461,700	456,840	-	-	The need for short-term financing	-	Operating capital	-		-	11,044,634	22,089,268	
		TCC Guangan Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	461,700	456,840	-	-	The need for short-term financing	-	Operating capital	-		-	11,044,634	22,089,268	
		Guizhou Kong On Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	323,190	319,788	-	-	The need for short-term financing	-	Operating capital	-		-	11,044,634	22,089,268	
12	TCC Anshun Cement Co., Ltd.	Anshun Xin Tai Construction Materials Company Limited (Note 2)	Other receivables - related parties	Yes	92,340	91,368	-	-	The need for short-term financing	-	Operating capital	-		-	6,502,440	13,004,880	
		Guizhou Kong On Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	275,160	274,104	251,262	3.48	The need for short-term financing	-	Operating capital	-		-	6,502,440	13,004,880	
		Scitus Luzhou Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	138,510	137,052	91,368	3.48	The need for short-term financing	-	Operating capital	-		-	6,502,440	13,004,880	
		Guizhou Kaili Rui An Jian Cai Co., Ltd. (Note 2)	Other receivables - related parties	Yes	138,510	137,052	91,368	3.48	The need for short-term financing	-	Operating capital	-		-	6,502,440	13,004,880	
		Scitus Luzhou Concrete Co., Ltd. (Note 2)	Other receivables - related parties	Yes	138,510	137,052	-	-	The need for short-term financing	-	Operating capital	-		-	6,502,440	13,004,880	
		TCC Chongqing Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	461,700	456,840	228,420	3.48	The need for short-term financing	-	Operating capital	-		-	6,502,440	13,004,880	
13	TCC Guangan Cement Co., Ltd.	Guangan Xin Tai Construction Materials Company Limited	Other receivables - related parties	Yes	24,701	-	-	-	The need for short-term financing	-	Operating capital	-		-	1,234,752	1,234,752	
		Scitus Luzhou Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	138,510	137,052	-	-	The need for short-term financing	-	Operating capital	-		-	3,086,879	6,173,758	
		Guizhou Kaili Rui An Jian Cai Co., Ltd. (Note 2)	Other receivables - related parties	Yes	92,340	91,368	-	-	The need for short-term financing	-	Operating capital	-		-	3,086,879	6,173,758	

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
14	Wayly Holdings Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd. (Note 2)	Other receivables - related parties	Yes	$ 536,056	$ 59,701	$ 59,701	-	The need for short-term financing	$ -	Operating capital	$ -		$ -	$ 3,025,607	$ 6,051,214	
15	TCC Chongqing Cement Co., Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd. (Note 2)	Other receivables - related parties	Yes	230,850	228,420	-	-	The need for short-term financing	-	Operating capital	-		-	5,342,413	10,684,826	
		Scitus Naxi Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	138,510	137,052	137,052	3.48	The need for short-term financing	-	Operating capital	-		-	5,342,413	10,684,826	
		TCC Huaihua Cement Company Limited (Note 2)	Other receivables - related parties	Yes	692,550	685,260	561,456	3.48	The need for short-term financing	-	Operating capital	-		-	5,342,413	10,684,826	
		TCC Huaying Cement Company Limited (Note 2)	Other receivables - related parties	Yes	115,425	114,210	-	-	The need for short-term financing	-	Operating capital	-		-	5,342,413	10,684,826	
		TCC Guangan Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	461,700	456,840	-	-	The need for short-term financing	-	Operating capital	-		-	5,342,413	10,684,826	
		Scitus Luzhou Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	230,850	228,420	-	-	The need for short-term financing	-	Operating capital	-		-	5,342,413	10,684,826	
		TCC Jingzhou Cement Company Limited (Note 2)	Other receivables - related parties	Yes	92,340	91,368	-	-	The need for short-term financing	-	Operating capital	-		-	5,342,413	10,684,826	
		Guizhou Kong On Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	137,580	137,052	-	-	The need for short-term financing	-	Operating capital	-		-	5,342,413	10,684,826	
16	TCC New (Hangzhou) Management Co., Ltd.	Scitus Luzhou Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	286,254	283,241	237,557	3.48	The need for short-term financing	-	Operating capital	-		-	535,500	1,071,000	
		Scitus Naxi Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	253,935	251,262	201,010	3.48	The need for short-term financing	-	Operating capital	-		-	535,500	1,071,000	
		Scitus Luzhou Concrete Co., Ltd. (Note 2)	Other receivables - related parties	Yes	36,936	36,547	-	-	The need for short-term financing	-	Operating capital	-		-	535,500	1,071,000	
17	Prosperity Minerals (China) Ltd.	TCC New (Hangzhou) Management Co., Ltd. (Note 2)	Other receivables - related parties	Yes	368,191	364,315	364,315	-	The need for short-term financing	-	Operating capital	-		-	967,032	1,934,064	
18	Da Tong (Guigang) International Logistics Co., Ltd.	Guigang Da-Ho Shipping Co., Ltd. (Note 2)	Other receivables - related parties	Yes	138,510	137,052	-	-	The need for short-term financing	-	Operating capital	-		-	553,447	1,106,893	
19	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Scitus Naxi Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	138,510	137,052	-	-	The need for short-term financing	-	Operating capital	-		-	2,977,539	5,955,078	
20	TCC Investment Corporation	Ta-Ho Onyx RSEA Environment Co., Ltd. (Note 2)	Other receivables - related parties	Yes	180,000	-	-	-	The need for short-term financing	-	Operating capital	-		-	822,643	822,643	
21	TCC International (Guangxi) Ltd.	TCC (Guigang) Cement Limited (Note 2)	Other receivables - related parties	Yes	3,708,750	-	-	-	The need for short-term financing	-	Operating capital	-		-	18,060,826	36,121,652	
22	TCC Huaihua Cement Company Limited	TCC Jingzhou Cement Company Limited (Note 2)	Other receivables - related parties	Yes	92,340	91,368	-	-	The need for short-term financing	-	Operating capital	-		-	2,013,732	4,027,464	
23	Scitus Luzhou Cement Co., Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd. (Note 2)	Other receivables - related parties	Yes	92,340	91,368	-	-	The need for short-term financing	-	Operating capital	-		-	2,043,010	4,086,020	

Note 1: “Financing Limits for Each Borrower” and “Aggregate Financing Limits”:

A. For Taiwan Cement Corporation, financing limits are as follows:

a. Where a business relationship exists, the individual financing limits were the total transaction amounts with the borrower and 20% of Taiwan Cement Corporation’s net equity in the recent year.
b. Where there is a need for a short-term financing facility, the individual financing limits were 20% of Taiwan Cement Corporation’s net equity as stated in its latest financial statements.
c. For the above items a and b, the aggregate financing limits were 40% of Taiwan Cement Corporation’s net equity as stated in its latest financial statements.

B. The restrictions above in paragraph A, subparagraphs b and c shall not apply to inter-company loans of funds between foreign companies of which Taiwan Cement Corporation holds, directly or indirectly, 100% of the voting shares. The aggregate and individual financing limits for the companies were 200% and 100%, respectively, of the net equity of each company as stated in their respective latest financial statements. In addition, the aggregate and individual financing limits for TCC International Ltd. were both 40% of its net equity as stated in its latest financial statements. The aggregate and individual financing limits for TCC Fuzhou Cement Co., Ltd. were 300% and 100%, respectively, of its net equity as stated in its latest financial statements. The aggregate and individual financing limits for TCC New (Hangzhou) Management Co., Ltd. were 600% and 300%, respectively, of its net equity as stated in its latest financial statements. The aggregate and individual financing limits for Prosperity Minerals (China) Ltd. were 400% and 200%, respectively, of its net equity as stated in its latest financial statements.

C. The individual and aggregate financing limits for the other companies were 40% of the net equity of each respective company.

Note 2: All intercompany transactions have been eliminated upon consolidation.

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 3)											
0	Taiwan Cement Corporation	TCCI	b	$ 68,174,102	$ 45,660,420	$ 28,004,160	$ 16,308,480	$ -	20.54	$ 136,348,204	Y	N	N	
		TCC Investment Corporation	b	68,174,102	2,590,000	2,560,000	1,320,000	-	1.88	136,348,204	Y	N	N	
		TCC Chemical Corporation	b	68,174,102	2,165,000	1,643,000	843,000	-	1.21	136,348,204	Y	N	N	
		Union Cement Traders Inc.	c	68,174,102	1,660,000	1,230,000	620,000	-	0.90	136,348,204	Y	N	N	
		Kuan-Ho Construction & Development Corporation	b	68,174,102	670,000	270,000	225,000	-	0.20	136,348,204	Y	N	N	
		Jin Chang Minerals Corporation	b	68,174,102	68,848	68,848	39,814	39,814	0.05	136,348,204	Y	N	N	
		Ho Sheng Mining Co., Ltd.	b	68,174,102	99,884	99,884	-	99,884	0.07	136,348,204	Y	N	N	
		Feng Sheng Enterprise Company	a	437,489	88,145	-	-	-	-	136,348,204	N	N	N	
1	TCCIH	TCC (Guigang) Cement Limited	c	39,580,929	5,199,931	5,156,430	2,397,519	-	6.51	79,161,857	Y	N	Y	
		TCC Yingde Cement Co., Ltd.	c	39,580,929	2,245,650	1,449,360	300,660	-	1.83	79,161,857	Y	N	Y	
		Jurong TCC Cement Co., Ltd.	c	39,580,929	2,646,988	1,989,246	717,239	-	2.51	79,161,857	Y	N	Y	
		TCC Chongqing Cement Co., Ltd.	c	39,580,929	1,544,625	868,650	809,717	-	1.10	79,161,857	Y	N	Y	
		TCC Fuzhou Cement Co., Ltd.	c	39,580,929	1,536,176	1,199,794	137,052	-	1.52	79,161,857	Y	N	Y	
		Scitus Luzhou Cement Co., Ltd.	c	39,580,929	967,500	892,800	-	-	1.13	79,161,857	Y	N	Y	
		TCC Liaoning Cement Co., Ltd.	c	39,580,929	1,789,050	1,265,580	-	-	1.60	79,161,857	Y	N	Y	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	c	39,580,929	967,500	595,200	-	-	0.75	79,161,857	Y	N	Y	
		Guizhou Kong On Cement Co., Ltd.	c	39,580,929	733,688	360,096	78,910	-	0.45	79,161,857	Y	N	Y	
		Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	e	39,580,929	618,454	-	-	-	-	79,161,857	N	N	Y	
2	TCC (Guigang) Cement Limited	TCCI (HK)	d	9,163,269	692,550	685,260	685,260	-	3.74	18,326,537	N	Y	N	
3	Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	d	69,725	34,549	34,549	34,549	-	49.55	69,725	N	Y	N	

Note 1: Limits on endorsement/guarantee given on behalf of each party were as follows:

a. For Taiwan Cement Corporation, TCCIH and TCC (Guigang) Cement Limited, 50% of the net equity as stated in their respective latest financial statements.
b. For endorsement/guarantee given by Taiwan Cement Corporation due to business transactions, 50% of the business transaction amounts in the previous year.
c. For Ho Sheng Mining Co., Ltd., 100% of its net equity as stated in its latest financial statements.

Note 2: Aggregate endorsement/guarantee limit was the net equity in the latest financial statements.

Note 3: Relationship between the endorser/guarantor and the endorsee/guarantee is classified as follows:

a. Having a business relationship.
b. The endorser/guarantor owns directly more than 50% of the ordinary shares of the endorsee/guarantee.
c. The endorser/guarantor and its subsidiaries jointly own more than 50% of the ordinary shares of the endorsee/guarantee.
d. The endorsee/guarantee directly or indirectly owns more than 50% of the ordinary shares of the endorser/guarantor.
e. Due to joint venture, each shareholder provides endorsements/guarantees to the endorsee/guarantee in proportion to its ownership.

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taiwan Cement Corporation	Shares							
	China Hi-Ment Corporation	The Corporation serves as director	Available-for-sale financial assets - current	27,451	$ 1,619,613	-	$ 1,619,613	
	Taishin Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	58,553	810,956	-	810,956	
	CTCI Corporation	-	Available-for-sale financial assets - current	9,054	408,804	-	408,804	
	Chia Hsin Cement Corporation	Directors	Available-for-sale financial assets - current	27,419	366,049	-	366,049	
	O-Bank	The Corporation serves as director	Available-for-sale financial assets - current	29,719	264,796	-	264,796	
	Chien Kuo Construction Co., Ltd.	-	Available-for-sale financial assets - current	9,403	108,132	-	108,132	
	Taiwan Television Enterprise, Ltd.	The Corporation serves as supervisor	Available-for-sale financial assets - current	13,573	89,037	-	89,037	
	Chinatrust Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	3,575	73,300	-	73,300	
	China Synthetic Rubber Corporation	The same chairman	Available-for-sale financial assets - non-current	55,180	2,419,650	-	2,419,650	
	IBT II Venture Capital Corporation	-	Financial assets carried at cost - non-current	2,626	20,426	8.3	-	
	Rong Gong Enterprise Co.	The Corporation serves as supervisor	Financial assets carried at cost - non-current	3,390	33,900	4.0	-	
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	Financial assets carried at cost - non-current	27,361	12,156	8.7	-	
	Pan Asia Corporation	The Corporation serves as supervisor	Financial assets carried at cost - non-current	6,204	8,996	5.4	-	
	Taiwan Stock Exchange Corporation	The Corporation serves as director	Financial assets carried at cost - non-current	45,983	8,011	6.6	-	
	E-ONE Moli Energy Corporation	The same chairman	Financial assets carried at cost - non-current	983	1,670	0.4	-	
	Excel Corporation	-	Financial assets carried at cost - non-current	600	-	9.5	-	
Taiwan Transport & Storage Corporation	Shares							
	Chia Hsin Cement Corporation	Director of parent company	Available-for-sale financial assets - current	8,632	115,231	-	115,231	
TCC Investment Corporation	Shares							
	China Conch Venture Holdings Limited	-	Available-for-sale financial assets - current	28,000	1,929,388	-	1,929,388	
	O-Bank	The Corporation serves as director	Available-for-sale financial assets - current	21,934	195,432	-	195,432	21,000 thousand shares were pledged
	Taishin Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	11,201	155,129	-	155,129	
	Chia Hsin Cement Corporation	Director of parent company	Available-for-sale financial assets - current	8,334	111,258	-	111,258	7,000 thousand shares were pledged
	China Synthetic Rubber Corporation	The same chairman	Available-for-sale financial assets - non-current	14,631	641,574	-	641,574	1,934 thousand shares were pledged
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	Financial assets carried at cost - non-current	10,884	136,378	3.5	-	
	E-ONE Moli Energy Corporation	The same chairman	Financial assets carried at cost - non-current	15,859	26,961	6.3	-	
	Pan Asia Corporation	The Corporation serves as supervisor	Financial assets carried at cost - non-current	1	14	-	-	
Ta-Ho Maritime Corporation	Shares							
	Chia Hsin Cement Corporation	Director of parent company	Available-for-sale financial assets - current	25,761	343,913	-	343,913	
	Prosperity Dielectrics Co., Ltd.	-	Available-for-sale financial assets - current	951	36,621	-	36,621	
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	Financial assets carried at cost - non-current	6,612	76,034	2.1	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taiwan Cement Engineering Corporation	Beneficiary certificates							
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss	2,930	$ 46,996	-	$ 46,996	
TCC Chemical Corporation	Shares							
	Taiwan Stock Exchange Corporation	The Corporation serves as director	Financial assets carried at cost - non-current	2,626	44,820	-	-	
TCC Information Systems Corporation	Beneficiary certificates							
	Yuanta De- Bao Money Market Fund	-	Financial assets at fair value through profit or loss	2,575	30,766	-	30,766	
	Fuh Hwa You Li Money Market	-	Financial assets at fair value through profit or loss	2,288	30,668	-	30,668	
	Shares							
	China Synthetic Rubber Corporation	The same chairman	Available-for-sale financial assets - non-current	1,369	60,013	-	60,013	
Taiwan Prosperity Chemical Corporation	Shares							
	Taishin Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	73,600	1,019,362	-	1,019,362	
Hoping Industrial Port Corporation	Shares							
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	Financial assets carried at cost - non-current	10,444	120,103	3.3	-	
	E-ONE Moli Energy Corporation	The same chairman	Financial assets carried at cost - non-current	5,822	9,897	3.9	-	
E.G.C. Cement Corporation	Beneficiary certificates							
	Nomura Global Short Duration Bond Fund		Available-for-sale financial assets - current	2,367	25,000	-	25,000	
	Nomura Taiwan Money Market	-	Available-for-sale financial assets - current	2,123	34,434	-	34,434	
	UPAMC James Bond Money Market Fund		Available-for-sale financial assets - current	1,205	20,023	-	20,023	
	China-US Money Market		Available-for-sale financial assets - current	511	5,021	-	5,021	
	Shares							
	Der Pao Construction Co., Ltd.	-	Financial assets carried at cost - non-current	34	-	0.1	-	
Union Cement Traders Inc.	Shares							
	Taishin Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	25,865	358,232	-	358,232	
	CTCI Corporation	-	Available-for-sale financial assets - current	13,365	603,444	-	603,444	
	Chia Hsin Cement Corporation	Director of parent company	Available-for-sale financial assets - current	7,441	99,337	-	99,337	
	China Synthetic Rubber Corporation	The same chairman	Available-for-sale financial assets - non-current	7,633	334,701	-	334,701	
	E-ONE Moli Energy Corporation	The same chairman	Financial assets carried at cost - non-current	15,283	25,982	6.1	-	
	Videoland Inc.	-	Financial assets carried at cost - non-current	6,437	89,990	5.6	-	
TCCI (Group)	Beneficiary certificates							
	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	3,130	38,619	-	38,619	
	Shares							
	Anhui Conch Cement Co., Ltd.	-	Available-for-sale financial assets - current	116,568	16,308,708	-	16,308,708	
	Yargoon Co., Ltd.	-	Financial assets carried at cost - non-current	-	11,757	24.2	-	

Note 1: Marketable securities in the table refer to shares, bonds, beneficiary certificates and other related securities within the scope of IAS 39 “Financial Instruments: Recognition and Measurement”.

Note 2: See Tables 7 and 8 for the information of investments in subsidiaries, associates and joint ventures.

(Concluded)

TABLE 4

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE SHARE CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Other Adjustment (Note 1)	Ending Balance	
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Carrying Amount	Gain/Loss on Disposal		Shares/Units (In Thousands)	Amount
Taiwan Cement Corporation	Shares														
	TCCIH	Investments accounted for by using the equity method	Chia Hsin Cement Group and other shareholders	-	-	$ -	1,319,841	$ 19,125,321	-	$ -	$ -	$ -	$ (71,062)	1,319,841	$ 19,054,259
	TCC Chemical Corporation	Investments accounted for by using the equity method	-	Subsidiaries	118,393	351,508	121,607 (Note 2)	1,176,492	-	-	-	-	11,861	240,000	1,539,861
TCCI	Shares														
	TCCIH	Investments accounted for by using the equity method	Other shareholders	-	3,117,016	40,032,733	1,046,081 (Note 3)	16,384,224	-	-	-	-	3,690,641	4,163,097	60,107,598

Note 1: Including share of profit or loss of subsidiaries, cash dividends, equity adjustments, etc.

Note 2: Including retained earnings transferred to increase the ordinary shares in the form of 3,958 thousand shares of ordinary shares and of cash in the amount of $1,176,492, thousand (or 117,649 thousand ordinary shares).

Note 3: Including 539,473 thousand shares of preference shares.

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE SHARE CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note 1)	
Taiwan Cement Corporation	Chia Hsin Cement Corporation	Director of the Corporation	Sales	$ (349,842)	(2)	65 days after the day delivery was made	$ -	-	$ 45,551	12	
	Feng Shang Enterprise Company	Subsidiary	Sales	(319,122)	(2)	30 days	-	-	79,755	21	Note 2
			Purchases	555,855	4	30 days	-	-	(46,330)	(8)	Note 2
	TCCIH	Subsidiary	Service revenue	(498,914)	(3)	By contract	-	-	42,545	11	Note 2
	Taiwan Transport & Storage Corporation	Subsidiary	Purchases	515,244	4	30 days	-	-	(87,091)	(15)	Note 2
	China Hi-Ment Corporation	The Corporation serves as director	Purchases	441,550	3	60 days	-	-	(127,997)	(22)	
			Sales	(112,652)	(1)	60 days	-	-	37,211	10	
	Hoping Industrial Port Corporation	Subsidiary	Purchases	495,612	3	20 days	-	-	(12,408)	(2)	Note 2
	Ta-Ho Maritime Corporation	Subsidiary	Purchases	850,602	6	30 days	-	-	(160,915)	(27)	Note 2
	Shih Hsin Storage & Transportation Co., Ltd.	Associates	Sales	(108,256)	(1)	60 days	-	-	-	-	
	Kuan-Ho Refractories Industry Corporation	Subsidiary	Purchases	263,752	2	By contract	-	-	(137,116)	(23)	Note 2
	E.G.C. Cement Corporation	Subsidiary	Sales	(544,131)	(3)	50 days after the day delivery was made	-	-	83,933	22	Note 2
	Jin Chang Minerals Corporation	Subsidiary	Purchases	308,191	2	30 days	-	-	(125,895)	(21)	Note 2
	Ho Sheng Mining Co., Ltd.	Subsidiary	Purchases	255,580	2	30 days	-	-	(41,473)	(7)	Note 2
Jin Chang Minerals Corporation	Taiwan Cement Corporation	Parent company	Sales	(308,191)	(100)	30 days	-	-	125,895	100	Note 2
Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	Parent company	Sales	(255,580)	(83)	30 days	-	-	41,473	79	Note 2
Kuan-Ho Refractories Industry Corporation	Taiwan Cement Corporation	Parent company	Sales	(263,752)	(23)	By contract	-	-	137,116	89	Note 2
E.G.C. Cement Corporation	Taiwan Cement Corporation	Parent company	Purchases	544,131	100	50 days after the day delivery was made	-	-	(83,933)	(99)	Note 2
Ho-Ping Power Company	Hoping Industrial Port Corporation	The same parent company	Purchases	1,104,763	16	20 days	-	-	(56,617)	(32)	Note 2
	HPC Power Service Corporation	The same parent company	Purchases	400,689	6	By contract	-	-	(107,951)	(60)	Note 2
Hoping Industrial Port Corporation	Ho-Ping Power Company	The same parent company	Sales	(1,104,763)	(68)	20 days	-	-	56,617	79	Note 2
	Taiwan Cement Corporation	Parent company	Sales	(495,612)	(31)	20 days	-	-	12,408	17	Note 2
	Taiwan Transport & Storage Corporation	The same parent company	Purchases	197,875	76	30 days	-	-	(16,904)	(85)	Note 2
Feng Shang Enterprise Company	Taiwan Cement Corporation	Parent company	Sales	(555,855)	(24)	30 days	-	-	46,330	100	Note 2
			Purchases	319,122	14	30 days	-	-	(79,755)	(100)	Note 2
Taiwan Transport & Storage Corporation	Taiwan Cement Corporation	Parent company	Sales	(515,244)	(45)	30 days	-	-	87,091	59	Note 2
	Taiwan Prosperity Chemical Corporation	The same parent company	Sales	(184,277)	(16)	By contract	-	-	31,766	21	Note 2
	Hoping Industrial Port Corporation	The same parent company	Sales	(197,875)	(17)	30 days	-	-	16,904	11	Note 2
	China Synthetic Rubber Corporation	The same chairman	Sales	(109,187)	(10)	30 days	-	-	9,980	7	
Taiwan Prosperity Chemical Corporation	Taiwan Transport & Storage Corporation	The same parent company	Purchases	184,277	1	By contract	-	-	(31,766)	(33)	Note 2

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note1)	
HPC Power Service Corporation	Ho-Ping Power Company	The same parent company	Sales	$ (400,689)	(100)	By contract	$ -	-	$ 107,951	100	Note 2
Ta-Ho Maritime Corporation	Taiwan Cement Corporation	Parent company	Freight revenue	(850,602)	(38)	30 days	-	-	160,915	100	Note 2
	THC International S.A	Subsidiary	Rental expense	168,540	8	By negotiation	-	-	(23,609)	(54)	Note 2
	HKCCL	The same ultimate parent company	Freight revenue	(128,696)	(6)	By negotiation	-	-	-	-	Note 2
THC International S.A	Ta-Ho Maritime Corporation	Parent company	Rental revenue	(168,540)	(100)	By negotiation	-	-	23,609	100	Note 2
HKCCL	Quon Hing Concrete. Ltd.	Associates	Sales	(283,940)	(28)	By negotiation	-	-	69,517	37	
	Ta-Ho Maritime Corporation	The same ultimate parent company	Purchases	128,696	16	By negotiation	-	-	-	-	Note 2
TCC (Guigang) Cement Limited	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	214,855	3	By negotiation	-	-	(45,700)	(18)	Note 2
	Da Tong (Guigang) International Logistics Co., Ltd.	The same ultimate parent company	Purchases	301,041	4	By negotiation	-	-	(64,432)	(25)	Note 2
TCC Yingde Cement Co., Ltd.	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	196,286	3	By negotiation	-	-	(59,349)	(20)	Note 2
Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Guigang) Cement Limited	The same ultimate parent company	Freight revenue	(301,041)	(97)	By negotiation	-	-	64,432	100	Note 2
Guigang Da-Ho Shipping Co., Ltd.	TCC (Guigang) Cement Limited	The same ultimate parent company	Freight revenue	(214,855)	(26)	By negotiation	-	-	45,700	43	Note 2
	TCC Yingde Cement Co., Ltd.	The same ultimate parent company	Freight revenue	(196,286)	(24)	By negotiation	-	-	59,349	56	Note 2
TCCIH	Taiwan Cement Corporation	Parent company	Service expense	498,914	100	By contract	-	-	(42,545)	(100)	Note 2
Yingde Dragon Mountain Cement Co., Ltd.	Prosperity Conch Cement Company Limited	Associates	Purchases	105,436	2	By negotiation	-	-	(11,334)	(2)	

Note1: The percentage to total accounts receivable from (payable to) related parties.

Note 2: All intercompany transactions have been eliminated upon consolidation.

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE SHARE CAPITAL
DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (%)	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Ta-Ho Maritime Corporation	Taiwan Cement Corporation (Note)	Parent company	$ 160,915	5.4	$ -	-	$ 160,076	$ -
Jin Chang Minerals Corporation	Taiwan Cement Corporation (Note)	Parent company	125,895	4.6	-	-	125,895	-
Kuan-Ho Refractories Industry Corporation	Taiwan Cement Corporation (Note)	Parent company	137,116	2.2	-	-	96,230	-
HPC Power Service Corporation	Ho-Ping Power Company (Note)	The same parent company	107,951	4.6	-	-	107,951	-

Note: All intercompany transactions have been eliminated upon consolidation.

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2017			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2017	December 31, 2016	Shares/Units (In Thousands)	%	Carrying Amount			
Taiwan Cement Corporation	TCCI	British Virgin Islands	Investment holding	$ 18,344,635	$ 18,344,635	600,876	100.00	$ 60,108,134	$ 3,160,518	$ 3,160,518	Note
	Ho-Ping Power Company	Taiwan	Thermal power generation	6,037,720	6,037,720	602,973	59.50	18,612,533	2,975,364	1,770,342	Note
	Hoping Industrial Port Corporation	Taiwan	Hoping Industrial Port management	3,198,500	3,198,500	319,990	100.00	5,525,572	799,221	799,196	Note
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	528,506	528,506	118,649	64.79	2,029,315	212,635	137,760	Note
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	1,284,143	1,284,143	145,988	50.00	1,608,901	(354,571)	(177,286)	Note
	Taiwan Transport & Storage Corporation	Taiwan	Warehousing, transportation and sale of sand and gravel	90,862	90,862	32,668	83.85	1,698,943	119,815	100,460	Note
	TCC Investment Corporation	Taiwan	Investment	190,000	190,000	54,150	100.00	2,056,607	109,085	109,085	Note
	Ho Sheng Mining Co., Ltd.	Taiwan	Mining and trading	1,414,358	1,414,358	30,100	100.00	1,014,025	(54,247)	(54,247)	Note
	CCC USA Corporation	U.S.A.	Rubber raw materials	481,983	481,983	39	33.33	694,072	82,900	27,633	
	Taiwan Cement Engineering Corporation	Taiwan	Engineering services	319,439	319,439	59,593	99.05	698,982	(2,458)	(1,055)	Note
	Kuan-Ho Construction & Development Corporation	Taiwan	Construction and lease services	248,963	248,963	35,959	92.87	640,228	230,103	213,697	Note
	ONYX Ta-Ho Environmental Services Co., Ltd.	Taiwan	Waste collection and treatment	72,000	72,000	8,000	50.00	481,263	489,881	244,941	
	Kuan-Ho Refractories Industry Corporation	Taiwan	Production and sale of refractory materials	181,050	181,050	18,105	95.29	394,925	79,314	75,578	Note
	Feng Sheng Enterprise Company	Taiwan	Sale of ready-mixed concrete	250,000	250,000	27,261	45.43	347,734	34,768	15,797	Note
	TCC Chemical Corporation	Taiwan	Leasing property and energy technology services	1,510,842	334,350	240,000	100.00	1,539,861	(402,803)	11,861	Note
	Ta-Ho Onyx Taitung Environment Co., Ltd.	Taiwan	Waste collection and treatment	313,187	313,187	37,100	100.00	296,329	1,220	1,220	Note
	TCC Information Systems Corporation	Taiwan	Information software design	71,000	71,000	14,904	99.36	272,046	25,243	25,082	Note
	Ta-Ho Onyx RSEA Environment Co., Ltd.	Taiwan	Waste collection and treatment	666,000	666,000	66,600	66.60	207,094	(17,148)	(11,420)	Note
	HKCMCL	Hong Kong	Investment holding	72,005	72,005	38	84.65	277,915	56,618	47,930	Note
	TCC Green Energy Corporation	Taiwan	Renewable energy generation	46,046	59,880	10,000	100.00	179,619	9,986	9,986	Note
	Jin Chang Minerals Corporation	Taiwan	Afforestation and sale of limestone	18,042	18,042	1,800	100.00	157,214	38,171	38,171	Note
	HPC Power Service Corporation	Taiwan	Business consulting	1,861	1,861	6	60.00	107,200	186,844	112,106	Note
	E.G.C. Cement Corporation	Taiwan	Sale of cement	184,359	184,359	8,063	50.64	98,110	4,839	2,451	Note
	Synpac Ltd.	British Virgin Islands	Investment	70,367	70,367	2,700	25.00	6,697	(612)	(153)	
	Tung Chen Mineral Corporation	Taiwan	Afforestation and sale of limestone	1,989	1,989	20	99.45	1,394	(41)	(41)	Note
	TMC	Philippines	Mining excavation	11,880	11,880	120	72.70	-	-	-	Note
	TPMC	Philippines	Mining excavation	2,105	2,105	20	40.00	-	-	-	Note
	TCCIH	Cayman Islands	Investment holding	19,125,321	-	1,319,841	24.07	19,054,259	1,206,915	290,504	Note
Taiwan Transport & Storage Corporation	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	247,229	247,229	50,311	27.47	860,494	212,635	58,415	Note
	E.G.C. Cement Corporation	Taiwan	Sale of cement	126,518	126,518	7,061	44.36	115,308	4,839	2,146	Note
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	97,181	138,830	9,718	12.74	34,574	(52,392)	(6,677)	
	Ho Swen Construction Material Co., Ltd.	Taiwan	Sand and gravel filtering and sale	10,200	10,200	1,020	51.00	174	2,058	1,891	Note
TCC Investment Corporation	Union Cement Traders Inc.	Taiwan	Import and export trading	219,450	219,450	21,945	100.00	700,904	45,203	45,203	Note
	Ho-Ping Power Company	Taiwan	Thermal power generation	68,911	68,911	5,067	0.50	152,941	2,975,364	14,877	Note
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	11,168	24,000	698	0.24	7,692	(354,571)	(1,933)	Note
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	343	343	34	0.02	587	212,635	40	Note

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount December 31, 2017	Original Investment Amount December 31, 2016	As of December 31, 2017 Shares/Units (In Thousands)	As of December 31, 2017 %	As of December 31, 2017 Carrying Amount	Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
Ta-Ho Maritime Corporation	Ta-Ho Maritime Holdings Ltd.	Samoa	Investment	$ 325,995	$ 325,995	10,300	100.00	$ 3,911,886	$ 58,697	$ 58,697	Note
	Shih Hsin Storage & Transportation Co., Ltd.	Taiwan	Warehousing, transportation and sale of cement	30,952	44,217	3,114	3.34	11,138	(119,067)	(3,992)	
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	8,825	12,608	883	1.16	3,148	(52,392)	(616)	
Taiwan Cement Engineering Corporation	TCEC Corporation	Brunei Darussalam	Investment	16,295	16,295	-	100.00	115,233	(225)	(225)	Note
TCC Information Systems Corporation	Taicem Information (Samoa) Pte., Ltd.	Samoa	Investment	3,042	3,042	2,128	100.00	47,560	2,911	2,911	Note
Hoping Industrial Port Corporation	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	104,929	104,929	6,675	2.29	73,564	(354,571)	(8,106)	Note
E.G.C. Cement Corporation	Shih Hsin Storage & Transportation Co., Ltd.	Taiwan	Warehousing, transportation and sale of cement	110,128	157,325	11,082	11.87	39,584	(119,067)	(14,129)	
Feng Sheng Enterprise Company	Ho Swen Construction Material Co., Ltd.	Taiwan	Sand and gravel filtering and sale	1,800	1,800	180	9.00	-	2,058	-	Note
Union Cement Traders Inc.	Shih Hsin Storage & Transportation Co., Ltd.	Taiwan	Warehousing, transportation and sale of cement	34,203	48,861	3,442	3.69	12,296	(119,067)	(4,390)	
	Taiwan Transport & Storage Corporation	Taiwan	Warehousing, transportation and sale of sand and gravel	2,612	2,612	261	0.67	13,588	119,815	803	Note
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	2,835	4,050	283	0.37	1,008	(52,392)	(195)	
Ta-Ho Maritime Holdings Ltd.	THC International S.A.	Panama	Marine transportation	59,818	64,823	2	100.00	2,459,604	(4,778)	(4,778)	Note
	Sheng Ho Maritime S.A.	Panama	Marine transportation	59,818	64,823	2	100.00	459,286	1,187	1,187	Note
	Ta-Ho Maritime (Hong Kong) Limited	Hong Kong	Marine transportation	151,776	164,475	5,100	100.00	569,874	80,097	80,097	Note
	Chi Ho Maritime S.A.	Panama	Marine transportation	193,738	209,948	7	100.00	341,050	(16,555)	(16,555)	Note
	Ta-Ho Maritime (Singapore) Pte. Ltd.	Singapore	Marine transportation	2,976	3,225	100	100.00	71,335	(1,096)	(1,096)	Note
TCC International Ltd. (Group)	Quon Hing Concrete Co., Ltd.	Hong Kong	Investment holding	169,377	184,994	100	50.00	288,911	210,446	105,223	
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	148,554	212,220	14,855	19.48	52,851	(52,392)	(10,206)	
	Hong Kong Concrete Co., Ltd.	Hong Kong	Cement processing services	25,971	28,366	129	31.50	211,927	175,847	55,392	

Note: All intercompany transactions have been eliminated upon consolidation.

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

A.

Investee Company	Main Businesses and Products	Share Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2017 (Note 2)	Investment Flow (Note 2)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2017 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2017	Note
					Outflow	Inflow							
Anhui King Bridge Cement Co., Ltd.	Manufacturing and sale of cement	$ 446,400	(a)	$ 151,776	$ -	$ -	$ 151,776	$ (61,165)	60.00	$ (28,257)	$ 235,615	$ -	Note 7
TCC Fuzhou Cement Co., Ltd.	Manufacturing and sale of cement	483,600	(a)	273,234	-	-	273,234	(79,012)	100.00	(42,170)	902,187	-	Note 7
TCC Fuzhou Yangyu Port Co., Ltd.	Port for cement transportation	148,800	(a)	84,072	-	-	84,072	1,603	100.00	1,308	293,011	-	Note 7
TCC Liuzhou Construction Materials Co., Ltd.	Sale of building material	401,760	(a)	96,422	-	-	96,422	89,124	42.00	24,974	397,821	-	Note 7
TCC Yingde Cement Co., Ltd.	Manufacturing and sale of cement	7,570,944	(a)	4,730,679	-	-	4,730,679	1,314,424	100.00	931,832	18,114,757	-	Note 7
Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	6,934,080	(a)	4,047,211	-	-	4,047,211	535,774	100.00	390,362	11,044,634	-	Note 7
TCC (Guigang) Cement Limited	Manufacturing and sale of cement	9,906,387	(a)	3,663,453	3,422,400	-	7,085,853	2,123,552	100.00	1,460,742	18,326,537	-	Note 7
Jiangsu TCC Investment Co., Ltd.	Investment	1,488,000	(a)	840,720	-	-	840,720	144,884	100.00	103,156	2,582,668	-	Note 7
Yingde Dragon Mountain Cement Co., Ltd.	Manufacturing and sale of cement	1,954,322	(a)	3,232,921	-	-	3,232,921	1,052,993	100.00	727,583	11,052,600	-	Note 7
TCC Liaoning Cement Co., Ltd.	Manufacturing and sale of cement	1,693,615	(a)	1,326,745	-	-	1,326,745	(201,035)	100.00	(139,644)	1,806,395	-	Note 7
TCC Anshun Cement Co., Ltd.	Manufacturing and sale of cement	4,567,862	(a)	3,327,941	-	-	3,327,941	585,887	100.00	426,218	6,502,440	-	Note 7
TCC Chongqing Cement Co., Ltd.	Manufacturing and sale of cement	3,511,680	(a)	2,539,163	-	-	2,539,163	406,236	100.00	311,944	5,342,413	-	Note 7
TCC Guangan Cement Co., Ltd.	Manufacturing and sale of cement	2,291,222	(a)	1,663,446	-	-	1,663,446	288,550	100.00	216,650	3,086,879	-	Note 7
TCC (Dong Guan) Cement Co., Ltd.	Warehousing and cement technical consulting	595,200	(a)	336,288	-	-	336,288	(238,779)	100.00	(149,497)	313,360	-	Note 7
Guizhou Kong On Cement Co., Ltd.	Manufacturing and sale of cement	604,128	(a)	272,309	-	-	272,309	104,432	65.00	52,286	438,648	-	Note 7
TCC New (Hangzhou) Management Co., Ltd.	Operation management	238,080	(a)	134,515	-	-	134,515	35,921	100.00	25,507	178,500	-	Note 7
Guizhou Kaili Rui An Jian Cai Co., Ltd.	Manufacturing and sale of cement	1,778,800	(a)	1,064,646	-	-	1,064,646	531,951	100.00	369,367	2,977,539	-	Note 7
TCC Shaoguan Cement Co., Ltd.	Manufacturing and sale of cement	1,190,400	(a)	1,060,944	-	-	1,060,944	(8,511)	100.00	(5,651)	1,204,238	-	Note 7
TCC Huaying Cement Company Limited	Manufacturing and sale of cement	4,336,202	(a)	3,048,051	-	-	3,048,051	206,342	100.00	163,649	2,244,389	-	Note 7
TCC Huaihua Cement Company Limited (Note 4)	Manufacturing and sale of cement	424,545	(a)	5,579,738	-	-	5,579,738	39,473	100.00	74,194	2,013,732	-	Note 7
TCC Jingzhou Cement Company Limited (Note 4)	Manufacturing and sale of cement	45,650	(a)	-	-	-	-	69,292	100.00	60,243	1,131,612	-	Note 7
TCC Huaihua Concrete Company Limited (Note 4)	Manufacturing and sale of cement	45,650	(a)	-	-	-	-	(6,257)	100.00	(4,000)	70,159	-	Note 7
TCC Jiangsu Mining Industrial Company Limited	Mining of limestone	119,040	(a)	372,205	-	-	372,205	(11,421)	100.00	(7,885)	299,416	-	Note 7
TCC Yingde Mining Industrial Company Limited	Mining of limestone	342,240	(a)	269,258	-	-	269,258	275	100.00	903	443,320	-	Note 7
TCC Guigang Mining Industrial Company Limited	Mining of limestone	148,800	(a)	128,523	-	-	128,523	37,131	100.00	24,647	378,303	-	Note 7
Scitus Naxi Cement Co., Ltd. (Note 5)	Manufacturing and sale of cement	668,818	(a)	-	-	-	-	23,672	100.00	21,981	137,962	-	Note 7
Scitus Luzhou Cement Co., Ltd. (Note 5)	Manufacturing and sale of cement	1,803,175	(a)	-	-	-	-	232,631	100.00	163,582	2,043,010	-	Note 7
Scitus Hejiang Cement Co., Ltd. (Note 5)	Manufacturing and sale of cement	106,136	(a)	-	-	-	-	(2,095)	100.00	(1,383)	18,188	-	Note 7
Scitus Luzhou Concrete Co., Ltd. (Note 5)	Manufacturing and sale of cement	114,125	(a)	-	-	-	-	13,688	100.00	9,442	140,218	-	Note 7
Anshun Xin Tai Construction Materials Company Limited	Manufacturing and sale of concrete aggregate	68,475	(a)	90,721	-	-	90,721	2,210	100.00	1,705	65,770	-	Note 7
TCEC (Yingde) Machine Co., Ltd. (Note 6)	Production and sale of cement machinery and assembly work	16,295	(b)	16,295	-	-	16,295	(225)	100.00	(225)	115,233	-	Note 7
Fuzhou TCC Information Technology Co., Ltd. (Note 6)	Software product and equipment maintenance	2,976	(c)	2,976	-	-	2,976	3,235	100.00	3,235	40,991	-	Note 7
Da Tong (Guigang) International Logistics Co., Ltd (Note 6)	Logistics and transportation	148,800	(d)	148,800	-	-	148,800	81,345	100.00	81,345	553,447	-	Note 7
Da Tong (Ying De) Logistics Co., Ltd. (Note 6)	Logistics and transportation	22,825	(d)	22,825	-	-	22,825	12,687	100.00	12,687	84,316	-	Note 7
Guigang Da-Ho Shipping Co., Ltd. (Note 6)	Marine transportation	18,260	(d)	18,260	-	-	18,260	60.497	100.00	60,497	277,885	-	Note 7
Prosperity Conch Cement Co., Ltd. (Note 6)	Manufacturing and sale of cement	2,647,700	(a)	2,173,366	-	-	2,173,366	2,347,343	25.00	586,836	3,612,349	-	
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd. (Note 6)	Manufacturing and sale of cement	3,766,125	(a)	1,416,940	-	-	1,416,940	564,998	30.00	169,500	1,638,323	-	
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd. (Note 6)	Manufacturing and sale of cement	1,883,428	(a)	686,147	-	-	686,147	406,481	30.00	121,944	852,560	-	
Sichuan Taichang Building Material Group Company Limited (Note 6)	Manufacturing and sale of cement	913,000	(a)	342,999	-	-	342,999	86,270	30.00	-	-	-	
Guangan Xin Tai Construction Materials Company Limited (Note 6)	Manufacturing and sale of concrete aggregate	70,758	(a)	46,826	-	-	46,826	-	50.00	-	-	-	

Accumulated Investment in Mainland China as of December 31, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$44,199,303	$74,839,080	(Note 8)

(Continued)

Note 1: All investments in mainland China companies were through a company invested and established in a third region.
The method of investments were as follows:

a. Investment through TCCI.
b. Investment through TECE Corporation (Brunei).
c. Investment through Taicem Information (Samoa) Pte., Ltd.
d. Investment through Ta-Ho Maritime (Hong Kong) Limited.

Note 2: Including outward remittance from offshore subsidiaries.

Note 3: Investment gain (loss) was based on the associates' audited financial statements except Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd. and Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd. The Group considers that there would be no significant adjustments if such financial statements were to be audited.

Note 4: As of December 31, 2017, the accumulated outward remittance for investments was a total of those from TCC Huaihua Cement Company Limited, TCC Jingzhou Cement Company Limited and TCC Huaihua Concrete Company Limited.

Note 5: As of December 31, 2017, accumulated outward remittance for investments was a total of $2,950,506 thousand from 10 companies, including Zunyi Scitus Cement Co., Ltd., Scitus Bijie Cement Co., Ltd., Scitus Naxi Cement Co., Ltd., Scitus Luzhou Cement Co., Ltd., Scitus Xishui Cement Co., Ltd., Scitus Hejiang Cement Co., Ltd., Guizhou Zunyi Ken On Concrete Co., Ltd., Scitus Bijie Concrete Co., Ltd., Scitus Luzhou Concrete Co., Ltd. and Scitus Cement (Guizhou) Operating Company Limited. Except Scitus Naxi Cement Co., Ltd., Scitus Luzhou Cement Co., Ltd., Scitus Hejiang Cement Co., Ltd. and Scitus Luzhou Concrete Co., Ltd., the other companies were disposed of in March 2013. The investment amounts authorized to be withdrawn are currently being processed by the Investment Commission, MOEA.

Note 6: Including the amounts attributable to non-controlling interests.

Note 7: All intercompany transactions have been eliminated upon consolidation.

Note 8: The Corporation received a confirmation letter of Operation Headquarter from the Industrial Development Bureau of the MOEA in October 2016 stating that the Corporation is not limited by the restriction on the accumulated percentage or amount of investment in mainland China.

B. See Tables 1, 2, 4, 5 and 9 for the information about significant transactions with investees in the mainland China, either directly or indirectly through a third area.

(Concluded)

TABLE 9

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transactions Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
0	Taiwan Cement Corporation	E.G.C. Cement Corporation	1	Operating revenue	$ 544,131	50 days after the day delivery was made	0.6
		Feng Sheng Enterprise Company	1	Operating revenue	319,122	30 days	0.3
				Operating costs and expenses	555,855	30 days	0.6
		Ta-Ho Maritime Corporation	1	Operating costs and expenses	850,602	30 days	0.9
				Payables to related parties	160,915	30 days	0.1
		Taiwan Transport & Storage Corporation	1	Operating costs and expenses	515,244	30 days	0.5
		Hoping Industrial Port Corporation	1	Operating costs and expenses	495,612	20 days	0.5
		Kuan-Ho Refractories Industry Corporation	1	Operating costs and expenses	263,752	By contract	0.3
				Payables to related parties	137,116	By contract	0.1
		TCCIH	1	Operating revenue	498,914	By contract	0.5
		Jin Chang Minerals Corporation	1	Operating costs and expenses	308,191	30 days	0.3
				Payables to related parties	125,895	30 days	-
		Ho Sheng Mining Co., Ltd.	1	Operating costs and expenses	255,580	30 days	0.3
1	Ho-Ping Power Company	Hoping Industrial Port Corporation	3	Operating costs and expenses	1,104,763	20 days	1.1
		HPC Power Service Corporation	3	Operating costs and expenses	400,689	By contract	0.4
				Payables to related parties	107,951	By contract	-
2	To-Ho Maritime Corporation	HKCCL	3	Operating revenue	128,696	By negotiation	0.1
3	THC International S.A.	Ta-Ho Maritime Corporation	3	Operating revenue	168,540	By negotiation	0.2
4	TCC Chemical Corporation	Taiwan Prosperity Chemical Corporation	3	Finance lease receivables	150,093	By contract	0.1
				Long-term finance lease receivables	1,397,901	By contract	0.5
5	Taiwan Transport & Storage Corporation	Taiwan Prosperity Chemical Corporation	3	Operating revenue	184,277	By contract	0.2
		Hoping Industrial Port Corporation	3	Operating revenue	197,875	30 days	0.2

(Continued)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transactions Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
6	Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Guigang) Cement Limited	3	Operating revenue	$ 301,041	By negotiation	0.3
7	Guigang Da-Ho Shipping Co., Ltd.	TCC (Guigang) Cement Limited	3	Operating revenue	214,855	By negotiation	0.2
		TCC Yingde Cement Co., Ltd.	3	Operating revenue	196,286	By negotiation	0.2

Note 1: All intercompany transactions have been eliminated upon consolidation.

Note 2: This table includes transactions for amounts over $100 million.

(Concluded)