Taiwan Cement Corporation

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan Cement Corporation

Opinion

We have audited the accompanying financial statements of Taiwan Cement Corporation (the Corporation), which comprise the balance sheets as of December 31, 2017 and 2016, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The description of the key audit matter of the Corporation's financial statements for the year ended December 31, 2017 is as follows:

Impairment Loss of Equity-method Investments

As disclosed in Notes 4, 5, 10, and Table 7 following the notes to the accompanying financial statements, the investments accounted for by using the equity method include those from the investments in subsidiaries to expand the cement business in China. The excess of the investment costs over the fair value of the identifiable net assets of a subsidiary is recognized as goodwill, and the assets for operations of the subsidiary are recorded in property, plant and equipment. These assets are material to the financial statements as a whole, and the Corporation is required to evaluate the impairment loss for such assets when there is any indication that an investment may be impaired and the carrying amount may not be recoverable under IAS 36 "Impairment of Assets".

For the impairment assessment process, management is required to calculate the expected recoverable amounts 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 contain a significant level of uncertainty. Thus, the impairment of property, plant and equipment and goodwill included in investments accounted for by using the equity method is considered a key audit matter.

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

1. Understood the Corporation'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 Corporation used.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 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

<u>Notice to Readers</u>

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

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

TAIWAN CEMENT CORPORATION

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)	$ 759,845	1	$ 1,278,657	1
Available-for-sale financial assets (Notes 4 and 7)	3,740,687	2	1,342,777	1
Notes receivable (Notes 4 and 8)	981,158	1	848,116	1
Notes receivable from related parties (Notes 4 and 23)	121,381	-	153,730	-
Accounts receivable (Notes 4 and 8)	2,193,062	1	2,326,788	2
Accounts receivable from related parties (Notes 4 and 23)	303,945	-	374,558	-
Other receivables from related parties (Notes 4 and 23)	64,015	-	69,715	-
Inventories (Notes 4, 9 and 25)	1,655,298	1	1,489,695	1
Other current assets	92,637	-	122,728	-
Total current assets	9,912,028	6	8,006,764	6
NON-CURRENT ASSETS				
Available-for-sale financial assets (Notes 4 and 7)	2,419,650	1	3,449,980	3
Financial assets carried at cost (Note 4)	85,159	-	90,992	-
Investments accounted for by using the equity method (Notes 4, 5, 10 and 20)	118,108,972	73	88,378,924	67
Property, plant and equipment (Notes 4, 11 and 24)	27,577,177	17	28,064,674	21
Investment properties (Notes 4 and 12)	3,352,908	2	3,353,159	2
Intangible assets (Note 4)	21,394	-	69,359	-
Net defined benefit asset (Notes 4 and 15)	889,179	1	817,828	1
Other non-current assets (Notes 4, 18 and 24)	322,261	-	227,878	-
Total non-current assets	152,776,700	94	124,452,794	94
TOTAL	$ 162,688,728	100	$ 132,459,558	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Note 13)	$ 8,522,150	5	$ 5,839,557	4
Short-term bills payable (Note 13)	1,899,014	1	299,858	-
Accounts payable	797,820	1	1,015,577	1
Accounts payable to related parties (Note 23)	748,977	-	709,064	1
Other payables (Note 14)	1,443,197	1	1,643,926	1
Other payables to related parties (Note 23)	24,715	-	41,047	-
Current income tax liabilities (Notes 4 and 18)	132,708	-	39,626	-
Long-term loans - current portion (Note 13)	7,276,733	5	3,360,000	3
Other current liabilities	83,904	-	88,022	-
Total current liabilities	20,929,218	13	13,036,677	10
NON-CURRENT LIABILITIES				
Long-term loans (Note 13)	-	-	7,268,893	5
Deferred income tax liabilities (Notes 4 and 18)	5,164,505	3	5,141,802	4
Other non-current liabilities (Note 10)	246,801	-	244,135	-
Total non-current liabilities	5,411,306	3	12,654,830	9
Total liabilities	26,340,524	16	25,691,507	19
EQUITY (Notes 4 and 16)				
Share capital	42,465,090	26	36,921,759	28
Capital surplus	25,739,065	16	13,534,162	10
Retained earnings	49,019,510	30	47,337,524	36
Others	19,124,539	12	8,974,606	7
Total equity	136,348,204	84	106,768,051	81
TOTAL	$ 162,688,728	100	$ 132,459,558	100

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

TAIWAN CEMENT CORPORATION

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 and 23)	$ 16,274,654	100	$ 17,299,027	100
LESS: SALES RETURNS AND ALLOWANCES	58,777	-	80,028	1
OPERATING REVENUE, NET	16,215,877	100	17,218,999	99
OPERATING COSTS (Notes 4, 9, 17 and 23)	14,500,652	89	15,080,237	87
GROSS PROFIT	1,715,225	11	2,138,762	12
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	1,228	-	1,228	-
REALIZED GROSS PROFIT	1,716,453	11	2,139,990	12
OPERATING EXPENSES (Notes 17 and 23)				
Marketing	180,458	1	178,878	1
General and administrative	640,703	4	685,337	4
Total operating expenses	821,161	5	864,215	5
INCOME FROM OPERATIONS	895,292	6	1,275,775	7
NON-OPERATING INCOME AND EXPENSES				
Share of profit of subsidiaries and associates (Note 10)	6,950,116	43	5,266,258	30
Dividend income (Note 4)	323,812	2	357,916	2
Other income (Note 17)	163,379	1	153,258	1
Finance costs	(211,840)	(2)	(245,821)	(1)
Other expenses (Note 17)	(161,461)	(1)	(265,940)	(1)
Impairment loss (Note 10)	(156,000)	(1)	(5,724)	-
Total non-operating income and expenses	6,908,006	42	5,259,947	31
INCOME BEFORE INCOME TAX	7,803,298	48	6,535,722	38
INCOME TAX EXPENSE (Notes 4 and 18)	209,051	1	177,270	1
NET INCOME	7,594,247	47	6,358,452	37

(Continued)

TAIWAN CEMENT CORPORATION

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)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 15)	$ 70,524	-	$ 379,357	2
Share of other comprehensive income (loss) of subsidiaries and associates	(26,903)	-	1,743	-
Income tax expense related to items that will not be reclassified subsequently to profit or loss (Note 18)	(11,989)	-	(64,491)	-
	31,632	-	316,609	2
Items that may be reclassified subsequently to profit or loss:				
Unrealized gain on available-for-sale financial assets	1,370,286	8	238,844	1
Share of other comprehensive income (loss) of subsidiaries and associates	8,779,647	54	(4,502,792)	(26)
	10,149,933	62	(4,263,948)	(25)
Other comprehensive income (loss) for the year, net of income tax	10,181,565	62	(3,947,339)	(23)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 17,775,812	109	$ 2,411,113	14
EARNINGS PER SHARE (NT$, Note 19)				
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 financial statements. (Concluded)

TAIWAN CEMENT CORPORATION

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

	Issuance of Share Capital			Retained Earnings				Others			
	Shares (In Thousands)	**Amount**	**Capital Surplus**	**Legal Reserve**	**Special Reserve**	**Unappropriated Earnings**	**Total**	**Exchange Differences on Translating Foreign Operations**	**Unrealized Gain/Loss on Available-for-sale Financial Assets**	**Cash Flow Hedges**	**Total Equity**
BALANCE, JANUARY 1, 2016	3,692,176	$ 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
Appropriation of prior year's earnings											
Legal reserve	-	-	-	577,599	-	(577,599)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(4,910,594)	(4,910,594)	-	-	-	(4,910,594)
Net income for the year ended December 31, 2016	-	-	-	-	-	6,358,452	6,358,452	-	-	-	6,358,452
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)
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
Difference between consideration paid and the carrying amount of subsidiaries' net assets during actual acquisitions	-	-	1,224,547	-	-	-	-	-	-	-	1,224,547
Reversal of special reserve recognized from asset disposals	-	-	-	-	(11)	11	-	-	-	-	-
BALANCE, DECEMBER 31, 2016	3,692,176	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
Appropriation of prior year's earnings											
Legal reserve	-	-	-	635,845	-	(635,845)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(5,353,655)	(5,353,655)	-	-	-	(5,353,655)
Net income for the year ended December 31, 2017	-	-	-	-	-	7,594,247	7,594,247	-	-	-	7,594,247
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
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
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)
Changes in ownership interests of subsidiaries	-	-	2,120	-	-	-	-	-	-	-	2,120
Issuance of new shares for the acquisition of shares in subsidiaries	554,333	5,543,331	13,427,330	-	-	-	-	-	-	-	18,970,661
Reversal of special reserve recognized from asset disposals	-	-	-	-	(849)	849	-	-	-	-	-
BALANCE, DECEMBER 31, 2017	4,246,509	$ 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

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

TAIWAN CEMENT CORPORATION

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	$ 7,803,298	$ 6,535,722
Adjustments for:		
Depreciation expense	537,065	676,733
Amortization expense	36,553	36,554
Finance costs	211,840	245,821
Interest income	(6,102)	(8,453)
Dividend income	(323,812)	(357,916)
Share of profit of subsidiaries and associates	(6,950,116)	(5,266,258)
Gain on disposal of property, plant and equipment, net	(142)	(29,540)
Inventory write-downs	19,519	-
Impairment loss on financial assets	-	5,724
Impairment losses on non-financial assets	156,000	-
Loss on disposal of investment	745	-
Unrealized loss (gain) on foreign exchange, net	(4,067)	3,840
Changes in operating assets and liabilities:		
Notes receivable	(133,042)	322,718
Notes receivable from related parties	32,349	(46,757)
Accounts receivable	129,926	227,338
Accounts receivable from related parties	69,003	(7,976)
Other receivables from related parties	(2,888)	4,077
Inventories	(185,122)	127,397
Other current assets	30,190	15,620
Net defined benefit asset	(827)	4,312
Accounts payable	(217,514)	19,912
Accounts payable to related parties	40,173	208,019
Other payables	(202,465)	244,891
Other payables to related parties	(16,332)	(27,582)
Other current liabilities	(4,118)	(8,389)
Cash generated from operations	1,020,114	2,925,807
Income tax paid	(125,525)	(395,336)
Net cash generated from operating activities	894,589	2,530,471
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposals of available-for-sale financial assets	1,961	-
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
Acquisitions of investments accounted for by using the equity method	(1,329,584)	(15,000)
Payments for property, plant and equipment	(32,268)	(79,854)
Proceeds from disposal of property, plant and equipment	6,992	29,613
Payments for intangible assets	-	(313)
Decrease in other receivables from related parties	20,000	255,000
Increase in other non-current assets	(98,012)	(25,012)

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TAIWAN CEMENT CORPORATION

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

	2017	2016
Interest received	$ 6,003	$ 8,068
Dividends received	4,624,633	4,721,548
Net cash generated from investing activities	3,205,558	4,905,633
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	2,691,523	1,401,977
Increase (decrease) in short-term bills payable	1,599,156	(299,568)
Repayments of long-term loans	(3,360,000)	(3,360,000)
Increase in other non-current liabilities	6,237	14,326
Dividends paid	(5,353,655)	(4,910,594)
Interest paid	(202,220)	(237,660)
Net cash used in financing activities	(4,618,959)	(7,391,519)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(518,812)	44,585
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,278,657	1,234,072
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 759,845	$ 1,278,657

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

TAIWAN CEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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 financial statements are presented in New Taiwan dollars, the functional currency of the Corporation.

2. APPROVAL OF FINANCIAL STATEMENTS

The 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 Corporation's accounting policies:

   <u>Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers</u>

   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 Corporation, or is the spouse or second immediate family of the chairman of the board of directors or president of the Corporation 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 Corporation has significant transactions. If the transactions or balance with a specific related party is 10% or more of the Corporation'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 disclosure of related-party transactions is enhanced. Refer to Note 23 for related disclosure.

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
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 Corporation'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 gain or loss 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 Corporation 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 Corporation analyzed the facts and circumstances of its financial assets as of December 31, 2017 and performed a preliminary assessment of the impact of IFRS 9 on the classification and measurement of financial assets. Under IFRS 9, 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 measured at cost will be carried at fair value instead.

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 Corporation 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 Corporation 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 Corporation 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 Corporation 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 Corporation 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	$ 3,740,687	$ (3,740,687)	$ -
Available-for-sale financial assets- non-current	2,419,650	(2,419,650)	-
Financial assets carried at cost- non-current	85,159	(85,159)	-
Financial assets at fair value through profit or loss - current	-	270,469	270,469
Financial assets at fair value through other comprehensive income - current	-	3,470,218	3,470,218
Financial assets at fair value through other comprehensive income- non-current	-	6,358,231	6,358,231
Equity-method investments	118,108,972	1,000,163	119,109,135
Total effect on assets	$ 124,354,468	$ 4,853,585	$ 129,208,053
Retained earnings	$ 49,019,510	$ 654,005	$ 49,673,515
Other equity	19,124,539	4,199,580	23,324,119
Total effect on equity	$ 68,144,049	$ 4,853,585	$ 72,997,634

Except for the above impact, as of the date the financial statements were authorized, the Corporation assessed that the application of other standards and interpretations will not have material impact on the Corporation's 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 IFRSs 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 Corporation 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 Corporation is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the balance sheets except for low-value and short-term leases. The Corporation 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 statements of comprehensive income, the Corporation should present depreciation expenses 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 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 Corporation as lessor.

When IFRS 16 becomes effective, the Corporation 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 financial statements were authorized, the Corporation is continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

3) Cash and cash equivalents, unless 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 Corporation 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.

d. Foreign currencies

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

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

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting financial statements, the functional currencies of the Corporation and entities under its control (including subsidiaries and associates 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; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e. a disposal of the Corporation's entire interest in a foreign operation or a disposal involving the loss of control over a subsidiary that includes a foreign operation), 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 Corporation losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculations involved in the equity-method transaction but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, 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.

f. Investments in subsidiaries

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

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

Under the equity method, investments in a subsidiary are initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the Corporation's share of the equity of its subsidiaries.

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

When the Corporation's share of losses of a subsidiary exceeds its interest in that subsidiary (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 Corporation's net investment in the subsidiary), the Corporation continues recognizing its share of further losses.

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

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

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

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

g. Investments in associates

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Corporation uses the equity method to account for its investments in associates. Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the associate. The Corporation also recognizes the changes in the Corporation's share of the equity of associates.

Any excess of the cost of an acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation'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 Corporation subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Corporation's proportionate interest in that associate. The Corporation records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus - changes in the Corporation's share of equity of associates. If the Corporation's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by using the equity method is insufficient, the shortage is debited to retained earnings.

When the Corporation's share of losses of an associate equals or exceeds its interest in that associate, the Corporation discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Corporation has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment 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 Corporation discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on its initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that associate 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, the Corporation continues to apply the equity method and does not remeasure the retained interest.

When the Corporation transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Corporation' financial statements only to the extent that interests in the associate are related to the Corporation.

h. 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.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

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

i. Investment properties

Investment properties are properties held to earn rentals or for capital appreciation 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.

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

k. Impairment of tangible and intangible assets

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

Intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that any of 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 (net of amortization or depreciation) 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.

l. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to 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 22.

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 Corporation'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 (including cash equivalents) 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 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 Corporation'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.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, breach of contract such as a default or delinquency in interest or principal payments, it becoming probable that the borrower will enter bankruptcy or financial re-organization, or the disappearance of an active market for that financial asset because of financial difficulties.

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

On derecognition of a financial asset 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 the Corporation 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 the Corporation 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 held for trading. 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.

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 Corporation enters into derivative financial instruments to manage its exposure to foreign exchange rate risks from foreign-currency denominated assets and liabilities, 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.

m. 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 Corporation has transferred to the buyer the significant risks and rewards of ownership of the goods;

b) The Corporation 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 Corporation; and

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

2) 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 Corporation 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 Corporation 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.

n. 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.

Rental receipts and payments of operating leases are recognized as income and expenses on a straight-line basis over the related lease terms.

o. 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 period in which they are incurred.

p. 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 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 asset represents the actual surplus in the Corporation'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.

q. 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 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 Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. For deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the 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 Corporation 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 the acquisition of a subsidiary, the tax effect is included in the accounting for the acquisition of said subsidiary.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Corporation’s accounting policies, management is required to make judgments, 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.

Equity-method Investments

The Corporation immediately recognizes impairment loss on its net investments in subsidiaries and associates when there is any indication that an investment may be impaired and the carrying amount may not be recoverable. The Corporation’s management evaluates such impairment based on the estimated future cash flow expected to be generated by the investments accounted for by using the equity method. The Corporation also takes into consideration the market conditions and industry developments to evaluate the appropriateness of the relevant assumptions.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2017	**2016**
Cash on hand	$ 986	$ 976
Checking accounts and demand deposits	595,152	858,844
Cash equivalents		
Bonds with repurchase agreements	163,707	418,837
	$ 759,845	$ 1,278,657

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%-0.08%	0.01%-0.13%
Bonds with repurchase agreements	2%	0.3%-1.05%

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2017	**2016**
Domestic investments		
Listed shares	$ 6,071,300	$ 4,440,133
Emerging market shares	89,037	352,624
	$ 6,160,337	$ 4,792,757
Current	$ 3,740,687	$ 1,342,777
Non-current	2,419,650	3,449,980
	$ 6,160,337	$ 4,792,757

8. NOTES AND ACCOUNTS RECEIVABLE

	December 31	
	2017	**2016**
Notes receivable	$ 993,082	$ 860,117
Accounts receivable	2,222,804	2,357,481
Less: Allowance for impairment loss	(41,666)	(42,694)
	$ 3,174,220	$ 3,174,904

In determining the recoverability of notes and accounts receivable, the Corporation 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 Corporation 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 Corporation 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 Corporation 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	$ 3,076,458	$ 3,091,254
91-180 days	64,741	57,051
181-365 days	10,012	10,758
Over 365 days	23,009	15,841
	$ 3,174,220	$ 3,174,904

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	$ 167	$ 33,477	$ 33,644
(Reversals of) allowances	10,481	(1,431)	9,050
Balance at December 31, 2016	10,648	32,046	42,694
(Reversals of) allowances	(2,822)	3,465	643
Write-offs	(1,114)	(557)	(1,671)
Balance at December 31, 2017	$ 6,712	$ 34,954	$ 41,666

9. INVENTORIES

	December 31	
	2017	2016
Finished goods	$ 482,742	$ 462,503
Work in process	494,038	498,085
Raw materials	408,942	268,120
Supplies	269,576	260,987
	$ 1,655,298	$ 1,489,695

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2017 and 2016 was $14,440,950 thousand and $14,999,306 thousand, respectively. The cost of goods sold included inventory write-downs of $19,519 thousand for 2017.

10. INVESTMENTS ACCOUNTED FOR BY USING THE EQUITY METHOD

	December 31	
	2017	2016
Investments in subsidiaries	$ 116,926,940	$ 87,204,607
Investments in associates	1,182,032	1,174,317
	$ 118,108,972	$ 88,378,924

a. Investments in subsidiaries

	December 31	
	2017	2016
Listed company		
Taiwan Prosperity Chemical Corporation	$ 1,608,901	$ 1,703,079
Unlisted companies		
TCC International Ltd. ("TCCI")	60,108,134	50,405,311
TCC International Holdings Ltd. ("TCCIH")	19,054,259	-
Ho-Ping Power Company	18,612,533	19,824,884
Hoping Industrial Port Corporation	5,525,572	5,458,638
TCC Investment Corporation	2,056,607	1,138,271
Ta-Ho Maritime Corporation	2,029,315	2,073,147
Taiwan Transport & Storage Corporation	1,698,943	1,676,242
TCC Chemical Corporation	1,539,861	351,508
Ho Sheng Mining Co., Ltd.	1,014,025	1,224,272
Taiwan Cement Engineering Corporation	698,982	706,761
Kuan-Ho Construction & Development Corporation	640,228	473,638
Kuan-Ho Refractories Industry Corporation	394,925	360,862
Feng Sheng Enterprise Company	347,734	347,821
Ta-Ho Onyx Taitung Environment Co., Ltd.	296,329	295,109
Hong Kong Cement Manufacturing Co., Ltd. ("HKCMCL")	277,915	252,503
TCC Information Systems Corporation	272,046	249,975
Ta-Ho Onyx RSEA Environment Co., Ltd.	207,094	218,514
TCC Green Energy Corporation	179,619	128,235
Jin Chang Minerals Corporation	157,214	119,043
HPC Power Service Corporation	107,200	99,711
E.G.C. Cement Corporation	98,110	95,648
Tung Chen Mineral Corporation	1,394	1,435
Taicorn Minerals Corp. ("TMC")	-	-
Trans Philippines Mineral Corp. ("TPMC")	-	-
	$ 116,926,940	$ 87,204,607

	Proportion of Ownership and Voting Rights	
	December 31	
	2017	2016
Listed company		
Taiwan Prosperity Chemical Corporation	50.0%	50.0%
Unlisted companies		
TCCI	100.0%	100.0%
TCCIH	24.1%	-
Ho-Ping Power Company	59.5%	59.5%
Hoping Industrial Port Corporation	100.0%	100.0%
TCC Investment Corporation	100.0%	100.0%
Ta-Ho Maritime Corporation	64.8%	64.8%
Taiwan Transport & Storage Corporation	83.9%	83.9%
TCC Chemical Corporation (Note 1)	100.0%	100.0%
Ho Sheng Mining Co., Ltd.	100.0%	100.0%
Taiwan Cement Engineering Corporation	99.0%	99.0%
Kuan-Ho Construction & Development Corporation (Note 1)	92.9%	92.9%

(Continued)

	Proportion of Ownership and Voting Rights	
	December 31	
	2017	2016
Kuan-Ho Refractories Industry Corporation	95.3%	95.3%
Feng Sheng Enterprise Company	45.4%	45.4%
Ta-Ho Onyx Taitung Environment Co., Ltd.	100.0%	100.0%
HKCMCL	84.7%	84.7%
TCC Information Systems Corporation	99.4%	99.4%
Ta-Ho Onyx RSEA Environment Co., Ltd.	66.6%	66.6%
TCC Green Energy Corporation (Note 2)	100.0%	100.0%
Jin Chang Minerals Corporation	100.0%	100.0%
HPC Power Service Corporation	60.0%	60.0%
E.G.C. Cement Corporation	50.6%	50.6%
Tung Chen Mineral Corporation	99.5%	99.5%
TMC	72.7%	72.7%
TPMC	40.0%	40.0%

(Concluded)

Note 1: 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. The Corporation increased capital of $1,176,492 thousand in TCC Chemical Corporation. 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.

Note 2: 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. The Corporation increased its capital in the amount of $41,398 thousand in TCC Green Energy Corporation.

The Corporation and its subsidiary, TCCI, contemplated privatizing TCCIH as described in Note 20 and in Notes 13 and 26 of the consolidated financial statements.

Due to investment losses incurred, the investments in TMC and TPMC had credit balances of $20,691 thousand and $24,262 thousand as of December 31, 2017 and 2016, respectively, which were recorded in other non-current liabilities.

The Corporation used a discount rate of 9.3% to assess the recoverable amount of subsidiaries for the years ended December 31, 2017 and recognized an impairment loss of $156,000 thousand.

The Corporation’s percentages of ownership in Feng Sheng Enterprise Company and TPMC were both less than 50%, but the Corporation had control over those entities. Thus, Feng Sheng Enterprise Company and TPMC are subsidiaries of the Corporation.

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 subsidiaries’ audited financial statements for the same years except for the financial statements of TMC and TPMC. The Corporation considered that there would be no significant adjustments if such financial statements were to be audited.

b. Investments in associates

	December 31	
	2017	2016
Associates that are not individually material		
CCC USA Corporation	$ 694,072	$ 720,290
ONYX Ta-Ho Environmental Services Co., Ltd.	481,263	444,093
Synpac Ltd.	6,697	9,934
	$ 1,182,032	$ 1,174,317

Aggregate information of associates that are not individually material is as follows:

	Proportion of Ownership and Voting Rights	
	December 31	
	2017	2016
CCC USA Corporation	33.30%	33.30%
ONYX Ta-Ho Environmental Services Co., Ltd.	50.00%	50.00%
Synpac Ltd.	25.00%	25.00%

	For the Year Ended December 31	
	2017	2016
The Corporation's share of:		
Net profit for the year	$ 272,421	$ 327,988
Other comprehensive loss	(55,906)	(18,521)
Total comprehensive income for the year	$ 216,515	$ 309,467

The investments accounted for by using the equity method and the share of profit or loss and other comprehensive income of the investments for the years ended December 31, 2017 and 2016 were based on the associates' audited financial statements for the same years.

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Total
Cost					
Balance at January 1, 2016	$ 18,112,625	$ 16,135,447	$ 24,017,859	$ 3,991,488	$ 62,257,419
Additions	4,930	1,162	65,786	7,976	79,854
Disposals	-	-	(345,122)	(42,471)	(387,593)
Reclassification	-	-	15,815	10,488	26,303
Balance at December 31, 2016	$ 18,117,555	$ 16,136,609	$ 23,754,338	$ 3,967,481	$ 61,975,983
Accumulated depreciation and impairment					
Balance at January 1, 2016	$ 274,188	$ 6,988,961	$ 22,633,234	$ 3,725,966	$ 33,622,349
Depreciation expenses	-	333,589	292,583	50,308	676,480
Disposals	-	-	(345,084)	(42,436)	(387,520)
Balance at December 31, 2016	$ 274,188	$ 7,322,550	$ 22,580,733	$ 3,733,838	$ 33,911,309
Carrying amounts at December 31, 2016	$ 17,843,367	$ 8,814,059	$ 1,173,605	$ 233,643	$ 28,064,674

(Continued)

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Total
Cost					
Balance at January 1, 2017	$ 18,117,555	$ 16,136,609	$ 23,754,338	$ 3,967,481	$ 61,975,983
Additions	-	1,995	15,693	14,580	32,268
Disposals	-	-	(79,635)	(61,977)	(141,612)
Reclassification	-	-	23,881	18	23,899
Balance at December 31, 2017	$ 18,117,555	$ 16,138,604	$ 23,714,277	$ 3,920,102	$ 61,890,538
Accumulated depreciation and impairment					
Balance at January 1, 2017	$ 274,188	$ 7,322,550	$ 22,580,733	$ 3,733,838	$ 33,911,309
Depreciation expenses	-	322,876	167,581	46,357	536,814
Disposals	-	-	(75,371)	(59,391)	(134,762)
Balance at December 31, 2017	$ 274,188	$ 7,645,426	$ 22,672,943	$ 3,720,804	$ 34,313,361
Carrying amounts at December 31, 2017	$ 17,843,367	$ 8,493,178	$ 1,041,334	$ 199,298	$ 27,577,177

(Concluded)

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	50 years
Main plants	15-50 years
Storage units	35-50 years
Others	20-50 years
Machinery and equipment	8-28 years
Miscellaneous equipment	2-20 years

Property, plant and equipment pledged as collateral for performance bonds are set out in Note 24.

12. INVESTMENT PROPERTIES

	December 31	
	2017	2016
Land	$ 3,342,795	$ 3,342,795
Buildings	10,113	10,364
	$ 3,352,908	$ 3,353,159

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 Corporation's management using market prices of similar properties. As of December 31, 2017 and 2016, the fair values of investment properties were $8,736,723 thousand and $6,308,346 thousand, respectively.

13. BORROWINGS

a. Short-term loans

	December 31	
	2017	**2016**
Unsecured borrowings		
Bank loans - unsecured	$ 8,170,000	$ 5,600,000
Bank loans - letters of credit	352,150	239,557
	$ 8,522,150	$ 5,839,557
Interest rate	0.81%-2.26%	0.82%-2.11%

b. Short-term bills payable

	December 31	
	2017	**2016**
Commercial paper	$ 1,900,000	$ 300,000
Less: Unamortized discount on bills payable	986	142
	$ 1,899,014	$ 299,858
Interest rate	0.90%	0.91%

c. Long-term loans

	December 31	
	2017	**2016**
Syndicated loan	$ 7,276,733	$ 10,628,893
Less: Current portions	7,276,733	3,360,000
	$ -	$ 7,268,893
Interest rate	1.58%	1.58%

The Corporation entered into a 5-year syndicated loan agreement with a bank consortium with a credit line of $14 billion in January 2013, which was divided into two tranches, A and B. The key terms and conditions are set forth below:

1) The credit facility of Tranche A is $8.4 billion and shall be fully drawn down on a non-revolving basis in December 2013. From June 2016, its principle shall be repaid equally in 5 semi-annual installments and shall mature in June 2018; interest shall be paid quarterly.

2) The credit facility of Tranche B is $5.6 billion and shall be fully drawn down on a revolving basis in December 2013. The period of each actual drawdown can be 90, 180 or another agreed-upon number of days, not surpassing 180 days, agreed to by the bank management. In each drawdown period, interest shall be paid at least every 3 months and the last day of each drawdown period shall be the maturity date when the principal plus interest for such period shall be repaid. On the applicable maturity date of each drawdown period, the repayment can be offset against a new drawdown amount; the Corporation and respective syndicated banks need not proceed with the fund flow if the amount is the same. The final maturity date shall be June 2018.

To repay the loan 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 on March 2018.

14. OTHER PAYABLES

	December 31	
	2017	2016
Salaries and bonuses payable	$ 513,866	$ 566,696
Payable for repairs	273,966	318,805
Payable for dividends	148,152	149,017
Taxes payable	95,974	161,580
Payable for rentals	94,701	142,922
Payables for electricity	88,786	101,164
Freight payables	61,224	65,139
Others	166,528	138,603
	$ 1,443,197	$ 1,643,926

15. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Corporation 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.

b. Defined benefit plan

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

The amounts included in the balance sheets in respect of the Corporation’s defined benefit plan were as follows:

	December 31	
	2017	2016
Present value of defined benefit obligation	$ (699,029)	$ (819,907)
Fair value of plan assets	1,588,208	1,637,735
Net defined benefit asset	$ 889,179	$ 817,828

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	$ (960,273)	$ 1,403,056	$ 442,783
Service costs			
Current service costs	(10,444)	-	(10,444)
Net interest income (expense)	(12,977)	19,109	6,132
Recognized in profit or loss	(23,421)	19,109	(4,312)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	372,991	372,991
Actuarial loss - changes in demographic assumptions	(1,765)	-	(1,765)
Actuarial loss - changes in financial assumptions	(8,826)	-	(8,826)
Actuarial gain - experience adjustments	16,957	-	16,957
Recognized in other comprehensive income	6,366	372,991	379,357
Benefits paid	157,421	(157,421)	-
Balance at December 31, 2016	(819,907)	1,637,735	817,828
Service costs			
Current service costs	(9,396)	-	(9,396)
Net interest income (expense)	(10,249)	20,472	10,223
Recognized in profit or loss	(19,645)	20,472	827
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	58,127	58,127
Actuarial loss - changes in demographic assumptions	(160)	-	(160)
Actuarial loss - changes in financial assumptions	(7,497)	-	(7,497)
Actuarial gain - experience adjustments	20,054	-	20,054
Recognized in other comprehensive income	12,397	58,127	70,524
Benefits paid	128,126	(128,126)	-
Balance at December 31, 2017	$ (699,029)	$ 1,588,208	$ 889,179

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

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

2) Interest risk: A decrease in the 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	1.125%	1.250%
Expected rates of salary increase	2.25%	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	$ (14,871)	$ (17,976)
0.25% decrease	$ 15,371	$ 18,580
Expected rates of salary increase		
0.25% increase	$ 14,916	$ 17,869
0.25% decrease	$ (14,506)	$ (17,377)

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	$ 4,850	$ -
The average duration of the defined benefit obligation	9.2 years	9 years

16. 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 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	-
May not be used for any purpose		
Changes in interests in associates accounted for by using equity method	520	520
	$ 25,739,065	$ 13,534,162

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 17b.

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
Share of exchange differences of subsidiaries and associates accounted for by using the equity method	1,443,142	(4,472,710)
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	1,370,286	238,844
Share of unrealized gain (loss) on revaluation of available-for-sale financial assets of subsidiaries and associates accounted for by using the equity method	7,344,405	(32,495)
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
Share of cash flow hedges of subsidiaries accounted for by using the equity method	(7,900)	2,413
Balance at December 31	$ -	$ 7,900

17. NET INCOME

a. Depreciation and amortization

	For the Year Ended December 31	
	2017	**2016**
Property, plant and equipment	$ 536,814	$ 676,480
Investment properties	251	253
Intangible assets	36,553	36,554
	$ 573,618	$ 713,287

(Continued)

	For the Year Ended December 31	
	2017	2016
An analysis of depreciation by function		
Operating costs	$ 480,792	$ 620,793
Operating expenses	55,626	55,046
Non-operating expenses	647	894
	$ 537,065	$ 676,733
An analysis of amortization by function		
Operating costs	$ 36,553	$ 36,554

(Concluded)

b. Employee benefits expense

	For the Year Ended December 31, 2017		
	Classified as Operating Costs	Classified as Operating Expenses	Total
Retirement benefit plans			
Defined contribution plan	$ 13,736	$ 7,317	$ 21,053
Defined benefit plan	(605)	(222)	(827)
	13,131	7,095	20,226
Other employee benefits			
Salary	375,037	304,853	679,890
Labor and health insurance	36,697	17,408	54,105
Others	14,504	5,549	20,053
	426,238	327,810	754,048
Total employee benefits expense	$ 439,369	$ 334,905	$ 774,274

	For the Year Ended December 31, 2016		
	Classified as Operating Costs	Classified as Operating Expenses	Total
Retirement benefit plans			
Defined contribution plan	$ 13,610	$ 6,734	$ 20,344
Defined benefit plan	3,465	847	4,312
	17,075	7,581	24,656
Other employee benefits			
Salary	415,259	363,960	779,219
Labor and health insurance	36,353	16,854	53,207
Others	13,854	4,901	18,755
	465,466	385,715	851,181
Total employee benefits expense	$ 482,541	$ 393,296	$ 875,837

As of December 31, 2017 and 2016, the Corporation had 837 and 810 employees, respectively, the calculation of which is consistent with the employee benefits expense.

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 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 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. Other income

	For the Year Ended December 31	
	2017	**2016**
Financial income	$ 81,653	$ 77,326
Gain on disposal of property, plant and equipment	4,607	29,564
Interest income	6,102	8,453
Others	71,017	37,915
	$ 163,379	$ 153,258

d. Other expenses

	For the Year Ended December 31	
	2017	**2016**
Loss on work stoppage	$ 129,862	$ 179,525
Foreign exchange loss, net	12,753	11,534
Others	18,846	74,881
	$ 161,461	$ 265,940

18. 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	$ 151,407	$ 170,590
Income tax on unappropriated earnings	68,556	-
Adjustments for prior years	(1,356)	(2,274)
	218,607	168,316

(Continued)

	For the Year Ended December 31	
	2017	2016
Deferred tax		
In respect of the current year	$ (7,194)	$ 9,959
Others	(2,362)	(1,005)
	(9,556)	8,954
Income tax expense recognized in profit or loss	$ 209,051	$ 177,270

(Concluded)

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	$ 7,803,298	$ 6,535,722
Income tax expense at the statutory rate	$ 1,326,561	$ 1,111,073
Tax-exempt income	(617,889)	(830,398)
Unrecognized deductible temporary differences	(564,826)	(100,668)
Adjustments for prior years	(1,356)	(2,274)
Income tax on unappropriated earnings	68,556	-
Others	(1,995)	(463)
Income tax expense recognized in profit or loss	$ 209,051	$ 177,270

The applicable tax rate used above for the Corporation is 17%.

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 $15,479 thousand and $47,911 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	$ 11,989	$ 64,491

c. Current tax assets and liabilities

	December 31	
	2017	2016
Current income tax liabilities	$ 132,708	$ 39,626

d. Deferred income tax assets and liabilities

The movements of deferred income tax 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 Comprehensive Income	Closing Balance
Deferred income tax assets				
Inventories	$ 35,645	$ 3,318	$ -	$ 38,963
Property, plant and equipment	14,640	(724)	-	13,916
Long-term employee benefits plan	6,299	784	-	7,083
Deferred revenue	4,580	(209)	-	4,371
Investment properties	2,432	(56)	-	2,376
Others	3,847	17,157	-	21,004
	$ 67,443	$ 20,270	$ -	$ 87,713
Deferred income tax liabilities				
Land value increment tax	$ 4,893,010	$ -	$ -	$ 4,893,010
Defined benefit plan	120,775	140	11,989	132,904
Retained earnings from foreign subsidiaries	128,017	10,574	-	138,591
	$ 5,141,802	$ 10,714	$ 11,989	$ 5,164,505

For the year ended December 31, 2016

	Opening Balance	Recognized in Profit or Loss	Recognized in Comprehensive Income	Closing Balance
Deferred income tax assets				
Inventories	$ 35,645	$ -	$ -	$ 35,645
Property, plant and equipment	16,292	(1,652)	-	14,640
Long-term employee benefits plan	6,450	(151)	-	6,299
Deferred revenue	4,788	(208)	-	4,580
Investment properties	2,511	(79)	-	2,432
Others	2,832	1,015	-	3,847
	$ 68,518	$ (1,075)	$ -	$ 67,443
Deferred income tax liabilities				
Land value increment tax	$ 4,893,010	$ -	$ -	$ 4,893,010
Defined benefit plan	57,017	(733)	64,491	120,775
Retained earnings from foreign subsidiaries	119,405	8,612	-	128,017
	$ 5,069,432	$ 7,879	$ 64,491	$ 5,141,802

e. Aggregate temporary differences associated with investments for which deferred income tax liabilities have not been recognized

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 $28,258,399 thousand and $24,777,481 thousand, respectively.

f. 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.

g. Income tax assessments

The tax returns of the Corporation through 2014 have been assessed by the tax authorities.

19. 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**
Net income for the year	$ 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.

20. PARTIAL ACQUISITION OF SUBSIDIARIES WITHOUT CHANGE OF CONTROL

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%.

The above transactions were accounted for as equity transactions, since there was no change in the Corporation's control over these subsidiaries. Refer to Notes 13 and 26 of the consolidated financial statements for related disclosures.

21. CAPITAL MANAGEMENT

The Corporation needs to maintain sufficient capital to fulfill the Corporation's requirements of business expansion and construction. Therefore, the capital management of the Corporation 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.

22. FINANCIAL INSTRUMENTS

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

The 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

Fair value hierarchy

December 31, 2017

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Domestic listed shares	$ 6,071,300	$ -	$ -	$ 6,071,300
Domestic emerging market shares	89,037	-	-	89,037
	$ 6,160,337	$ -	$ -	$ 6,160,337

December 31, 2016

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Domestic listed shares	$ 4,440,133	$ -	$ -	$ 4,440,133
Domestic emerging market shares	352,624	-	-	352,624
	$ 4,792,757	$ -	$ -	$ 4,792,757

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

c. Categories of financial instruments

	December 31	
	2017	2016
Financial assets		
Loans and receivables (1)	$ 4,423,406	$ 5,051,564
Available-for-sale financial assets (2)	6,245,496	4,883,749
Financial liabilities		
Financial liabilities measured at amortized cost (3)	20,712,606	20,177,922

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

d. Financial risk management objectives and policies

The risk control and hedging strategy performed by the Corporation were affected by operation environments, and the Corporation 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.

1) Market risk

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

a) Foreign currency risk

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

The carrying amounts of the significant monetary assets and liabilities not denominated in functional currency at the end of the reporting period are set out in Note 26.

The Corporation was mainly exposed to the USD. Regarding outstanding foreign monetary items, if there is a 1% increase or decrease in the NTD against the USD net income and equity for the years ended December 31, 2017 and 2016 would increase/decrease by $580 thousand and $1,440 thousand, respectively.

b) Interest rate risk

The carrying amount of the Corporation'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	$ 595,152	$ 858,844
Financial liabilities	15,798,883	16,468,450

The interest risk was evaluated based on the position of financial assets and liabilities. The sensitivity analysis below was determined based on the Corporation'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 Corporation's 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 $2,470 thousand and $3,564 thousand, respectively.

For the Corporation's 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 $65,565 thousand and $68,344 thousand, respectively.

c) Other price risk

The Corporation 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 Corporation 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 $308,017 thousand and $239,638 thousand, respectively.

2) Credit risk

Potential impacts on financial assets would occur if the 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 Corporation's maximum exposure to credit risk, which would cause a financial loss to the Corporation due to the failure of counterparties to discharge an obligation, could arise from the carrying amounts of the respective recognized financial assets as stated in the balance sheets.

The Corporation transacted with a large number of customers from various industries and geographical locations. The Corporation continuously assesses the operations and financial positions of customers and monitors the collectability of accounts receivable. The Corporation required credit enhancements by bank guarantees or collateral for certain customers.

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 Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Corporation's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank facilities and ensures compliance with loan covenants. As of December 31, 2017 and 2016, the amount of unused financing facilities was $6,328,212 thousand and $10,832,145 thousand, respectively.

The following table details the Corporation'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 Corporation 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	$ 841,767	$ 2,107,724	$ 150,665	$ 11,399	$ -
Variable interest rate liabilities	4,289,085	4,278,175	7,308,736	-	-
Fixed interest rate liabilities	1,900,000	-	-	-	-
	$ 7,030,852	$ 6,385,899	$ 7,459,401	$ 11,399	$ -

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	$ 1,031,572	$ 1,388,001	$ 1,160,544	$ 9,368	$ -
Variable interest rate liabilities	1,589,704	4,305,533	3,472,733	7,337,472	-
Fixed interest rate liabilities	300,000	-	-	-	-
	$ 2,921,276	$ 5,693,534	$ 4,633,277	$ 7,346,840	$ -

23. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in other notes, details of transactions between the Corporation and other related parties are disclosed below.

a. Name of the related parties and relationship

Related Party	Relationship with the Corporation
Ta-Ho Maritime Corporation	Subsidiaries
Taiwan Transport & Storage Corporation	Subsidiaries
Taiwan Cement Engineering Corporation	Subsidiaries
Kuan-Ho Refractories Industry Corporation	Subsidiaries
Kuan-Ho Construction & Development Corporation	Subsidiaries
TCC Investment Corporation	Subsidiaries
TCC Chemical Corporation	Subsidiaries
TCC Information Systems Corporation	Subsidiaries
Taiwan Prosperity Chemical Corporation	Subsidiaries
Tung Chen Mineral Corporation	Subsidiaries
Jin Chang Minerals Corporation	Subsidiaries
Hoping Industrial Port Corporation	Subsidiaries

(Continued)

Related Party	**Relationship with the Corporation**
Ho-Ping Power Company	Subsidiaries
Feng Sheng Enterprise Company	Subsidiaries
E.G.C. Cement Corporation	Subsidiaries
Union Cement Traders Inc.	Subsidiaries
Jurong TCC Cement Co., Ltd.	Subsidiaries
TCC Fuzhou Cement Co., Ltd.	Subsidiaries
Hong Kong Cement Company Ltd. ("HKCCL")	Subsidiaries
TCC International Ltd. ("TCCI")	Subsidiaries
TCC International Holdings Ltd. ("TCCIH")	Subsidiaries
Ta-Ho Onyx RSEA Environment Co., Ltd.	Subsidiaries
TCC Green Energy Corporation	Subsidiaries
Ho Sheng Mining Co., Ltd.	Subsidiaries
Synpac-Kingdom Pharmaceutical Co., Ltd. (China Synthetic Rubber's subsidiary, disposed of in November 2017)	Same key management personnel
E-ONE Moli Energy Corporation	Same key management personnel
China Synthetic Rubber Corporation ("China Synthetic Rubber")	Same key management personnel
Sole Energy Tech Corp. (dissolved and closed on June 30, 2017)	Same key management personnel
Dr. Cecilia Koo Botanic Conservation and Environmental Protection Foundation	Same key management personnel
Chienten Temple	Same key management personnel
He Feng Investment Co., Ltd.	Same key management personnel
Pan Asia Corporation	The Corporation acts as key management personnel
China Hi-Ment Corporation	The Corporation acts as key management personnel
O-Bank Co., Ltd.	The Corporation acts as key management personnel
Rong Gong Enterprise Co.	The Corporation acts as key management personnel
Goldsun Development & Construction Co., Ltd.	Investors with significant influence over the Corporation
Chia Hsin Cement Corporation	Management personnel in substance
Chia Hsin R.M.C. Corp.	Management personnel in substance
The Koo Foundation	Management personnel in substance
L'Hotel de Chine Corporation	Management personnel in substance
FDC International Hotels Corporation-Sun Moon Lake	Management personnel in substance
ONYX Ta-Ho Environmental Services Co., Ltd.	Associates
Onyx Ta-Ho Waste Clearance Co., Ltd.	Associates
Shih Hsin Storage & Transportation Co., Ltd.	Associates

(Concluded)

b. Operating transactions

	Operating Revenue For the Year Ended December 31 2017	Operating Revenue For the Year Ended December 31 2016	Operating Costs and Expenses For the Year Ended December 31 2017	Operating Costs and Expenses For the Year Ended December 31 2016
Subsidiaries	$ 1,577,315	$ 1,490,533	$ 3,347,277	$ 3,338,240
Management personnel in substance	452,152	568,419	21,624	10,800
Associates	117,141	267,474	213	310
The Corporation acts as key management personnel	112,952	140,839	441,550	476,049
Investors with significant influence over the Corporation	81,598	95,512	57	120
Same key management personnel	18,503	20,613	7,000	28,000
	$ 2,359,661	$ 2,583,390	$ 3,817,721	$ 3,853,519

Receivables from related parties

	December 31 2017	December 31 2016
Subsidiaries		
E.G.C. Cement Corporation	$ 83,933	$ 134,640
Feng Sheng Enterprise Company	79,755	79,974
TCCIH	42,545	40,244
HKCCL	39,872	66,559
TCC Fuzhou Cement Co., Ltd.	35,489	-
Others	22,317	12,753
	303,911	334,170
Management personnel in substance		
Chia Hsin Cement Corporation	45,551	103,221
Others	19,942	19,197
	65,493	122,418
Associates	911	21,807
The Corporation acts as key management personnel	37,211	31,884
Investors with significant influence over the Corporation	17,771	18,009
Same key management personnel	29	-
	$ 425,326	$ 528,288

Payables to related parties

	December 31	
	2017	2016
Subsidiaries		
Ta-Ho Maritime Corporation	$ 160,915	$ 152,756
Kuan-Ho Refractories Industry Corporation	137,116	102,878
Jin Chang Minerals Corporation	125,895	8,943
Taiwan Transport & Storage Corporation	87,091	131,266
Feng Sheng Enterprise Company	46,330	92,836
Others	61,154	85,935
	618,501	574,614
The Corporation acts as key management personnel		
China Hi-Ment Corporation	127,997	134,365
Management personnel in substance	2,413	-
Others	66	85
	$ 748,977	$ 709,064

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.

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

	December 31	
	2017	2016
Subsidiaries		
Ta-Ho Onyx RSEA Environment Co., Ltd.	$ -	$ 20,000

The loans to subsidiaries were unsecured for the years ended December 31, 2017 and 2016.

	For the Year Ended December 31	
	2017	2016
Subsidiaries		
Interest income	$ 118	$ 1,905

d. Other receivables from related parties

	December 31	
	2017	2016
Subsidiaries		
TCCI	$ 29,475	$ 14,826
Ta-Ho Onyx RSEA Environment Co., Ltd.	16,469	17,017
Others	16,914	15,179
	62,858	47,022
Others	1,157	2,693
	$ 64,015	$ 49,715

Other receivables from related parties included interest and fees receivable.

e. Other payables to related parties

	December 31	
	2017	**2016**
Subsidiaries		
E.G.C. Cement Corporation	$ 12,939	$ 4,369
Ta-Ho Maritime Corporation	8,777	6,682
Kuan-Ho Refractories Industry Corporation	-	18,882
Taiwan Transport & Storage Corporation	-	5,581
Others	462	5,533
	22,178	41,047
Others	2,537	-
	$ 24,715	$ 41,047

f. Endorsements and guarantees

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

	December 31	
	2017	**2016**
Subsidiaries		
TCCI	$ 16,308,480	$ 12,577,500
Others	3,047,814	3,704,959
	$ 19,356,294	$ 16,282,459

g. Compensation of key management personnel

	For the Year Ended December 31	
	2017	**2016**
Short-term employee benefits	$ 118,245	$ 175,765
Other long-term employee benefits	25,329	-
Post-employment benefits	1,848	2,196
	$ 145,422	$ 177,961

24. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were pledged or mortgaged as collateral for performance bonds and other credit accommodations:

	December 31	
	2017	**2016**
Property, plant and equipment	$ 57,569	$ 87,859
Pledged bank deposits (included in other non-current assets)	126,659	92,078
	$ 184,228	$ 179,937

25. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. As of December 31, 2017 and 2016, the balances of letters of credit for the purchase of raw materials were $235,248 thousand and $418,428 thousand, respectively.

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

c. As of December 31, 2017 and 2016, the amounts of letters of guarantee issued by banks for the Corporation were $45,990 thousand and $39,870 thousand, respectively.

26. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the Corporation's functional currency and the exchange rates between such foreign currencies and the Corporation's functional currency 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	$ 14,439	29.760 (USD:NTD)	$ 429,705
Non-monetary items			
USD	23,547	29.760 (USD:NTD)	$ 700,769
HKD	20,866,905	3.807 (HKD:NTD)	79,440,308
			$ 80,141,077
Financial liabilities			
Monetary items			
USD	12,090	29.760 (USD:NTD)	$ 359,791

December 31, 2016

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 14,029	32.25 (USD:NTD)	$ 452,435
Non-monetary items			
USD	22,643	32.25 (USD:NTD)	$ 730,224
HKD	12,183,217	4.158 (HKD:NTD)	50,657,814
			$ 51,388,038

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial liabilities			
Monetary items			
USD	$ 8,650	32.25 (USD:NTD)	$ 278,949

(Concluded)

27. 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 (None)

10) 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 period, 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 period

   b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period

   c) The amount of property transactions and the amount of the resultant gains or losses

   d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes

   e) The highest balance during the year, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds

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

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		Financing Limit for Each Borrower (Note)	Aggregate Financing Limit (Note)	Note
													Item	Value			
0	Taiwan Cement Corporation	Ta-Ho Onyx RSEA Environment Co., Ltd.	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.	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.	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.	Other receivables - related parties	Yes	250,000	-	-	-	The need for short-term financing	-	Operating capital	-		-	287,782	287,782	
		Kuan-Ho Construction & Development Corporation	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	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	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	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	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.	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.	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.	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.	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.	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.	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.	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.	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.	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	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.	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.	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	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.	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.	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)	Aggregate Financing Limit (Note)	Note
													Item	Value			
		TCC Chongqing Cement Co., Ltd.	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.	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.	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.	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.	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.	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.	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.	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	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	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.	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.	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	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.	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.	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.	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.	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.	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	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.	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.	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.	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.	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.	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.	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.	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)	Aggregate Financing Limit (Note)	Note
													Item	Value			
14	Wayly Holdings Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	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.	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.	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	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	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.	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.	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	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.	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.	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.	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.	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.	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.	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.	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.	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	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	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.	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 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.

TABLE 3

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 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 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 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)	
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	
			Purchases	555,855	4	30 days	-	-	(46,330)	(8)	
	TCCIH	Subsidiary	Service revenue	(498,914)	(3)	By contract	-	-	42,545	11	
	Taiwan Transport & Storage Corporation	Subsidiary	Purchases	515,244	4	30 days	-	-	(87,091)	(15)	
	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)	
	Ta-Ho Maritime Corporation	Subsidiary	Purchases	850,602	6	30 days	-	-	(160,915)	(27)	
	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)	
	E.G.C. Cement Corporation	Subsidiary	Sales	(544,131)	(3)	50 days after the day delivery was made	-	-	83,933	22	
	Jin Chang Minerals Corporation	Subsidiary	Purchases	308,191	2	30 days	-	-	(125,895)	(21)	
	Ho Sheng Mining Co., Ltd.	Subsidiary	Purchases	255,580	2	30 days	-	-	(41,473)	(7)	
Jin Chang Minerals Corporation	Taiwan Cement Corporation	Parent company	Sales	(308,191)	(100)	30 days	-	-	125,895	100	
Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	Parent company	Sales	(255,580)	(83)	30 days	-	-	41,473	79	
Kuan-Ho Refractories Industry Corporation	Taiwan Cement Corporation	Parent company	Sales	(263,752)	(23)	By contract	-	-	137,116	89	
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)	
Ho-Ping Power Company	Hoping Industrial Port Corporation	The same parent company	Purchases	1,104,763	16	20 days	-	-	(56,617)	(32)	
	HPC Power Service Corporation	The same parent company	Purchases	400,689	6	By contract	-	-	(107,951)	(60)	
Hoping Industrial Port Corporation	Ho-Ping Power Company	The same parent company	Sales	(1,104,763)	(68)	20 days	-	-	56,617	79	
	Taiwan Cement Corporation	Parent company	Sales	(495,612)	(31)	20 days	-	-	12,408	17	
	Taiwan Transport & Storage Corporation	The same parent company	Purchases	197,875	76	30 days	-	-	(16,904)	(85)	
Feng Shang Enterprise Company	Taiwan Cement Corporation	Parent company	Sales	(555,855)	(24)	30 days	-	-	46,330	100	
			Purchases	319,122	14	30 days	-	-	(79,755)	(100)	
Taiwan Transport & Storage Corporation	Taiwan Cement Corporation	Parent company	Sales	(515,244)	(45)	30 days	-	-	87,091	59	
	Taiwan Prosperity Chemical Corporation	The same parent company	Sales	(184,277)	(16)	By contract	-	-	31,766	21	
	Hoping Industrial Port Corporation	The same parent company	Sales	(197,875)	(17)	30 days	-	-	16,904	11	
	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)	

(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 (Note)	
HPC Power Service Corporation	Ho-Ping Power Company	The same parent company	Sales	$ (400,689)	(100)	By contract	$ -	-	$ 107,951	100	
Ta-Ho Maritime Corporation	Taiwan Cement Corporation	Parent company	Freight revenue	(850,602)	(38)	30 days	-	-	160,915	100	
	THC International S.A	Subsidiary	Rental expense	168,540	8	By negotiation	-	-	(23,609)	(54)	
	HKCCL	The same ultimate parent company	Freight revenue	(128,696)	(6)	By negotiation	-	-	-	-	
THC International S.A	Ta-Ho Maritime Corporation	Parent company	Rental revenue	(168,540)	(100)	By negotiation	-	-	23,609	100	
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	-	-	-	-	
TCC (Guigang) Cement Limited	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	214,855	3	By negotiation	-	-	(45,700)	(18)	
	Da Tong (Guigang) International Logistics Co., Ltd.	The same ultimate parent company	Purchases	301,041	4	By negotiation	-	-	(64,432)	(25)	
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)	
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	
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	
	TCC Yingde Cement Co., Ltd.	The same ultimate parent company	Freight revenue	(196,286)	(24)	By negotiation	-	-	59,349	56	
TCCIH	Taiwan Cement Corporation	Parent company	Service expense	498,914	100	By contract	-	-	(42,545)	(100)	
Yingde Dragon Mountain Cement Co., Ltd.	Prosperity Conch Cement Company Limited	Associates	Purchases	105,436	2	By negotiation	-	-	(11,334)	(2)	

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

(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	Parent company	$ 160,915	5.4	$ -	-	$ 160,076	$ -
Jin Chang Minerals Corporation	Taiwan Cement Corporation	Parent company	125,895	4.6	-	-	125,895	-
Kuan-Ho Refractories Industry Corporation	Taiwan Cement Corporation	Parent company	137,116	2.2	-	-	96,230	-
HPC Power Service Corporation	Ho-Ping Power Company	The same parent company	107,951	4.6	-	-	107,951	-

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	
	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	
	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	
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	528,506	528,506	118,649	64.79	2,029,315	212,635	137,760	
	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)	
	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	
	TCC Investment Corporation	Taiwan	Investment	190,000	190,000	54,150	100.00	2,056,607	109,085	109,085	
	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)	
	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)	
	Kuan-Ho Construction & Development Corporation	Taiwan	Construction and lease services	248,963	248,963	35,959	92.87	640,228	230,103	213,697	
	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	
	Feng Sheng Enterprise Company	Taiwan	Sale of ready-mixed concrete	250,000	250,000	27,261	45.43	347,734	34,768	15,797	
	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	
	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	
	TCC Information Systems Corporation	Taiwan	Information software design	71,000	71,000	14,904	99.36	272,046	25,243	25,082	
	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)	
	HKCMCL	Hong Kong	Investment holding	72,005	72,005	38	84.65	277,915	56,618	47,930	
	TCC Green Energy Corporation	Taiwan	Renewable energy generation	46,046	59,880	10,000	100.00	179,619	9,986	9,986	
	Jin Chang Minerals Corporation	Taiwan	Afforestation and sale of limestone	18,042	18,042	1,800	100.00	157,214	38,171	38,171	
	HPC Power Service Corporation	Taiwan	Business consulting	1,861	1,861	6	60.00	107,200	186,844	112,106	
	E.G.C. Cement Corporation	Taiwan	Sale of cement	184,359	184,359	8,063	50.64	98,110	4,839	2,451	
	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)	
	TMC	Philippines	Mining excavation	11,880	11,880	120	72.70	-	-	-	
	TPMC	Philippines	Mining excavation	2,105	2,105	20	40.00	-	-	-	
	TCCIH	Cayman Islands	Investment holding	19,125,321	-	1,319,841	24.07	19,054,259	1,206,915	290,504	
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	
	E.G.C. Cement Corporation	Taiwan	Sale of cement	126,518	126,518	7,061	44.36	115,308	4,839	2,146	
	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	
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	
	Ho-Ping Power Company	Taiwan	Thermal power generation	68,911	68,911	5,067	0.50	152,941	2,975,364	14,877	
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	11,168	24,000	698	0.24	7,692	(354,571)	(1,933)	
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	343	343	34	0.02	587	212,635	40	

(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	
	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)	
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	
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)	
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	-	
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	
	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)	
	Sheng Ho Maritime S.A.	Panama	Marine transportation	59,818	64,823	2	100.00	459,286	1,187	1,187	
	Ta-Ho Maritime (Hong Kong) Limited	Hong Kong	Marine transportation	151,776	164,475	5,100	100.00	569,874	80,097	80,097	
	Chi Ho Maritime S.A.	Panama	Marine transportation	193,738	209,948	7	100.00	341,050	(16,555)	(16,555)	
	Ta-Ho Maritime (Singapore) Pte. Ltd.	Singapore	Marine transportation	2,976	3,225	100	100.00	71,335	(1,096)	(1,096)	
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	

(Concluded)

TABLE 8

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	$ -	
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	-	
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	-	
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	-	
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	-	
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	-	
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	-	
Jiangsu TCC Investment Co., Ltd.	Investment	1,488,000	(a)	840,720	-	-	840,720	144,884	100.00	103,156	2,582,668	-	
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	-	
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	-	
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	-	
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	-	
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	-	
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	-	
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	-	
TCC New (Hangzhou) Management Co., Ltd.	Operation management	238,080	(a)	134,515	-	-	134,515	35,921	100.00	25,507	178,500	-	
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	-	
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	-	
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	-	
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	-	
TCC Jingzhou Cement Company Limited (Note 4)	Manufacturing and sale of cement	45,650	(a)	-	-	-	-	69,292	100.00	60,243	1,131,612	-	
TCC Huaihua Concrete Company Limited (Note 4)	Manufacturing and sale of cement	45,650	(a)	-	-	-	-	(6,257)	100.00	(4,000)	70,159	-	
TCC Jiangsu Mining Industrial Company Limited	Mining of limestone	119,040	(a)	372,205	-	-	372,205	(11,421)	100.00	(7,885)	299,416	-	
TCC Yingde Mining Industrial Company Limited	Mining of limestone	342,240	(a)	269,258	-	-	269,258	275	100.00	903	443,320	-	
TCC Guigang Mining Industrial Company Limited	Mining of limestone	148,800	(a)	128,523	-	-	128,523	37,131	100.00	24,647	378,303	-	
Scitus Naxi Cement Co., Ltd. (Note 5)	Manufacturing and sale of cement	668,818	(a)	-	-	-	-	23,672	100.00	21,981	137,962	-	
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	-	
Scitus Hejiang Cement Co., Ltd. (Note 5)	Manufacturing and sale of cement	106,136	(a)	-	-	-	-	(2,095)	100.00	(1,383)	18,188	-	
Scitus Luzhou Concrete Co., Ltd. (Note 5)	Manufacturing and sale of cement	114,125	(a)	-	-	-	-	13,688	100.00	9,442	140,218	-	
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	-	
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	-	
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	-	
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	-	
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	-	
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	-	
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 7)

(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: 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 and 5 for the information about significant transactions with investees in the mainland China, either directly or indirectly through a third area.

(Concluded)

TAIWAN CEMENT CORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

TAIWAN CEMENT CORPORATION

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Period	Annual Rate of Return	Amount
Cash			
Cash on hand			$ 986
Checking accounts and demand deposits (Note)			595,152
			596,138
Cash equivalents			
Bonds with repurchase agreements (Note)	2017.12.28-2018.01.05	2%	163,707
			$ 759,845

Note: Including US$6,294 thousand, the rates of exchange US$1=$29.760.

TAIWAN CEMENT CORPORATION

STATEMENT OF AVAILABLE FOR SALE FINANCIAL ASSETS - CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Unit Price is New Taiwan Dollars)

Name of Financial Instruments	Shares (In Thousand)	Cost of Acquisition	Fair Value (Note)	
			Unit Price	Total Amount
Listed shares				
Taishin Financial Holding Co., Ltd.	58,553	$ 646,575	$13.85	$ 810,956
CTCI Corporation	9,054	200,438	45.15	408,804
Chia Hsin Cement Corporation	27,419	305,388	13.35	366,049
Chinatrust Financial Holding Co., Ltd.	3,575	56,363	20.50	73,300
China Hi-Ment Corporation	27,451	261,546	59.00	1,619,613
Chien Kuo Construction Co., Ltd.	9,403	60,510	11.50	108,132
O-Bank	29,719	286,179	8.91	264,796
		1,816,999		3,651,650
Emerging market shares				
Taiwan Television Enterprise, Ltd.	13,573	19,662	6.56	89,037
		$ 1,836,661		$ 3,740,687

Note: Listed company and emerging company were calculated based on the closing price and the last strike price on December 31, 2017.

STATEMENT 3

TAIWAN CEMENT CORPORATION

STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Client A	$ 163,013
Client B	126,357
Others (Note)	1,933,434
	2,222,804
Less: Allowance for doubtful accounts	29,742
	$ 2,193,062

Note: The amount of individual client included in others does not exceed 5% of the account balance.

TAIWAN CEMENT CORPORATION

STATEMENT OF INVENTORIES
DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

Item	Amount: Cost	Amount: Net Realizable Value
Finished goods	$ 504,572	$ 582,512
Work in process	504,840	551,143
Raw materials	408,942	416,028
Supplies	466,137	280,726
	1,884,491	$ 1,830,409
Less: Allowance for write downs (Note)	229,193	
	$ 1,655,298	

Note: Including inventory write-downs.

TAIWAN CEMENT CORPORATION

STATEMENT OF AVAILABLE FOR SALE FINANCIAL ASSETS - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Unit Price is New Taiwan Dollars)

	Balance, January 1, 2017		Addition		Unrealized Gain	Fair Value on December 31, 2017 (Note)		
Name of Securities	**Shares (In Thousands)**	**Amount**	**Shares (In Thousands)**	**Amount**	**(Loss) on Financial Instruments**	**Shares (In Thousands)**	**Unit Price**	**Balance, December 31, 2017**
Listed shares								
China Synthetic Rubber Corporation	52,552	$ 1,500,375	2,628	$ -	$ 919,275	55,180	$ 43.85	$ 2,419,650

Note: It is calculated based on the closing price on December 31, 2017.

TAIWAN CEMENT CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Unit Price is New Taiwan Dollars)

	Balance, January 1, 2017		Changes for the Year		Investee Company Distributed as Cash Dividends	Investment Income or Loss for Using the Equity Method	Equity Adjustments (Note 1)	Reclassified (Note 2)	Balance, December 31, 2017			Market Price (Note 5)	
Name	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount					Shares (In Thousands)	Ownership	Amount	Unit Price	Total Amount
Listed company													
Taiwan Prosperity Chemical Corporation	145,988	$ 1,703,079	-	$ -	$ -	$ (177,286)	$ 83,108	$ -	145,988	50.0	$ 1,608,901	$28.4	$ 4,146,059
Unlisted company													
TCCI	600,876	50,405,311	-	-	-	3,160,518	6,542,305	-	600,876	100.0	60,108,134		
TCCIH (Note 4)	-	-	1,319,841	19,125,321	-	290,504	(361,566)	-	1,319,841	24.1	19,054,259		
Ho-Ping Power Company	602,973	19,824,884	-	-	(2,974,199)	1,770,342	(8,494)	-	602,973	59.5	18,612,533		
Hoping Industrial Port Corporation	319,990	5,458,638	-	-	(735,977)	799,196	3,715	-	319,990	100.0	5,525,572		
TCC Investment Corporation	54,150	1,138,271	-	-	-	109,085	809,251	-	54,150	100.0	2,056,607		
Ta-Ho Maritime Corporation	118,649	2,073,147	-	-	(84,241)	137,760	(97,351)	-	118,649	64.8	2,029,315		
Taiwan Transport & Storage Corporation	32,668	1,676,242	-	-	(77,096)	100,460	(663)	-	32,668	83.9	1,698,943		
TCC Chemical Corporation (Note 3)	118,393	351,508	121,607	1,176,492	-	11,861	-	-	240,000	100.0	1,539,861		
Ho Sheng Mining Co., Ltd. (Note 3)	30,100	1,224,272	-	(156,000)	-	(54,247)	-	-	30,100	100.0	1,014,025		
Taiwan Cement Engineering Corporation	59,593	706,761	-	-	(3,576)	(1,055)	(3,148)	-	59,593	99.0	698,982		
CCC USA Corp.	39	720,290	-	-	-	27,633	(53,851)	-	39	33.3	694,072		
Kuan-Ho Construction & Development Corporation	35,959	473,638	-	-	(47,107)	213,697	-	-	35,959	92.9	640,228		
ONYX Ta-Ho Environmental Services Co., Ltd.	8,000	444,093	-	-	(208,800)	244,941	1,029	-	8,000	50.0	481,263		
Kuan-Ho Refractories Industry Corporation	18,105	360,862	-	-	(33,458)	75,578	(8,057)	-	18,105	95.3	394,925		
Feng Sheng Enterprise Company	27,261	347,821	-	-	(13,630)	15,797	(2,254)	-	27,261	45.4	347,734		
Ta-Ho Onyx Taitung Environment Co., Ltd.	37,100	295,109	-	-	-	1,220	-	-	37,100	100.0	296,329		
HKCMCL	38	252,503	-	-	-	47,930	(22,518)	-	38	84.7	277,915		
TCC Information Systems Corporation	14,904	249,975	-	-	(24,890)	25,082	21,879	-	14,904	99.4	272,046		
Ta-Ho Onyx RSEA Environment Co., Ltd.	66,600	218,514	-	-	-	(11,420)	-	-	66,600	66.6	207,094		
TCC Green Energy Corporation (Note 3)	75,499	128,235	(65,499)	41,398	-	9,986	-	-	10,000	100.0	179,619		
Jin Chang Minerals Corporation	1,800	119,043	-	-	-	38,171	-	-	1,800	100.0	157,214		
HPC Power Service Corporation	6	99,711	-	-	(97,847)	112,106	(6,770)	-	6	60.0	107,200		
E.G.C. Cement Corporation	8,063	95,648	-	-	-	2,451	11	-	8,063	50.6	98,110		
Synpac Ltd.	2,700	9,934	-	-	-	(153)	(3,084)	-	2,700	25.0	6,697		
Tung Chen Mineral Corporation	20	1,435	-	-	-	(41)	-	-	20	99.5	1,394		
TMC	120	-	-	-	-	-	2,781	(2,781)	120	72.7	-		
TPMC	20	-	-	-	-	-	790	(790)	20	40.0	-		
		86,675,845		20,187,211	(4,300,821)	7,127,402	6,814,005	(3,571)			116,500,071		
		$ 88,378,924		$ 20,187,211	$ (4,300,821)	$ 6,950,116	$ 6,897,113	$ (3,571)			$ 118,108,972		

Note 1: Including exchange differences on translating foreign operations and investee company changes in equity.

Note 2: As of December 31, 2017, the deficit of TMC and TPMC were $20,691 thousand, which is included in other non-current liabilities.

Note 3: TCC Chemical Corporation included 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); Ho Sheng Mining Co., Ltd. recognized an impairment loss; TCC Green Energy Corporation issued ordinary shares for cash of $41,398 thousand (or 4,140 thousand ordinary shares) and had a capital reduction to offset a deficit with 69,639 thousand shares of ordinary shares.

Note 4: The Corporation and its subsidiary, TCCI, contemplated privatizing TCCIH by a scheme of arrangement. For more details, refer to the Note 20.

Note 5: It was calculated based on the closing price on December 31, 2017.

TAIWAN CEMENT CORPORATION

STATEMENT OF CHANGES IN INVESTMENT PROPERTIES
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2017	Addition	Decrease	Balance, December 31, 2017
Cost				
Land	$ 3,996,172	$ -	$ -	$ 3,996,172
Buildings	261,132	-	-	261,132
	4,257,304	$ -	$ -	4,257,304
Accumulated depreciation				
Buildings	227,246	$ 251	$ -	227,497
Accumulated impairment				
Land	653,377	$ -	$ -	653,377
Buildings	23,522	-	-	23,522
	676,899	$ -	$ -	676,899
	$ 3,353,159			$ 3,352,908

STATEMENT 8

TAIWAN CEMENT CORPORATION

STATEMENT OF LONG-TERM LOANS
DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

Type of Loan and Creditor	Contract Period	Annual Interest Rates (%)	Amount	Loan Commitments	Collateral
Syndicated loan (Note)					
Type A	102.6-107.6	1.58	$ 1,680,000	$ 1,680,000	-
Type B	102.6-107.6	1.58	5,600,000	5,600,000	-
			7,280,000	$ 7,280,000	
Issue costs			(3,267)		
Current portions			(7,276,733)		
			$ -		

Note: Including Mega International Commercial Bank, Taipei Fubon Commercial Bank, Chinatrust Commercial Bank, Taiwan Cooperative Bank, Hua Nan Bank, Yuanta Bank, Agricultural Bank of Taiwan, JihSun International Commercial Bank, E.SUN Bank, Bank of China, Bank of Communications and the Export-Import Bank of the Republic of China.

TAIWAN CEMENT CORPORATION

STATEMENT OF NET REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

Item	Shipments	Amount
Domestic sales		
Cement - related products	4,273 thousand cubic meters	$ 7,603,178
Cement	2,189 thousand tons	4,955,809
Clinker	804 thousand tons	1,206,239
Others		263,568
		14,028,794
Export		
Cement	1,376 thousand tons	1,610,200
Clinker	70 thousand tons	77,969
Others		498,914
		2,187,083
		$ 16,215,877

TAIWAN CEMENT CORPORATION

STATEMENT OF COST OF REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

Item	Amount
Balance, beginning of year	$ 733,573
Add: Raw materials purchased	7,111,891
Less: Raw materials, end of year	875,079
Raw materials used	6,970,385
Direct labor	226,157
Manufacturing expenses	2,966,258
Manufacturing costs	10,162,800
Add: Work in process, beginning of year	502,343
Work in process purchased	1,181,272
Less: Work in process, end of year	504,840
Work in process sold	909,824
Cost of finished goods	10,431,751
Add: Finished goods, beginning of year	463,453
Finished goods purchased	334,462
Less: Finished goods, end of year	504,572
Add: Transportation costs	2,074,088
Commodity tax	712,425
Work in process sold	909,824
Inventory write-downs	19,519
Others	59,702
Cost of revenue	$ 14,500,652

TAIWAN CEMENT CORPORATION

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Total
Payroll and pension	$ 55,153	$ 262,344	$ 317,497
General and administrative expenses	17,872	51,268	69,140
Rental expenses	26,272	41,915	68,187
Shipping expenses	58,912	621	59,533
Depreciation expenses	43	55,583	55,626
Welfare expenses	7,270	44,455	51,725
Others (Note)	14,936	184,517	199,453
	$ 180,458	$ 640,703	$ 821,161

Note: The amount of each item in others does not exceed 5% of the amount balance.