Taiwan Cement Corporation and Subsidiaries

Consolidated Financial Statements for the Nine Months Ended September 30, 2017 and 2018 and Independent Auditors' Review Report

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Taiwan Cement Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Taiwan Cement Corporation and its subsidiaries (the "Group") as of September 30, 2017 and 2018, the related consolidated statements of comprehensive income for the three months ended September 30, 2017 and 2018, for the nine months ended September 30, 2017 and 2018, and the related consolidated statements of changes in equity and cash flows for the nine months then ended and the related notes, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standard No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 13 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements were not reviewed. As of September 30, 2017 and 2018, the combined total assets of these non-significant subsidiaries were NT$75,472,037 thousand and NT$81,559,598 thousand, respectively, representing 28% and 26%, respectively, of the Group's consolidated total assets, and the combined total liabilities of these non-significant subsidiaries as of September 30, 2017 and 2018 were NT$16,385,469 thousand and NT$16,904,370 thousand, respectively, representing 14% and 14%, respectively, of the Group's consolidated total liabilities; for the three months ended September 30, 2017 and 2018 and for the nine months ended September 30, 2017 and 2018, the net comprehensive income of these subsidiaries was NT$1,034,254 thousand, NT$1,624,200 thousand, NT$1,043,702 thousand and NT$5,653,700 thousand, respectively, representing 14%, 63%, 8% and 29%, respectively, of the Group's consolidated comprehensive income. Furthermore, as disclosed in Note 14 to the consolidated financial statements, the carrying amounts of certain investments accounted for by using the equity method as of September 30, 2017 and 2018 were NT$7,096,040 thousand and NT$8,090,914 thousand, respectively, and the Group's related share of comprehensive income of such equity-method investments for the three months ended September 30, 2017 and 2018 and for the nine months ended September 30, 2017 and 2018 were NT$416,976 thousand, NT$12,766 thousand, NT$848,390 thousand and NT$1,110,662 thousand, respectively. These amounts were based on unreviewed financial statements for the same reporting periods as those of the Group. Moreover, the related information of the above subsidiaries and investees disclosed in Note 35 to the consolidated financial statements for the same reporting periods as those of the Group were also unreviewed.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and equity-method investments as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of September 30, 2017 and 2018, its consolidated financial performance for the three months ended September 30, 2017 and 2018 and its financial performance and its consolidated cash flows for the nine months ended September 30, 2017 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting".

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

Ya-Ling Wong   Chih-Ming Shao

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 13, 2018

<u>Notice to Readers</u>

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

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands)

ASSETS	September 30, 2017 (Reviewed) NT$	December 31, 2017 (Audited) NT$	September 30, 2018 (Reviewed) NT$	September 30, 2018 (Reviewed) US$ (Note 4)
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 26,608,300	$ 26,331,218	$ 42,980,849	$ 1,411,059
Financial assets at fair value through profit or loss (Notes 3, 4 and 7)	147,571	147,049	600,410	19,711
Financial assets at fair value through other comprehensive income (Notes 3, 4, 8 and 31)	-	-	6,904,065	226,660
Available-for-sale financial assets (Notes 3, 4, 9 and 31)	20,061,583	25,101,220	-	-
Notes receivable (Notes 4 and 10)	15,800,456	20,003,996	26,722,993	877,314
Accounts receivable (Notes 4, 10, 11 and 31)	6,800,265	7,072,466	8,340,760	273,827
Notes and accounts receivable from related parties (Notes 4 and 30)	205,600	229,702	209,009	6,862
Other receivables (Note 4)	410,446	751,932	742,270	24,369
Other receivables from related parties (Notes 4 and 30)	214,394	3,092	519,538	17,056
Inventories (Notes 4, 12 and 32)	9,493,855	8,354,522	9,012,327	295,874
Prepayments (Note 18)	3,967,788	2,914,701	2,964,906	97,338
Other financial assets (Notes 4, 6 and 31)	950,591	1,302,249	3,089,250	101,420
Other current assets	659,353	507,767	713,381	23,420
Total current assets	85,320,202	92,719,914	102,799,758	3,374,910
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 3, 4, 8 and 31)	-	-	34,177,250	1,122,037
Available-for-sale financial assets (Notes 3, 4, 9 and 31)	5,587,598	3,455,938	-	-
Financial assets carried at cost (Notes 3 and 4)	583,023	582,819	-	-
Investments accounted for by using the equity method (Notes 4 and 14)	7,808,566	7,940,701	9,491,833	311,616
Property, plant and equipment (Notes 4, 15, 24 and 31)	96,681,867	94,709,404	91,303,900	2,997,502
Investment properties (Notes 4, 16, 24 and 31)	6,065,297	6,374,920	6,349,743	208,462
Intangible assets (Notes 4, 17 and 24)	20,695,038	20,852,624	20,240,191	664,484
Prepayments for property, plant and equipment	2,858,825	2,926,304	1,917,422	62,949
Long-term finance lease receivables (Notes 4, 11 and 31)	32,653,393	32,425,584	31,264,030	1,026,396
Net defined benefit asset (Note 4)	828,266	897,637	900,168	29,552
Long-term prepayments for leases (Note 18)	6,816,018	6,833,745	6,707,302	220,200
Other non-current assets (Notes 4 and 31)	3,559,803	2,837,459	3,217,964	105,646
Total non-current assets	184,137,694	179,837,135	205,569,803	6,748,844
TOTAL	$ 269,457,896	$ 272,557,049	$ 308,369,561	$ 10,123,754

LIABILITIES AND EQUITY	September 30, 2017 (Reviewed) NT$	December 31, 2017 (Audited) NT$	September 30, 2018 (Reviewed) NT$	September 30, 2018 (Reviewed) US$ (Note 4)
CURRENT LIABILITIES				
Short-term loans (Notes 19 and 31)	$ 24,346,180	$ 20,314,112	$ 22,471,574	$ 737,741
Short-term bills payable (Note 19)	7,967,148	7,991,417	6,164,409	202,377
Contract liabilities	-	-	5,850,094	192,058
Notes and accounts payable (Note 30)	8,041,997	7,789,179	7,961,973	261,391
Other payables (Notes 21 and 32)	7,334,015	8,839,408	8,142,087	267,304
Current income tax liabilities (Note 4)	811,229	1,651,042	2,545,873	83,581
Advance receipts	4,396,158	4,548,755	-	-
Long-term loans - current portion (Notes 19 and 31)	12,176,652	13,910,242	9,302,047	305,386
Other current liabilities	194,624	148,805	361,361	11,863
Total current liabilities	65,268,003	65,192,960	62,799,418	2,061,701
NON-CURRENT LIABILITIES				
Corporate bonds payable (Notes 4 and 20)	-	-	11,976,444	393,186
Long-term loans (Notes 19 and 31)	40,246,010	43,494,968	36,055,682	1,183,706
Deferred income tax liabilities (Note 4)	10,282,372	10,397,776	11,201,166	367,733
Net defined benefit liability (Note 4)	160,052	211,697	205,696	6,753
Other non-current liabilities (Note 32)	534,890	612,432	479,830	15,753
Total non-current liabilities	51,223,324	54,716,873	59,918,818	1,967,131
Total liabilities	116,491,327	119,909,833	122,718,236	4,028,832
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE CORPORATION (Notes 3, 4, 23 and 27)				
Share capital	$ 36,921,759	$ 42,465,090	$ 51,080,599	$ 1,676,973
Capital surplus	13,535,897	25,739,065	38,546,478	1,265,479
Retained earnings	46,932,681	49,019,510	54,267,913	1,781,612
Other equity	14,831,885	19,124,539	26,446,314	868,231
Treasury shares	-	-	(218,166)	(7,162)
Equity attributable to shareholders of the Corporation	112,222,222	136,348,204	170,123,138	5,585,133
NON-CONTROLLING INTERESTS (Notes 23 and 27)	40,744,347	16,299,012	15,528,187	509,789
Total equity	152,966,569	152,647,216	185,651,325	6,094,922
TOTAL	$ 269,457,896	$ 272,557,049	$ 308,369,561	$ 10,123,754

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

(With Deloitte & Touche auditors' review report dated November 13, 2018)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
	2017	2018		2017	2018	
	NT$	NT$	US$ (Note 4)	NT$	NT$	US$ (Note 4)
OPERATING REVENUE (Notes 4 and 30)	$ 23,058,257	$ 32,157,108	$ 1,055,716	$ 68,952,108	$ 89,657,354	$ 2,943,446
OPERATING COSTS (Notes 4, 12, 22, 24 and 30)	18,801,014	23,551,890	773,207	56,428,105	64,992,780	2,133,709
GROSS PROFIT	4,257,243	8,605,218	282,509	12,524,003	24,664,574	809,737
OPERATING EXPENSES (Notes 22, 24 and 30)						
Marketing	188,481	234,544	7,700	572,965	636,516	20,897
General and administrative	815,035	1,015,773	33,348	2,678,402	3,027,009	99,377
Research and development	7,878	8,269	271	24,465	24,770	813
Total operating expenses	1,011,394	1,258,586	41,319	3,275,832	3,688,295	121,087
INCOME FROM OPERATIONS	3,245,849	7,346,632	241,190	9,248,171	20,976,279	688,650
NON-OPERATING INCOME AND EXPENSES						
Share of profit of associates and joint ventures (Notes 4 and 14)	330,407	589,468	19,352	996,650	1,663,716	54,619
Interest income (Note 4)	58,830	183,080	6,011	171,328	364,654	11,972
Dividend income (Note 4)	501,087	600,068	19,700	796,998	1,247,451	40,954
Other income	57,942	150,711	4,947	250,955	599,324	19,675
Finance costs (Notes 4 and 24)	(477,503)	(672,562)	(22,080)	(1,420,845)	(1,827,585)	(60,000)
Other expenses (Note 24)	(239,899)	(33,715)	(1,107)	(474,151)	(128,766)	(4,227)
Net gain (loss) on disposal of property, plant and equipment	(1,528)	131,208	4,308	(21,082)	(33,783)	(1,109)
Foreign exchange gains (losses), net	(6,833)	74,230	2,437	(217,619)	(136,169)	(4,470)
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	3,874	(33,924)	(1,114)	(103,849)	50,276	1,651
Total non-operating income and expenses	226,377	988,564	32,454	(21,615)	1,799,118	59,065
INCOME BEFORE INCOME TAX	3,472,226	8,335,196	273,644	9,226,556	22,775,397	747,715
INCOME TAX EXPENSE (Notes 4 and 25)	785,176	1,876,545	61,607	2,305,015	5,740,441	188,458
NET INCOME	2,687,050	6,458,651	212,037	6,921,541	17,034,956	559,257
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)						
Items that will not be reclassified subsequently to profit or loss:						
Unrealized gain on investments in equity instruments at fair value through other comprehensive income (Note 23)	-	1,249,463	41,020	-	7,208,438	236,653
Share of the other comprehensive income of associates and joint ventures accounted for by using the equity method (Note 23)	-	193	6	-	1,716	56
Income tax expense related to items that will not be reclassified subsequently to profit or loss (Note 25)	-	-	-	-	(7,433)	(244)
	-	1,249,656	41,026	-	7,202,721	236,465

(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended September 30			For the Nine Months Ended September 30		
	2017	2018		2017	2018	
	NT$	NT$	US$ (Note 4)	NT$	NT$	US$ (Note 4)
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translating foreign operations (Note 23)	$ 2,125,865	$ (4,642,924)	$ (152,427)	$ 517,086	$ (4,353,651)	$ (142,930)
Unrealized gain on available-for-sale financial assets (Note 23)	2,709,169	-	-	5,849,656	-	-
Cash flow hedges (Note 23)	-	-	-	(13,167)	-	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for by using the equity method (Note 23)	91,716	(487,475)	(16,004)	(156,024)	(387,168)	(12,711)
Income tax expense related to items that may be reclassified subsequently to profit or loss (Notes 23 and 25)	-	-	-	-	(328)	(11)
	4,926,750	(5,130,399)	(168,431)	6,197,551	(4,741,147)	(155,652)
Other comprehensive income for the period	4,926,750	(3,880,743)	(127,405)	6,197,551	2,461,574	80,813
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 7,613,800	$ 2,577,908	$ 84,632	$ 13,119,092	$ 19,496,530	$ 640,070
NET INCOME ATTRIBUTABLE TO:						
Shareholders of the Corporation	$ 1,966,857	$ 5,933,938	$ 194,811	$ 4,948,812	$ 15,943,568	$ 523,427
Non-controlling interests	720,193	524,713	17,226	1,972,729	1,091,388	35,830
	$ 2,687,050	$ 6,458,651	$ 212,037	$ 6,921,541	$ 17,034,956	$ 559,257
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:						
Shareholders of the Corporation	$ 6,048,278	$ 2,041,785	$ 67,031	$ 10,806,091	$ 18,332,102	$ 601,842
Non-controlling interests	1,565,522	536,123	17,601	2,313,001	1,164,428	38,228
	$ 7,613,800	$ 2,577,908	$ 84,632	$ 13,119,092	$ 19,496,530	$ 640,070
EARNINGS PER SHARE (NT$, Note 26)						
Basic	$ 0.48	$ 1.20	$ 0.04	$ 1.22	$ 3.35	$ 0.11
Diluted	$ 0.48	$ 1.20	$ 0.04	$ 1.22	$ 3.35	$ 0.11

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

(With Deloitte & Touche auditors' review report dated November 13, 2018)

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands)
(Reviewed, Not Audited)

	Equity Attributable to Shareholders of the Corporation														
			Retained Earnings				Other Equity								
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Cash Flow Hedges	Gain on Hedging Instruments	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2017	$ 36,921,759	$ 13,534,162	$ 13,389,264	$ 13,050,484	$ 20,897,776	$ 47,337,524	$ (2,233,617)	$ 11,200,323	$ -	$ 7,900	$ -	$ -	$ 106,768,051	$ 40,628,620	$ 147,396,671
Appropriation of 2016 earnings															
Legal reserve	-	-	635,845	-	(635,845)	-	-	-	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(5,353,655)	(5,353,655)	-	-	-	-	-	-	(5,353,655)	-	(5,353,655)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,199,455)	(2,199,455)
Net income for the nine months ended September 30, 2017	-	-	-	-	4,948,812	4,948,812	-	-	-	-	-	-	4,948,812	1,972,729	6,921,541
Other comprehensive income (loss) for the nine months ended September 30, 2017	-	-	-	-	-	-	114,727	5,750,452	-	(7,900)	-	-	5,857,279	340,272	6,197,551
Total other comprehensive income (loss) for the nine months ended September 30, 2017	-	-	-	-	4,948,812	4,948,812	114,727	5,750,452	-	(7,900)	-	-	10,806,091	2,313,001	13,119,092
Difference between consideration received and the carrying amount of subsidiaries' net assets during actual disposals	-	1,735	-	-	-	-	-	-	-	-	-	-	1,735	(1,735)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	3,916	3,916
BALANCE, SEPTEMBER 30, 2017	$ 36,921,759	$ 13,535,897	$ 14,025,109	$ 13,050,484	$ 19,857,088	$ 46,932,681	$ (2,118,890)	$ 16,950,775	$ -	$ -	$ -	$ -	$ 112,222,222	$ 40,744,347	$ 152,966,569
BALANCE, JANUARY 1, 2018	$ 42,465,090	$ 25,739,065	$ 14,025,109	$ 13,049,635	$ 21,944,766	$ 49,019,510	$ (790,475)	$ 19,915,014	$ -	$ -	$ -	$ -	$ 136,348,204	$ 16,299,012	$ 152,647,216
Adjustments on initial application of IFRS 9	-	-	-	-	654,005	654,005	-	(19,915,014)	24,158,871	-	-	-	4,897,862	16,365	4,914,227
BALANCE, JANUARY 1, 2018 after the impact of retrospective application of IFRS 9	42,465,090	25,739,065	14,025,109	13,049,635	22,598,771	49,673,515	(790,475)	-	24,158,871	-	-	-	141,246,066	16,315,377	157,561,443
Appropriation of 2017 earnings															
Legal reserve	-	-	759,425	-	(759,425)	-	-	-	-	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	(6,360,764)	(6,360,764)	-	-	-	-	-	-	(6,360,764)	-	(6,360,764)
Share dividends distributed by the Corporation	4,240,509	-	-	-	(4,240,509)	(4,240,509)	-	-	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,161,016)	(2,161,016)
Net income for the nine months ended September 30, 2018	-	-	-	-	15,943,568	15,943,568	-	-	-	-	-	-	15,943,568	1,091,388	17,034,956
Other comprehensive income (loss) for the nine months ended September 30, 2018	-	-	-	-	(7,605)	(7,605)	(4,722,354)	-	7,117,634	-	859	-	2,388,534	73,040	2,461,574
Total other comprehensive income for the nine months ended September 30, 2018	-	-	-	-	15,935,963	15,935,963	(4,722,354)	-	7,117,634	-	859	-	18,332,102	1,164,428	19,496,530
Issuance of global depositary shares	4,375,000	12,295,210	-	-	-	-	-	-	-	-	-	-	16,670,210	-	16,670,210
Compensation costs of treasury shares transferred to employees	-	45,448	-	-	-	-	-	-	-	-	-	-	45,448	-	45,448
Organization restructuring	-	-	-	-	(58,513)	(58,513)	-	-	-	-	-	-	(58,513)	(49,150)	(107,663)
Difference between the consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	466,755	-	-	-	-	-	-	-	-	-	-	466,755	258,548	725,303
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	(681,779)	(681,779)	-	-	681,779	-	-	-	-	-	-
Reversal of special reserve recognized from asset disposals	-	-	-	(573)	573	-	-	-	-	-	-	-	-	-	-
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	-	-	(218,166)	(218,166)	-	(218,166)
BALANCE, SEPTEMBER 30, 2018	$ 51,080,599	$ 38,546,478	$ 14,784,534	$ 13,049,062	$ 26,434,317	$ 54,267,913	$ (5,512,829)	$ -	$ 31,958,284	$ -	$ 859	$ (218,166)	$ 170,123,138	$ 15,528,187	$ 185,651,325
BALANCE, SEPTEMBER 30, 2018 (IN US$ - Note 4)	$ 1,676,973	$ 1,265,479	$ 485,375	$ 428,400	$ 867,837	$ 1,781,612	$ (180,986)	$ -	$ 1,049,189	$ -	$ 28	$ (7,162)	$ 5,585,133	$ 509,789	$ 6,094,922

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

(With Deloitte & Touche auditors' review report dated November 13, 2018)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Reviewed, Not Audited)

	For the Nine Months Ended September 30		
	2017	2018	
	NT$	NT$	US$ (Note 4)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	$ 9,226,556	$ 22,775,397	$ 747,715
Adjustments for:			
Depreciation expense	4,548,698	4,623,774	151,798
Amortization expense	282,984	293,251	9,627
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	103,849	(50,276)	(1,651)
Finance costs	1,420,845	1,827,585	60,000
Interest income	(171,328)	(364,654)	(11,972)
Dividend income	(796,998)	(1,247,451)	(40,954)
Compensation costs	-	45,448	1,492
Share of profit of associates and joint ventures	(996,650)	(1,663,716)	(54,619)
Loss on disposal of property, plant and equipment, net	21,082	33,783	1,109
Loss on disposal of investment properties, net	-	16,642	546
Loss (gain) on disposal of investments, net	330	(44)	(1)
Write-down of inventories recognized (reversed)	13,689	(49,208)	(1,615)
Unrealized loss (gain) on foreign exchange, net	156,560	(97,310)	(3,195)
Others	163,771	172,409	5,660
Changes in operating assets and liabilities:			
Financial assets held for trading	(107,769)	-	-
Financial assets mandatorily classified as at fair value through profit or loss	-	(10,517)	(345)
Notes receivable	(4,028,430)	(7,488,525)	(245,848)
Accounts receivable	(45,707)	(1,269,221)	(41,668)
Notes and accounts receivable from related parties	322,903	20,056	658
Other receivables	361,031	105,880	3,476
Other receivables from related parties	27,668	(24,198)	(794)
Inventories	(949,699)	(749,170)	(24,595)
Prepayments	(1,165,931)	12,340	405
Contract liabilities	-	1,367,679	44,901
Other current assets	(219,017)	(195,690)	(6,425)
Notes and accounts payable	683,752	274,903	9,025
Other payables	(321,385)	(211,523)	(6,944)
Advance receipts	1,138,837	-	-
Other current liabilities	120,262	212,309	6,970
Net defined benefit liability	(24,927)	(8,532)	(280)
Cash generated from operations	9,764,976	18,351,421	602,476
Income tax paid	(2,673,298)	(3,859,946)	(126,722)
Net cash generated from operating activities	7,091,678	14,491,475	475,754

(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Reviewed, Not Audited)

	For the Nine Months Ended September 30		
	2017	2018	
	NT$	NT$	US$ (Note 4)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of financial assets at fair value through other comprehensive income	$ -	$ (241,094)	$ (7,915)
Purchase of available-for-sale financial assets	(220,004)	-	-
Proceeds from disposal of available-for-sale financial assets	32,597	-	-
Proceeds from financial assets carried at cost	5,833	-	-
Acquisition of long-term equity investments accounted for by using the equity method	-	(474,421)	(15,575)
Proceeds from capital return of investments accounted for using equity method	75,590	-	-
Payments for property, plant and equipment	(953,929)	(2,589,848)	(85,025)
Proceeds from disposal of property, plant and equipment	85,878	410,801	13,487
Increase in other receivables from related parties	-	(511,421)	(16,790)
Payments for intangible assets	(9,045)	(54,012)	(1,774)
Decrease in long-term finance lease receivables	1,012,647	1,161,554	38,134
Increase in other financial assets	(206,446)	(2,062,114)	(67,699)
Decrease (increase) in other non-current assets	30,629	(296,409)	(9,731)
Increase in prepayments for leases	(150,039)	(259,670)	(8,525)
Interest received	184,571	282,359	9,270
Dividends received	1,126,636	1,518,177	49,842
Net cash generated from (used in) investing activities	1,014,918	(3,116,098)	(102,301)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	4,317,617	2,002,160	65,731
Issuance of corporate bonds	-	11,976,000	393,171
Increase in long-term loans	3,618,087	14,030,000	460,604
Repayment of long-term loans	(9,966,009)	(26,925,181)	(883,952)
Increase (decrease) in short-term bills payable	2,045,630	(1,827,008)	(59,980)
Decrease in other non-current liabilities	(207,846)	(136,870)	(4,493)
Cash dividends paid	(7,553,110)	(8,521,780)	(279,770)
Issuance of ordinary shares for cash	-	16,670,210	547,282
Payment for buy-back of treasury shares	-	(218,166)	(7,162)
Acquisition of subsidiaries	-	(170,899)	(5,611)
Partial disposal of interests in subsidiaries without a loss of control	3,916	788,539	25,888
Interest paid	(1,378,184)	(1,702,732)	(55,901)
Net cash generated from (used in) financing activities	(9,119,899)	5,964,273	195,807

(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Reviewed, Not Audited)

	For the Nine Months Ended September 30		
	2017	2018	
	NT$	NT$	US$ (Note 4)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	$ (558,155)	$ (690,019)	$ (22,653)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,571,458)	16,649,631	546,607
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	28,179,758	26,331,218	864,452
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 26,608,300	$ 42,980,849	$ 1,411,059

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

(With Deloitte & Touche auditors' review report dated November 13, 2018) (Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation's board of directors on November 13, 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 FSC

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

   1) IFRS 9 "Financial Instruments" and related amendments

      IFRS 9 supersedes IAS 39 "Financial Instruments: Recognition and Measurement", with consequential amendments to IFRS 7 "Financial Instruments: Disclosures" and other standards. IFRS 9 sets out the requirements for the classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information relating to the relevant accounting policies.

      Classification, measurement and impairment of financial assets

      On the basis of the facts and circumstances that existed as at January 1, 2018, the Group has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amounts under IAS 39 and the new measurement categories and carrying amounts under IFRS 9 for each class of the Group's financial assets as of January 1, 2018.

	Measurement Category		Carrying Amount		
Financial Asset	IAS 39	IFRS 9	IAS 39	IFRS 9	Remark
Equity securities	Available-for-sale	Mandatorily at fair value through profit or loss (i.e. Mandatorily at FVTPL)	$ 307,090	$ 307,090	a)
	Available-for-sale	At fair value through other comprehensive income (i.e. FVTOCI) - equity instruments	28,165,590	28,165,590	a)
	Available-for-sale (recognized as financial assets carried at cost)	At FVTOCI - equity instruments	582,819	5,497,046	a)
Mutual funds	Held-for-trading	Mandatorily at FVTPL	147,049	147,049	
	Available-for-sale	Mandatorily at FVTPL	84,478	84,478	b)
Cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets, long-term finance lease receivables and loans and receivables measured at amortized cost	Loans and receivables	At amortized cost	88,120,239	88,120,239	c)

Financial Asset	IAS 39 Carrying Amount as of January 1, 2018	Reclassification	Remeasurement	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
FVTPL	$ 147,049	$ -	$ -	$ 147,049	$ -	$ -	
Add: Reclassification from available-for-sale (IAS 39) Required reclassification	-	391,568	-	391,568	152,191	-	a) and b)
	147,049	391,568	-	538,617	152,191	-	
FVTOCI							
Equity instruments							
Add: Reclassification from available-for-sale (IAS 39)	-	28,165,590	-	28,165,590	-	-	a)
Add: Reclassification from financial assets carried at cost (IAS 39)	-	582,819	4,914,227	5,497,046	501,814	4,243,857	a)
	-	28,748,409	4,914,227	33,662,636	501,814	4,243,857	
Amortized cost							
Add: Reclassification from loans and receivables (IAS 39)	-	88,120,239	-	88,120,239	-	-	c)
	$ 147,049	$ 117,260,216	$ 4,914,227	$ 122,321,492	$ 654,005	$ 4,243,857	

a) The Group elected to designate its investments in equity securities previously classified as available-for-sale under IAS 39 as at FVTPL and FVTOCI under IFRS 9. As a result, the related other equity - unrealized gain (loss) on available-for-sale financial assets of $19,914,980 thousand was reclassified to retained earnings of $152,157 thousand and other equity - unrealized gain (loss) on financial assets at FVTOCI of $19,762,823 thousand.

   Investments in unlisted shares previously measured at cost under IAS 39 have been designated as at FVTOCI under IFRS 9 and were remeasured at fair value. Consequently, an increase of $4,243,857 thousand was recognized in both financial assets at FVTOCI and other equity - unrealized gain (loss) on financial assets at FVTOCI on January 1, 2018.

   The Group recognized under IAS 39 impairment loss on certain investments in equity securities previously measured at cost and the loss was accumulated in retained earnings. Since those investments were designated as at FVTOCI under IFRS 9 and no impairment assessment is required, an adjustment was made that resulted in a decrease of $501,814 thousand in other equity - unrealized gain (loss) on financial assets at FVTOCI and an increase of $501,814 thousand in retained earnings on January 1, 2018.

b) Mutual funds previously classified as available-for-sale under IAS 39 were classified mandatorily as at FVTPL under IFRS 9, because the contractual cash flows are not solely payments of principal and interest on the principal outstanding and they are not equity instruments. The retrospective adjustment resulted in a decrease of $34 thousand in other equity - unrealized gain (loss) on available-for-sale financial assets and an increase of $34 thousand in retained earnings on January 1, 2018.

c) Notes receivable, accounts receivable (including related parties transactions), other receivables (including related parties transactions), other financial assets and long-term finance lease receivables that were previously classified as loans and receivables under IAS 39 were classified as measured at amortized cost with an assessment of expected credit losses under IFRS 9.

2) IFRS 15 "Revenue from Contracts with Customers" and related amendments

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers and supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Refer to Note 4 for related accounting policies.

The application of IFRS 15 has no material impact on the Group. The Group elected only to retrospectively apply IFRS 15 to contracts that were not completed as of January 1, 2018. The transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

Impact on liabilities for current period

	As Originally Stated	Adjustments Arising from Initial Application	Restated
Advance receipts	$ 4,548,755	$ (4,548,755)	$ -
Contract liabilities - current	-	4,548,755	4,548,755
Total effect on liabilities	$ 4,548,755	$ -	$ 4,548,755

b. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers for application starting from 2019 and the IFRSs issued by IASB and endorsed by the FSC with effective date starting 2019

New, Revised or Amended Standards or Interpretations (the "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)
IFRS 16 "Leases"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019 (Note 3)
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: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

IFRS 16 "Leases"

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

Definition of a lease

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

The Group as lessee

Upon initial application of IFRS 16, the Group will recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value assets and short-term leases will be recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group will present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed by using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities will be classified within financing activities; cash payments for the interest portion will be classified within financing activities. Currently, payments under operating lease contracts are recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights of land located in China are recognized as prepayments for leases. The difference between the actual payments and the expenses, as adjusted for lease leveling, is recognized as prepayments for leases. Cash flows for operating leases are classified within operating activities on the consolidated statements of cash flows. Leased assets and finance lease payables are recognized for contracts classified as finance leases.

The Group anticipates applying IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information will not be restated.

Lease liabilities will be recognized on January 1, 2019 for leases currently classified as operating leases with the application of IAS 17. Lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets will be measured at their carrying amount as if IFRS 16 had been applied since the commencement date but discounted using the aforementioned incremental borrowing rate. The Group will apply IAS 36 to all right-of-use assets.

The Group expects to apply the following practical expedients:

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

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

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

4) The Group will use hindsight, such as in determining lease terms, to measure lease liabilities.

The Group as lessor

The Group will not make any adjustments for leases in which it is a lessor and will account for those leases with the application of IFRS 16 starting from January 1, 2019. The application of IFRS 16 is not expected to have a material impact on the accounting of the Group as lessor.

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

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

New IFRSs	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (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 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. The disclosed information included in these interim consolidated financial statements is less than the disclosed information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

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

d. Basis of consolidation

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

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

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

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

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

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

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

Refer to Note 13 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Business combinations

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

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

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

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

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

f. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

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

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

For the purpose of presenting consolidated financial statements, the functional currencies of the Corporation and the group entities (including subsidiaries, associates and joint ventures in other countries that use currencies that are different from the currency of the Corporation) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Corporation and non-controlling interests as appropriate).

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

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

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

g. Inventories

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

h. Investments in associates and joint ventures

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

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

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

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

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

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

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

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on its initial recognition as a financial asset. The difference between the previous carrying amount of the associate and joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and joint venture on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When a group entity transacts with its associate and joint venture, profit and loss resulting from the transactions with the associate and joint venture are recognized in the Group' consolidated financial statements only to the extent that interests in the associate and the joint venture are not related to the Group.

i. Property, plant and equipment

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

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

Freehold land is not depreciated.

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

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

j. Investment properties

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

Investment properties are initially measured 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 item of investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

k. Goodwill

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

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

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

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

l. Intangible assets

1) Intangible assets acquired separately

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

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

m. Impairment of tangible and intangible assets other than goodwill

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

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

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

n. Non-current assets held for sale

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

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

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

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

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

o. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

<u>2018</u>

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on their remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 29.

ii. Financial assets at amortized cost

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

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents and trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

ii) Financial assets that have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets.

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

iii. Investments in equity instruments at FVTOCI

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

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

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

2017

Financial assets are classified into the following categories: Financial assets at FVTPL, available-for-sale financial assets and loans and receivables.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when a financial asset is held for trading.

Financial assets at FVTPL are subsequently measured 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 29.

ii. Available-for-sale financial assets

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

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

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

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are carried at cost less any identified impairment loss at the end of each reporting period and are presented as 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 of such financial assets is recognized in other comprehensive income. Any impairment losses are recognized in profit and loss.

iii. Loans and receivables

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

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

b) Impairment of financial assets

2018

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable), lease receivables, as well as contract assets.

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

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

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2017

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 at amortized cost are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience with 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 at amortized cost, the amount of the impairment loss recognized is the difference between such an 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 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 on which the impairment is reversed) does not exceed what the amortized cost would have been had the impairment not been recognized.

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

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

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

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

The carrying amount of a financial asset is reduced by its impairment loss directly for all financial assets, with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When accounts receivable are considered uncollectable, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectable accounts receivable that are written off against the allowance account.

c) Derecognition of financial assets

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

Before 2017, 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. Starting from 2018, on derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

Except for financial liabilities at FVTPL, all financial liabilities are carried at amortized cost using the effective interest method.

Financial liabilities are classified as at FVTPL when such a financial liability is either held for trading or is designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 29.

A financial liability may be designated as at FVTPL upon initial recognition when doing so results in more relevant information and if:

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

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

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

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

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, 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.

Before 2018, derivatives embedded in non-derivative host contracts were treated as separate derivatives when: They met the definition of a derivative; their risks and characteristics were not closely related to those of the host contracts; and the contracts were not measured at FVTPL. Starting from 2018, derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when: They meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

p. Hedge accounting

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

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

Before 2018, hedge accounting was discontinued prospectively when the Group revoked the designated hedging relationship, or when the hedging instrument expired or was sold, terminated, or exercised, or when it no longer met the criteria for hedge accounting. Starting from 2018, the Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The hedging instrument's cumulative gain or loss previously recognized in other comprehensive income during the period of hedge effectiveness remains separately in equity until the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the gain or loss accumulated in equity is then recognized immediately in profit or loss.

q. Revenue recognition

2018

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

1) Revenue from the sale of goods is recognized when the goods are delivered to customer' specific location and the ownership of the goods is transferred to customer.

2) Service income is recognized by reference to the stage of completion of the contract or when services are provided. Freight revenue is recognized by reference to the proportion of the voyage period.

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

2017

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

1) Sale of goods

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

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

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

c) The amount of revenue can be measured reliably;

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

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

2) Provision of services

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

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

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

3) Sale of electric power

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

4) Dividend and interest income

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

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

r. Leasing

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The lease component of all electric power selling contracts identified in accordance with IFRIC 4 "Determining Whether an Arrangement Contains a Lease" is classified as a finance lease.

1) The Group as lessor

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

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

2) The Group as lessee

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

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

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

s. Borrowing costs

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

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

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

t. Government grants

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

u. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Pension costs for an interim period are calculated on a year-to-date basis by using the respective actuarially determined annual pension cost discount rate which is the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

3) Other long-term employee benefits

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

v. Share-based payment arrangements

The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately.

w. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The interim period income tax is assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to the expected total annual earnings. The effect of a change in tax rate resulting from a change in the tax law is recognized consistent with the accounting for the transaction itself which gives rise to the tax consequence, and is recognized in profit or loss and other comprehensive income in full in the period in which the change in tax rate occurs.

1) Current tax

According to the Income Tax Law of the Republic of China, an additional tax of unappropriated earnings is provided for as income tax in the year in which the shareholders approve to retain earnings.

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

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. For deferred tax assets arising from deductible temporary differences associated with such investments and equity, the interests are only recognized to the extent that it is probable that there will be sufficient taxable profit 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 profit will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

3) Current and deferred taxes for the reporting period

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

x. U.S. dollar amounts (unreviewed)

The translation of New Taiwan dollar (NT$) amounts into U.S. dollar (US$) amounts in the consolidated financial statements as of and for the nine months ended September 30, 2018 is included solely for the convenience of the readers. The translation was performed at an exchange rate of NT$30.46:US$1.00, which is the September 28, 2018 exchange rate set forth in the statistical release of the U.S. Federal Reserve Board of the United States. The translation should not be seen to represent the past, present or future possible exchange rates for the conversion of NT$ amounts to US$ amounts.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Impairment loss of goodwill

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

b. Impairment loss of property, plant and equipment

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

6. CASH AND CASH EQUIVALENTS

	September 30, 2017	December 31, 2017	September 30, 2018
Cash on hand	$ 12,518	$ 8,031	$ 8,254
Checking accounts and demand deposits	14,560,153	15,092,905	20,528,984
Cash equivalents			
Time deposits with original maturities of less than 3 months	10,486,213	10,148,250	21,983,326
Bonds with repurchase agreements	1,549,416	1,082,032	460,285
	$ 26,608,300	$ 26,331,218	$ 42,980,849

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

	September 30, 2017	December 31, 2017	September 30, 2018
Cash in banks	0.01%-2.60%	0.01%-2.60%	0.01%-2.60%
Bonds with repurchase agreements	0.33%-1.35%	0.34%-2.00%	0.31%-2.20%

As of September 30, 2017, December 31, 2017 and September 30, 2018, time deposits with original maturities of more than 3 months were $553,936 thousand, $916,813 thousand and $2,953,410 thousand, respectively, which were classified to other financial assets.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2017	December 31, 2017	September 30, 2018
Financial assets held for trading			
Non-derivative financial assets			
Mutual funds	$ 147,571	$ 147,049	$ -
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Domestic listed shares	-	-	265,019
Domestic emerging market shares	-	-	92,159
Mutual funds	-	-	243,232
	-	-	600,410
	$ 147,571	$ 147,049	$ 600,410

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (INVESTMENTS IN EQUITY INSTRUMENTS) - 2018

	September 30, 2018
Current	
Domestic investments	
Listed shares	$ 6,904,065
Non-current	
Domestic investments	
Listed shares	$ 3,416,329
Unlisted shares	6,292,192
	9,708,521
Foreign investments	
Listed shares	24,468,000
Unlisted shares	729
	24,468,729
	$ 34,177,250

These investments in equity instruments were classified as available-for-sale and financial assets carried at cost under IAS 39. Refer to Note 3 for information relating to their reclassification and comparative information for 2017.

Based on the Group's future investment strategies, the Group reclassified the investments in the foreign listed companies, Anhui Conch Cement Co., Ltd. and China Conch Venture Holdings Limited, from current assets to non-current assets in March 2018.

During the three months ended March 31, 2018, the Group paid $673,918 thousand to acquire shares of E-ONE Moli Energy Corporation and increased the Group's percentage of ownership from 15.1% to 29.9%. With a significant impact on the investee, the original investments previously recognized as financial assets at FVTOCI were considered as disposed of and reclassified to investments accounted for by using the equity method. The amount of $681,779 thousand, which was previously recognized as other equity - unrealized gain (loss) on financial assets at FVTOCI, was reclassified to retained earnings.

The Group participated in China Synthetic Rubber Corporation's capital increase by cash in October 2018, and the Group's percentage of ownership increased to around 19%. China Synthetic Rubber Corporation changed its name to International CSRC Investment Holdings Co., Ltd. in October 2018. The Group is able to exercise significant influence on the investee; thus the investment is accounted for by the equity method.

Refer to Note 31 for information relating to investments in equity instruments at FVTOCI pledged as collateral for credit accommodations.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS - 2017

	September 30, 2017	December 31, 2017
Domestic investments		
Listed shares	$ 9,771,204	$ 10,145,547
Emerging market shares	81,979	89,037
Mutual funds	84,425	84,478
	9,937,608	10,319,062
Foreign investments		
Listed shares	15,711,573	18,238,096
	$ 25,649,181	$ 28,557,158
Current	$ 20,061,583	$ 25,101,220
Non-current	5,587,598	3,455,938
	$ 25,649,181	$ 28,557,158

Refer to Note 31 for information relating to available-for-sale financial assets pledged as collateral for credit accommodations.

10. NOTES AND ACCOUNTS RECEIVABLE

	September 30, 2017	December 31, 2017	September 30, 2018
Notes receivable	$ 15,811,144	$ 20,017,541	$ 26,733,611
Accounts receivable	6,946,612	7,201,163	8,380,862
Less: Allowance for impairment loss	(157,035)	(142,242)	(50,720)
	$ 22,600,721	$ 27,076,462	$ 35,063,753

For the nine months ended September 30, 2018

The Group recognizes allowance for impairment loss on account receivable on the basis of individual customers for which credit losses have actually taken place. Moreover, the Group separates all customers into different segments based on their risk and determines their expected credit loss rate by reference to past default experience with the counterparties and on analysis of their current financial positions.

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

	September 30, 2018
Up to 90 days	$ 21,272,427
91-180 days	12,679,537
181-365 days	1,073,412
Over 365 days	38,377
	$ 35,063,753

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:

	For the Nine Months Ended September 30, 2018
Balance at January 1, 2018 per IAS 39	$ 142,242
Adjustment on initial application of IFRS 9	-
Balance at January 1, 2018 per IFRS 9	142,242
Less: Impairment losses reversed	(35,922)
Less: Amounts written off	(56,272)
Foreign exchange translation gains and losses	672
Balance at September 30, 2018	$ 50,720

For the nine months ended September 30, 2017

In determining the recoverability of notes and accounts receivable, the Group considered any changes in the credit quality of the notes and accounts receivable since the credit was initially granted to the end of the reporting period. The Group recognized allowance for impairment loss of 100% against a receivable when there was indication that the receivable was impaired, and 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 on analysis of their current financial conditions.

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

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

The aging analysis of receivables was as follows:

	September 30, 2017	December 31, 2017
Up to 90 days	$ 16,192,943	$ 20,070,369
91-180 days	6,218,662	6,646,244
181-365 days	106,307	245,462
Over 365 days	82,809	114,387
	$ 22,600,721	$ 27,076,462
Receivables past due but not impaired	$ 58,652	$ 90,666

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, 2017	$ 99,256	$ 36,749	$ 136,005
Impairment losses recognized (reversed)	22,829	(930)	21,899
Write-offs	(5,902)	(1,835)	(7,737)
Effects of exchange rate changes	6,868	-	6,868
Balance at September 30, 2017	$ 123,051	$ 33,984	$ 157,035

11. FINANCE LEASE RECEIVABLES

	September 30, 2017	December 31, 2017	September 30, 2018
Not later than 1 year	$ 4,974,959	$ 4,954,918	$ 4,937,251
Later than 1 year and not later than 5 years	20,933,301	21,155,252	21,517,037
Later than 5 years	34,238,449	33,001,970	28,717,462
	60,146,709	59,112,140	55,171,750
Less: Unearned finance income	26,259,141	25,398,223	22,470,478
Less: Allowance for impairment loss	47,878	47,878	47,878
Present value of minimum lease payments	$ 33,839,690	$ 33,666,039	$ 32,653,394
Current (included in accounts receivable)	$ 1,186,297	$ 1,240,455	$ 1,389,364
Non-current	32,653,393	32,425,584	31,264,030
	$ 33,839,690	$ 33,666,039	$ 32,653,394

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

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

Refer to Note 31 for information relating to financial lease receivables pledged as collateral for bank borrowings, which were recorded under property, plant and equipment before transitioning to IFRSs.

12. INVENTORIES

	September 30, 2017	December 31, 2017	September 30, 2018
Finished goods	$ 1,999,259	$ 1,806,371	$ 2,468,007
Work in process	1,495,231	1,096,548	1,334,041
Raw materials	5,854,794	5,451,603	5,210,279
Buildings and land held for sale	144,571	-	-
	$ 9,493,855	$ 8,354,522	$ 9,012,327

The cost of goods sold included reversals of inventory write-downs were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2018	2017	2018
Write-downs of inventories recognized (reversed)	$ 26,988	$ 13,696	$ 13,689	$ (49,208)

The recovery of inventories' net realizable values was mainly due to the rebound in market price.

Refer to Note 32 for information relating to bills of lading pledged as collateral for bank borrowings.

13. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

The consolidated financial statements include subsidiaries as follows:

			Proportion of Ownership (%)			
Investor	Investee	Main Business	September 30, 2017	December 31, 2017	September 30, 2018	Remark
Taiwan Cement Corporation	Taiwan Transport & Storage Corporation	Warehousing, transportation and sale of sand and gravel	83.9	83.9	83.9	
	TCC Investment Corporation	Investment	100.0	100.0	100.0	
	Kuan-Ho Refractories Industry Corporation	Production and sale of refractory materials	95.3	95.3	95.3	
	Kuan-Ho Construction & Development Corporation	Construction and lease services	92.9	92.9	-	5)
	Hong Kong Cement Manufacturing Co., Ltd. ("HKCMCL")	Investment holding	84.7	84.7	84.7	
	Ta-Ho Maritime Corporation	Marine transportation	64.8	64.8	64.8	12)
	Taiwan Cement Engineering Corporation	Engineering services	99.0	99.0	99.0	
	TCC Green Energy Corporation	Renewable energy generation	100.0	100.0	100.0	4)
	TCC Chemical Corporation	Leasing property and energy technology services	100.0	100.0	100.0	5)
	TCC Information Systems Corporation	Information software	99.4	99.4	99.4	
	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	50.0	50.0	40.0	2), 8), 12)
	Tung Chen Mineral Corporation	Afforestation and sale of limestone	99.5	99.5	99.5	
	Jin Chang Minerals Corporation	Afforestation and sale of limestone	100.0	100.0	100.0	
	Hoping Industrial Port Corporation	Hoping Industrial Port management	100.0	100.0	100.0	12)
	TCC International Ltd. ("TCCI")	Investment holding	100.0	100.0	100.0	9), 12)
	Ho-Ping Power Company	Thermal power generation	59.5	59.5	59.5	12)
	Ta-Ho Onyx Taitung Environment Co., Ltd.	Waste collection and treatment	100.0	100.0	100.0	
	HPC Power Service Corporation	Business consulting	60.0	60.0	60.0	
	E.G.C. Cement Corporation	Sale of cement	50.6	50.6	50.6	
	Feng Sheng Enterprise Company	Sale of ready-mixed concrete	45.4	45.4	45.4	8)
	Trans Philippines Mineral Corporation ("TPMC")	Mining excavation	40.0	40.0	40.0	8)
	Taicorn Minerals Corporation ("TMC")	Mining excavation	72.7	72.7	72.7	
	Ta-Ho Onyx RSEA Environment Co., Ltd.	Waste collection and treatment	66.6	66.6	66.6	
	Ho Sheng Mining Co., Ltd.	Mining excavation and sale of limestone	100.0	100.0	100.0	
	TCC International Holdings Ltd. ("TCCIH")	Investing holding	-	24.1	33.8	1), 9), 12)

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%) September 30, 2017	December 31, 2017	September 30, 2018	Remark
Taiwan Transport & Storage Corporation	E.G.C. Cement Corporation	Sale of cement	44.4	44.4	49.4	2)
	Ho Swen Construction Material Co., Ltd.	Sand and gravel filtering and sale	51.0	51.0	51.0	3)
	Ta-Ho Maritime Corporation	Marine transportation	27.5	27.5	29.2	2), 12)
TCC Investment Corporation	Union Cement Traders Inc.	Import and export trading	100.0	100.0	100.0	
	Ho-Ping Power Company	Thermal power generation	0.5	0.5	0.5	12)
	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	0.4	0.2	0.2	2), 12)
	Ta-Ho Maritime Corporation	Marine transportation	-	-	-	12)
HKCMCL	TCC Development Ltd.	Property leasing	100.0	100.0	100.0	
Ta-Ho Maritime Corporation	Ta-Ho Maritime Holdings Ltd.	Investment	100.0	100.0	100.0	
Taiwan Cement Engineering Corporation	TCEC Corporation	Investment	100.0	100.0	-	10)
Taiwan Cement Engineering Corporation	TCEC (Yingde) Machine Co., Ltd.	Production and sale of cement machinery and assembly work	-	-	100.0	10)
TCC Information Systems Corporation	Taicem Information (Samoa) Pte., Ltd.	Investment	100.0	100.0	100.0	
Hoping Industrial Port Corporation	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	2.3	2.3	2.3	12)
TCCI	TCCIH	Investment holding	63.1	75.9	66.2	1), 9), 12)
Feng Sheng Enterprise Company	Ho Swen Construction Material Co., Ltd.	Sand and gravel filtering and sale	9.0	9.0	9.0	3)
TPMC	TMC	Mining excavation	18.2	18.2	18.2	
Union Cement Traders Inc.	Taiwan Transport & Storage Corporation	Warehousing, transportation and sale of sand and gravel	0.7	0.7	0.7	
Ho-Ping Power Company	Ho-Ping Renewable Energy Company	Renewable energy generation	-	-	100.0	6)
TCC Green Energy Corporation	TCC Chia-Chien Green Energy Corporation	Renewable energy generation	-	-	100.0	7)
	TCC Yun-Kai Green Energy Corporation	Renewable energy generation	-	-	100.0	7)
	TCC Lien-Hsin Green Energy Corporation	Renewable energy generation	-	-	100.0	7)
	TCC Kao-Cheng Green Energy Corporation	Renewable energy generation	-	-	100.0	7)
	TCC Nan-Chung Green Energy Corporation	Renewable energy generation	-	-	100.0	7)
	TCC Chang-Ho Green Energy Corporation	Renewable energy generation	-	-	100.0	7)
Ta-Ho Maritime Holdings Ltd.	Ta-Ho Maritime (Hong Kong) Limited	Marine transportation	100.0	100.0	100.0	
	THC International S.A.	Marine transportation	100.0	100.0	100.0	
	Chi Ho Maritime S.A.	Marine transportation	100.0	100.0	100.0	
	Sheng Ho Maritime S.A.	Marine transportation	100.0	100.0	100.0	
	Ta-Ho Maritime (Singapore) Pte. Ltd.	Marine transportation	100.0	100.0	100.0	
TCEC Corporation	TCEC (Yingde) Machine Co., Ltd.	Production and sale of cement machinery and assembly work	100.0	100.0	-	10)
Taicem Information (Samoa) Pte., Ltd.	Fuzhou TCC Information Technology Co., Ltd.	Software product and equipment maintenance	100.0	100.0	100.0	
Ta-Ho Maritime (Hong Kong) Limited	Da Tong (Guigang) International Logistics Co., Ltd.	Logistics and transportation	100.0	100.0	100.0	
Da Tong (Guigang) International Logistics Co., Ltd.	Da Tong (Ying De) Logistics Co., Ltd.	Logistics and transportation	100.0	100.0	100.0	
	Guigang Da-Ho Shipping Co., Ltd.	marine transportation	100.0	100.0	100.0	
TCCIH	Chia Hsin Cement Greater China Holding Corporation	Investment holding	100.0	100.0	100.0	
	Upper Value Investments Ltd.	Investment holding	100.0	100.0	100.0	
	Upper Value Investments Ltd. ("UPPV")	Investment holding	100.0	100.0	100.0	12)
	TCC Hong Kong Cement (BVI) Holdings Ltd.	Investment holding	100.0	100.0	100.0	12)
	Ulexite Investments Ltd.	Investment holding	100.0	100.0	100.0	
Upper Value Investment Limited	Prime York Ltd.	Investment holding	100.0	100.0	100.0	
	Prosperity Minerals (International) Ltd.	Investment holding	100.0	100.0	100.0	
TCC Hong Kong Cement (BVI) Holdings Ltd.	TCC Hong Kong Cement Development Limited	Investment holding	100.0	100.0	100.0	
	TCC Hong Kong Cement (QHC) Ltd.	Investment holding	100.0	100.0	100.0	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%) September 30, 2017	December 31, 2017	September 30, 2018	Remark
	TCC Hong Kong Cement (Yargoon) Ltd.	Investment holding	100.0	100.0	100.0	
	TCC Hong Kong Cement (HKC) Ltd.	Investment holding	100.0	100.0	100.0	
	TCC Hong Kong Cement (Philippines) Ltd.	Investment holding	100.0	100.0	100.0	
	TCC Hong Kong Cement (International) Ltd.	Investment holding	100.0	100.0	100.0	12)
	Hong Kong Cement Company Limited ("HKCCL")	Sale of cement	100.0	100.0	100.0	
TCC Hong Kong Cement (QHC) Ltd.	Chiefolk Co., Ltd.	Investment holding	70.0	70.0	70.0	
Chiefolk Co., Ltd.	TCC International (Liuzhou) Ltd.	Investment holding	100.0	100.0	100.0	
TCC International (Liuzhou) Ltd.	TCC Liuzhou Co., Ltd.	Investment holding	100.0	100.0	100.0	
TCC Liuzhou Co., Ltd.	TCC Liuzhou Construction Materials Company Limited	Manufacturing and sale of slag powder	60.0	60.0	60.0	
TCC Hong Kong Cement (HKC) Ltd.	Koning Concrete Ltd.	Investment holding	100.0	100.0	-	11)
TCC Hong Kong Cement (Philippines) Ltd.	TCC Cement Corporation	Cement processing services	100.0	100.0	100.0	
TCC Hong Kong Cement (International) Ltd.	TCC International (Hong Kong) Co., Ltd. ("TCCI (HK)")	Investment holding	100.0	100.0	100.0	12)
TCCI (HK)	TCC Guigang Mining Industrial Company Limited	Mining excavation	52.5	52.5	52.5	
	Jiangsu TCC Investment Co., Ltd.	Investment holding	100.0	100.0	100.0	
	Jingyang Industrial Limited	Investment holding	100.0	100.0	100.0	
	TCC International (Guangxi) Ltd.	Investment holding	100.0	100.0	100.0	
	TCC Shaoguan Cement Co., Limited	Manufacturing and sale of cement	100.0	100.0	100.0	
	TCC Yingde Mining Industrial Company Limited	Mining excavation	48.9	48.9	48.9	
	TCC Yingde Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	100.0	12)
	TCC Jiangsu Mining Industrial Company Limited	Mining excavation	100.0	100.0	100.0	
	TCC Fuzhou Yangyu Port Co., Ltd.	Service of port facility	100.0	100.0	100.0	
	TCC (Dong Guan) Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	
	TCC Fuzhou Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	100.0	
	TCC Huaihua Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	12)
	Anhui King Bridge Cement Co., Ltd.	Manufacturing and sale of cement	60.0	60.0	60.0	
Jiangsu TCC Investment Co., Ltd.	Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	21.5	21.5	21.5	12)
Jingyang Industrial Limited	Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	78.5	78.5	78.5	12)
TCC International (Guangxi) Ltd.	TCC (Gui Gang) Cement Ltd.	Manufacturing and sale of cement	100.0	100.0	100.0	12)
TCC (Gui Gang) Cement Ltd.	TCC Huaying Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	
	TCC Guigang Mining Industrial Company Limited	Mining excavation	47.5	47.5	47.5	
TCC Yingde Cement Co., Ltd.	TCC Yingde Mining Industrial Company Limited	Mining excavation	34.8	34.8	34.8	
	Scitus Luzhou Concrete Co., Ltd.	Sale of ready-mixed concrete	25.0	25.0	25.0	
	Scitus Luzhou Cement Co., Ltd.	Manufacturing and sale of cement	10.0	10.0	10.0	
	Scitus Naxi Cement Co., Ltd.	Manufacturing and sale of cement	10.0	10.0	10.0	
	Scitus Hejiang Cement Co., Ltd.	Manufacturing and sale of cement	10.0	10.0	10.0	
TCC Jiangsu Mining Industrial Company Limited	TCC Yingde Mining Industrial Company Limited	Mining excavation	16.3	16.3	16.3	
TCC Huaihua Cement Company Limited	TCC Jingzhou Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	
	TCC Huaihua Concrete Company Limited	Sale of ready-mixed concrete	100.0	100.0	100.0	
Ulexite Investments Ltd.	HKC Investments Limited	Investment holding	100.0	100.0	100.0	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%) September 30, 2017	December 31, 2017	September 30, 2018	Remark
UPPV	Wayly Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	TCC International (China) Co., Ltd.	Investment holding	100.0	100.0	100.0	
	Kong On Cement Holdings Ltd.	Investment holding	65.0	65.0	65.0	
	Mega East Ltd.	Investment holding	100.0	100.0	100.0	
	Prosperity Minerals (China) Ltd.	Investment holding	100.0	100.0	100.0	
	Sure Kit Ltd.	Investment holding	100.0	100.0	100.0	
	Hensford Ltd.	Investment holding	100.0	100.0	100.0	
	Kiton Ltd.	Investment holding	100.0	100.0	100.0	
	Prosperity Cement Investment Ltd.	Investment holding	100.0	100.0	100.0	
	Scitus Cement (China) Holdings Ltd. ("Scitus Holdings")	Investment holding	100.0	100.0	100.0	
Wayly Holdings Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	100.0	
TCC International (China) Co., Ltd.	TCC New (Hangzhou) Management Company Limited	Operation management	100.0	100.0	100.0	
Kong On Cement Holdings Ltd.	Guizhou Kong On Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	
Mega East Ltd.	TCC Guangan Cement Company Ltd.	Manufacturing and sale of cement	100.0	100.0	100.0	
Sure Kit Ltd.	TCC Chongqing Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	12)
Hensford Ltd.	TCC Anshun Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	12)
Kiton Ltd.	TCC Liaoning Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	
Prosperity Cement Investment Ltd.	Yingde Dragon Mountain Cement Co, Ltd.	Manufacturing and sale of cement	100.0	100.0	100.0	12)
TCC Anshun Cement Company Limited	Anshun Xin Tai Construction Materials Company Limited	Filtering of sand and gravel and sale of ready-mixed concrete	100.0	100.0	100.0	
Scitus Holdings	Scitus Cement (China) Operating Co., Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon XIV Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon XIII Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon IX Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon VIII Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon V Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon IV Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon III Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon II Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon Holdings Ltd.	Investment holding	100.0	100.0	100.0	
Hexagon IX Holdings Ltd.	Scitus Hejiang Cement Co., Ltd.	Manufacturing and sale of cement	90.0	90.0	90.0	
Hexagon IV Holdings Ltd.	Scitus Luzhou Cement Co., Ltd.	Manufacturing and sale of cement	90.0	90.0	90.0	
Hexagon III Holdings Ltd.	Scitus Naxi Cement Co., Ltd.	Manufacturing and sale of cement	90.0	90.0	90.0	
Hexagon XIV Holdings Ltd.	Scitus Luzhou Concrete Co., Ltd.	Sales of ready-mixed concrete	75.0	75.0	75.0	

(Concluded)

Remarks:

1) Refer to Note 27 for information relating to the equity acquisition transaction.

2) Taiwan Cement Corporation and TCC Investment Corporation disposed of a part of their ownership in Taiwan Prosperity Chemical Corporation during 2017 and during the nine months ended September 30, 2018. Taiwan Transport & Storage Corporation acquired a partial shareholding of Ta-Ho Maritime Corporation and E.G.C. Cement Corporation during the nine months ended September 30, 2018.

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

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

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

6) Ho-Ping Renewable Energy Company was established in April 2018 and consolidated into these consolidated financial statements.

7) TCC Chia-Chien Green Energy Corporation, TCC Yun-Kai Green Energy Corporation and TCC Lien-Hsin Green Energy Corporation were established in May 2018. TCC Kao-Cheng Green Energy Corporation, TCC Nan-Chung Green Energy Corporation and TCC Chang-Ho Green Energy Corporation were established in July 2018, and consolidated into these consolidated financial statements.

8) Although the Group's percentages of ownership in Taiwan Prosperity Chemical Corporation, Feng Sheng Enterprise Company and TPMC were less than 50% for the nine months ended September 30, 2018, the Group still has control over those entities. Thus, Taiwan Prosperity Chemical Corporation, Feng Sheng Enterprise Company and TPMC are considered as subsidiaries of the Group.

9) Taiwan Cement Corporation increased its investment in the capital of TCCI and TCCIH in August 2018, but TCCI did not simultaneously increase its investment in the capital of TCCIH. Thus, Taiwan Cement Corporation's percentage of ownership in TCCIH increased from 24.1% to 33.8%, and TCCI's percentages of ownership in TCCIH decreased from 75.9% to 66.2%.

10) Taiwan Cement Engineering Corporation originally indirectly owned 100% of shares in TCEC (Yingde) Machine Co., Ltd through TCEC Corporation. The Brunei Darussalam government announced on December 22, 2016 that all international corporations have to wind up their business. Therefore, Taiwan Cement Engineering Corporation's direct ownership in TCEC (Yingde) Machine Co., Ltd. will have to wind up, and relevant procedures are still under process of September 30, 2018.

11) For the purpose of streamlining investment structure, Koning Concrete Ltd. was dissolved and cancelled.

12) Except for the financial statements of TCC Huaihua Cement Company Limited which were not reviewed for the nine months ended September 30, 2017, the financial statements for the nine months ended September 30, 2017 and 2018 of the other consolidated subsidiaries were reviewed.

13) Except for those mentioned directly above in Remark 12, the remaining subsidiaries' financial statements for the nine months ended September 30, 2017 and 2018 were not reviewed by auditors.

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

	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
	September 30, 2017	December 31, 2017	September 30, 2018
TCCIH	36.9%	-	-
Taiwan Prosperity Chemical Corporation	47.3%	47.5%	57.5%
Ho-Ping Power Company	40.0%	40.0%	40.0%

Refer to Table 7 following the Notes to Consolidated Financial Statements for the information about the principal place of business and country of incorporation.

14. INVESTMENTS ACCOUNTED FOR BY USING THE EQUITY METHOD

	September 30, 2017	December 31, 2017	September 30, 2018
Investments in associates	$ 7,808,566	$ 7,940,701	$ 9,491,833

Investments in associates

	September 30, 2017	December 31, 2017	September 30, 2018
Material associates			
Prosperity Conch Cement Co., Ltd.	$ 3,444,397	$ 3,612,349	$ 4,270,519
Associates that are not individually material			
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	1,616,249	1,638,323	1,594,535
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	831,849	852,560	828,870
CCC USA Corp.	712,526	694,072	801,610
ONYX Ta-Ho Environmental Services Co., Ltd.	432,154	481,263	700,051
E-ONE Moli Energy Corporation	-	-	599,309
Quon Hing Concrete Co., Ltd.	264,362	288,911	272,838
Hong Kong Concrete Co., Ltd.	214,885	211,927	223,402
Chia Huan Tung Cement Corporation	211,977	91,581	82,457
Sichuan Taichang Building Material Group Company Limited Ltd.	-	-	55,856
Shih Hsin Storage & Transportation Co.,	70,809	63,018	51,013
Synpac Ltd.	9,358	6,697	6,927
Guigang TCC Donyuan Environmental Technology Limited	-	-	4,446
	$ 7,808,566	$ 7,940,701	$ 9,491,833

a. Material associates

	Proportion of Ownership		
	September 30, 2017	December 31, 2017	September 30, 2018
Prosperity Conch Cement Co., Ltd.	25.0%	25.0%	25.0%

Refer to Table 8 "Information on Investments in Mainland China" following the Notes to Consolidated Financial Statements for the nature of activities, principal place of business and country of incorporation of Prosperity Conch Cement Company Limited. The investment accounted for by using the equity method and the share of profit or loss and other comprehensive income of the investment for the nine months ended September 30, 2017 and 2018 were based on the associate's financial statements for the same reporting periods as those of the Group which were not reviewed by the auditors.

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

	September 30, 2017	December 31, 2017	September 30, 2018
Current assets	$ 8,138,288	$ 9,563,819	$ 12,663,107
Non-current assets	7,418,242	7,220,948	6,703,434
Current liabilities	(1,093,419)	(1,650,113)	(1,617,395)
Non-current liabilities	(685,521)	(685,260)	(667,071)
Equity	$ 13,777,590	$ 14,449,394	$ 17,082,075
Proportion of the Group's ownership	25%	25%	25%
Carrying amount	$ 3,444,397	$ 3,612,349	$ 4,270,519

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2018	2017	2018
Operating revenue	$ 2,281,776	$ 3,267,301	$ 6,651,504	$ 9,872,520
Net income for the period	$ 587,165	$ 1,147,348	$ 1,648,202	$ 3,366,421
Other comprehensive income (loss)	220,492	(891,516)	(285,916)	(733,740)
Total comprehensive income for the period	$ 807,657	$ 255,832	$ 1,362,286	$ 2,632,681

b. Aggregate information of associates that are not individually material

	Proportion of Ownership		
	September 30, 2017	December 31, 2017	September 30, 2018
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	30.0%	30.0%	30.0%
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	30.0%	30.0%	30.0%
CCC USA Corp.	33.3%	33.3%	33.3%
ONYX Ta-Ho Environmental Services Co., Ltd.	50.0%	50.0%	50.0%
E-ONE Moli Energy Corporation	-	-	29.9%
Quon Hing Concrete Co., Ltd.	50.0%	50.0%	50.0%
Hong Kong Concrete Co., Ltd.	31.5%	31.5%	31.5%
Chia Huan Tung Cement Corporation	33.8%	33.8%	33.8%

(Continued)

	Proportion of Ownership		
	September 30, 2017	December 31, 2017	September 30, 2018
Sichuan Taichang Building Material Group Company Limited	30.0%	30.0%	30.0%
Shih Hsin Storage & Transportation Co., Ltd.	18.9%	18.9%	18.9%
Synpac Ltd.	25.0%	25.0%	25.0%
Guigang TCC Donyuan Environmental Technology Limited	-	-	40.0%

(Concluded)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2018	2017	2018
The Group's share of:				
Net income for the period	$ 183,616	$ 302,631	$ 584,600	$ 822,111
Other comprehensive income (loss)	36,593	(264,403)	(84,545)	(202,017)
Total comprehensive income for the period	$ 220,209	$ 38,228	$ 500,055	$ 620,094

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

The above investments accounted for by using the equity method and the share of profit or loss and other comprehensive income (loss) of those investments for the nine months ended September 30, 2017 and 2018 were based on the associates' unreviewed financial statements for the same periods except those of CCC USA Corp. and E-ONE Moli Energy Corporation.

The Group participates in the joint venture of Guigang TCC Donyuan Environmental Technology Limited resulting in the Group's percentage of ownership of 40% in June 2018. Under TCC (Gui Gang) Cement Ltd.'s resolution of the Board in October 2018, the original remitted RMB116 million is allotted debentures convertible into shares, and the Group's percentage of ownership increases to 95%.

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Property in Construction	Total
Cost						
Balance at January 1, 2017	$ 20,678,952	$ 51,534,206	$ 99,393,155	$ 12,039,090	$ 4,589,547	$ 188,234,950
Additions	-	24,602	166,543	159,468	410,811	761,424
Disposals	(1,878)	(35,303)	(166,763)	(120,670)	-	(324,614)
Reclassification	(12,046)	8,416	333,818	8,406	(325,458)	13,136
Effects of exchange rate changes	-	(637,634)	(945,295)	(179,405)	(24,829)	(1,787,163)
Balance at September 30, 2017	$ 20,665,028	$ 50,894,287	$ 98,781,458	$ 11,906,889	$ 4,650,071	$ 186,897,733

(Continued)

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Property in Construction	Total
Accumulated depreciation and impairment						
Balance at January 1, 2017	$ 274,188	$ 14,666,095	$ 61,394,024	$ 10,068,911	$ 31,966	$ 86,435,184
Disposals	-	(6,369)	(100,439)	(110,846)	-	(217,654)
Depreciation expenses	-	1,045,990	3,009,154	475,129	-	4,530,273
Reclassification	-	-	15,176	(15,176)	-	-
Effects of exchange rate changes	-	(94,469)	(302,673)	(132,604)	(2,191)	(531,937)
Balance at September 30, 2017	$ 274,188	$ 15,611,247	$ 64,015,242	$ 10,285,414	$ 29,775	$ 90,215,866
Carrying amounts at September 30, 2017	$ 20,390,840	$ 35,283,040	$ 34,766,216	$ 1,621,475	$ 4,620,296	$ 96,681,867
Cost						
Balance at January 1, 2018	$ 20,665,029	$ 50,587,364	$ 98,082,294	$ 12,142,556	$ 4,402,613	$ 185,879,856
Additions	8,000	28,641	219,683	1,882,757	847,058	2,986,139
Disposals	-	(347,114)	(4,118,755)	(1,259,149)	-	(5,725,018)
Reclassification	(7,779)	13,217	455,759	(35,432)	(421,782)	3,983
Effects of exchange rate changes	-	(902,321)	(1,488,717)	19,111	(65,603)	(2,437,530)
Balance at September 30, 2018	$ 20,665,250	$ 49,379,787	$ 93,150,264	$ 12,749,843	$ 4,762,286	$ 180,707,430
Accumulated depreciation and impairment						
Balance at January 1, 2018	$ 274,188	$ 15,829,125	$ 64,476,095	$ 10,507,380	$ 83,664	$ 91,170,452
Disposals	-	(174,159)	(3,916,103)	(1,190,172)	-	(5,280,434)
Depreciation expenses	-	1,058,266	3,086,555	461,443	-	4,606,264
Reclassification	-	-	105,046	(105,046)	-	-
Effects of exchange rate changes	-	(249,257)	(830,086)	(11,033)	(2,376)	(1,092,752)
Balance at September 30, 2018	$ 274,188	$ 16,463,975	$ 62,921,507	$ 9,662,572	$ 81,288	$ 89,403,530
Carrying amounts at January 1, 2018	$ 20,390,841	$ 34,758,239	$ 33,606,199	$ 1,635,176	$ 4,318,949	$ 94,709,404
Carrying amounts at September 30, 2018	$ 20,391,062	$ 32,915,812	$ 30,228,757	$ 3,087,271	$ 4,680,998	$ 91,303,900

(Concluded)

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

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

With the proposed enhancement of environmental standards and the Corporation's operation strategies adjustment, the Group disposed of old equipment in some of its factories in 2018. The Group also disposed of vessels in July 2018, at a selling price of US$8,050 thousand, recognizing a $33,783 thousand net loss on the disposal of property, plant and equipment in total.

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 31.

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

	For the Nine Months Ended September 30 2017	2018
Acquisitions of property, plant and equipment	$ 761,424	$2,986,139
Increase (decrease) in prepayments for equipment	183,451	(1,005,547)
Decrease in payables for equipment	9,054	609,256
	$ 953,929	$2,589,848

16. INVESTMENT PROPERTIES

	September 30, 2017	December 31, 2017	September 30, 2018
Land	$ 5,401,651	$ 5,717,464	$ 5,725,243
Buildings	663,646	657,456	624,500
	$ 6,065,297	$ 6,374,920	$ 6,349,743

Except for depreciation, the Group did not recognize significant additions, disposals or impairment loss of investment properties during the nine months ended September 30, 2017 and 2018.

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

As of December 31, 2016, the fair value of investment properties was $10,901,414 thousand. The fair value of the investment properties determined by independent qualified professional valuers was $15,253,955 thousand on June 30, 2017. As of December 31, 2017, the fair value of investment properties was $14,853,688 thousand. Management of the Group has assessed such investment properties and determined that there was no significant change in fair value as of September 30, 2018 as compared to the respective value as of December 31, 2017.

The investment properties pledged as collateral for bank borrowings are set out in Note 31.

17. INTANGIBLE ASSETS

	Goodwill	Operational Concession	Mining Rights	Others	Total
Cost					
Balance at January 1, 2017	$ 12,191,933	$ 7,681,476	$ 2,859,051	$ 1,203,719	$ 23,936,179
Additions	-	-	-	9,045	9,045
Effects of exchange rate changes	(166,363)	-	(49,135)	(20,711)	(236,209)
Balance at September 30, 2017	$ 12,025,570	$ 7,681,476	$ 2,809,916	$ 1,192,053	$ 23,709,015
Accumulated amortization and impairment					
Balance at January 1, 2017	$ -	$ 755,555	$ 1,086,135	$ 919,207	$ 2,760,897
Amortization expenses	-	113,333	99,346	70,305	282,984
Effects of exchange rate changes	-	-	(14,325)	(15,579)	(29,904)
Balance at September 30, 2017	$ -	$ 868,888	$ 1,171,156	$ 973,933	$ 3,013,977
Carrying amounts at September 30, 2017	$ 12,025,570	$ 6,812,588	$ 1,638,760	$ 218,120	$ 20,695,038
Cost					
Balance at January 1, 2018	$ 11,876,957	$ 7,681,476	$ 3,215,101	$ 1,189,793	$ 23,963,327
Additions	-	-	48,860	5,152	54,012
Effects of exchange rate changes	(319,856)	-	(80,994)	(3,336)	(404,186)
Balance at September 30, 2018	$ 11,557,101	$ 7,681,476	$ 3,182,967	$ 1,191,609	$ 23,613,153

(Continued)

	Goodwill	Operational Concession	Mining Rights	Others	Total
Accumulated amortization and impairment					
Balance at January 1, 2018	$ -	$ 906,666	$ 1,210,061	$ 993,976	$ 3,110,703
Amortization expenses	-	113,333	126,316	53,602	293,251
Effects of exchange rate changes	-	-	(30,920)	(72)	(30,992)
Balance at September 30, 2018	$ -	$ 1,019,999	$ 1,305,457	$ 1,047,506	$ 3,372,962
Carrying amounts at January 1, 2018	$ 11,876,957	$ 6,774,810	$ 2,005,040	$ 195,817	$ 20,852,624
Carrying amounts at September 30, 2018	$ 11,557,101	$ 6,661,477	$ 1,877,510	$ 144,103	$ 20,240,191

(Concluded)

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

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

18. PREPAYMENTS FOR LEASES

	September 30, 2017	December 31, 2017	September 30, 2018
Current (included in prepayments)	$ 213,117	$ 217,031	$ 220,332
Non-current	6,816,018	6,833,745	6,707,302
	$ 7,029,135	$ 7,050,776	$ 6,927,634

The above prepayments for leases were mainly for land use rights in China.

19. BORROWINGS

a. Short-term loans

	September 30, 2017	December 31, 2017	September 30, 2018
Secured borrowings			
Bank loans	$ 190,000	$ 270,000	$ 190,000
Unsecured borrowings			
Bank loans - unsecured	23,837,333	19,149,645	21,168,724
Bank loans - letters of credit	318,847	894,467	1,112,850
	24,156,180	20,044,112	22,281,574
	$ 24,346,180	$ 20,314,112	$ 22,471,574
Interest rate range	0.53%-4.35%	0.81%-4.35%	0.82%-4.57%

b. Short-term bills payable

	September 30, 2017	December 31, 2017	September 30, 2018
Commercial paper	$ 7,975,000	$ 8,000,000	$ 6,170,000
Less: Unamortized discount on bills payable	7,852	8,583	5,591
	$ 7,967,148	$ 7,991,417	$ 6,164,409
Interest rate range	0.94%-1.28%	0.65%-2.04%	0.64%-1.24%

c. Long-term loans

	September 30, 2017	December 31, 2017	September 30, 2018
Secured borrowings	$ 5,499,512	$ 5,101,655	$ 2,856,695
Unsecured borrowings	46,923,150	52,303,555	42,501,034
	52,422,662	57,405,210	45,357,729
Less: Current portions	12,176,652	13,910,242	9,302,047
	$ 40,246,010	$ 43,494,968	$ 36,055,682
Interest rate range	1.29%-2.80%	1.29%-3.40%	1.33%-3.92%

Long-term loans consist of unsecured borrowings, secured borrowings and earmarked loans. The principals of long-term unsecured and secured borrowings are due in September 2025, and the interests are paid monthly. The principals of earmarked loans are due in March 2023, and the interests are paid monthly, quarterly or semiannually.

20. BONDS PAYABLE

a. Domestic unsecured bonds

Domestic unsecured bonds were issued on June 21, 2018, with a maturity of 15 years due on June 21, 2033. The bonds total amount is $12,000,000 thousand and has a coupon rate of 1.7%, with bullet repayment and interest paid annually. The remaining balance was $11,976,444 thousand on September 30, 2018.

b. Overseas unsecured convertible bonds

The Corporation's board of directors resolved to issue overseas unsecured convertible bonds with a total amount of up to US$500,000 thousand for the first time issue in June 2018. This was approved by the FSC under letter No. 10703258532 issued on July 25, 2018, and the period of issuing is extended to January 24, 2019 with approval by the FSC under letter No. 10703367941 issued on October 19, 2018.

21. OTHER PAYABLES

	September 30, 2017	December 31, 2017	September 30, 2018
Salaries and bonuses payable	$ 954,145	$ 1,438,523	$ 1,567,709
Taxes payable	861,003	1,133,230	1,058,488
Performance bonds	748,084	728,009	981,592
Payables for equipment	1,329,895	1,029,027	426,704
Freight payables	272,260	226,334	370,095
Payables for electricity	340,207	289,016	285,417
Fines payable	264,000	264,000	198,000
Others	2,564,421	3,731,269	3,254,082
	$ 7,334,015	$ 8,839,408	$ 8,142,087

22. RETIREMENT BENEFIT PLANS

Employee benefits expense in respect of the defined retirement benefit plans applied the respective actuarially determined annual pension cost discount rate as of December 31, 2016 and 2017 and was recognized in the following line items in its respective periods:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2018	2017	2018
Operating costs	$ 1,352	$ 668	$ 3,740	$ 1,966
Operating expenses	363	68	1,037	203
	$ 1,715	$ 736	$ 4,777	$ 2,169

23. EQUITY

a. Share capital

1) Ordinary shares

	September 30, 2017	December 31, 2017	September 30, 2018
Number of shares authorized (in thousands)	6,000,000	6,000,000	7,000,000
Value of shares authorized	$ 60,000,000	$ 60,000,000	$ 70,000,000
Number of shares issued and fully paid (in thousands)	3,692,176	4,246,509	5,108,060
Value of shares issued	$ 36,921,759	$ 42,465,090	$ 51,080,599

A holder of issued ordinary shares with par value of $10 is entitled to the proportional rights to vote and to dividends. The authorized shares including common shares and preferred shares contain 60,000 thousand units retained for the exercise of employee share options.

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 shareholders resolved to distribute share dividends of $4,240,509 thousand in June 2018, which was approved by the FSC. The subscription base date was August 1, 2018 as determined by the board of directors.

2) Global depositary shares

The Corporation's board of directors resolved to issue from 375,000 to 468,750 thousand ordinary shares in the form of global depositary shares for the purpose of investing in overseas subsidiaries and to repay borrowings. The transaction was approved by the FSC under letter No. 10703258531 issued on July 25, 2018. The Corporation issued 87,500 units at US$6.27 per share on the Luxembourg Stock Exchange, which amounted to US$548,625 thousand in total in August 2018. One global depositary share represents 5 ordinary shares, and the total global depositary shares represent 437,500 thousand ordinary shares. All outstanding global depositary shares were converted into common shares as of September 30, 2018.

3) Preference shares

In June 2018, the Corporation's board of directors resolved to issue preference shares, which was approved by the FSC under letter No. 1070325853 on July 25, 2018 and expected to issue 200,000 thousand shares at the price of $10 per share, for a consideration of $2,000,000 thousand in November 2018.

b. Capital surplus

	September 30, 2017	December 31, 2017	September 30, 2018
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)			
Issuance of ordinary shares	$ 10,435,775	$ 23,863,105	$ 36,158,315
Conversion of bonds	1,520,632	1,520,632	1,520,632
Difference between the consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	1,226,282	-	466,755
Treasury share transactions	194,598	194,598	194,598
Donations	31,537	31,537	31,537
May be used to offset a deficit only (Note 2)			
Changes in percentage of ownership interests in subsidiaries	116,238	116,238	116,238
Forfeited share options	10,315	10,315	10,315
Dividends distributed by subsidiaries not yet received by shareholders	-	2,120	2,120

(Continued)

	September 30, 2017	December 31, 2017	September 30, 2018
May not be used for any purpose			
Employee share options	$ -	$ -	$ 45,448
Changes in interests in associates accounted for by using the equity method	520	520	520
	$ 13,535,897	$ 25,739,065	$ 38,546,478

(Concluded)

Note 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).

Note 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

Under the dividend policy as set 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 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' meeting for the distribution of preference shares then dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors, refer to "Employee benefits expense" in Note 24c.

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.

The appropriations of earnings for 2016 and 2017, which were approved in the shareholders' general meeting in June 2017 and June 2018, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2016	2017	2016	2017
Legal reserve	$ 635,845	$ 759,425		
Cash dividends	5,353,655	6,360,764	$ 1.45	$ 1.50
Share dividends	-	4,240,509	$ -	$ 1.00

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. The special reserve was reversed $573 thousand for the nine months ended September 30, 2018. 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.

e. Other equity items

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

	For the Nine Months Ended September 30	
	2017	2018
Balance at January 1	$ (2,233,617)	$ (790,475)
Effect of change in tax rate	-	(328)
Recognized during the period		
Exchange differences on translating foreign operations	229,736	(4,334,858)
Share of exchange differences of associates and joint ventures accounted for by using the equity method	(115,009)	(387,168)
Balance at September 30	$ (2,118,890)	$ (5,512,829)

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

	For the Nine Months Ended September 30, 2017
Balance at January 1	$ 11,200,323
Unrealized gain arising on revaluation of available-for-sale financial assets	5,750,256
Cumulative loss reclassified to profit or loss on disposal of available-for-sale financial assets	351
Share of unrealized loss on revaluation of available-for-sale financial assets of associates accounted for by using the equity method	(155)
Balance at September 30	$ 16,950,775

3) Unrealized gain (loss) on financial assets at FVTOCI

	For the Nine Months Ended September 30, 2018
Balance at January 1 per IAS 39	$ 19,915,014
Adjustment on initial application of IFRS 9	4,243,857
Balance at January 1 per IFRS 9	24,158,871
Recognized during the period	
Unrealized gain - equity instruments	7,117,634
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	681,779
Other comprehensive income recognized in the period	7,799,413
Balance at September 30	$ 31,958,284

4) Cash flow hedges

	For the Nine Months Ended September 30	
	2017	2018
Balance at January 1	$ 7,900	$ -
Loss on changes in the fair value of hedging instruments	(12,169)	
Loss on changes in the fair value of hedging instruments reclassified to profit or loss	4,269	-
Share from associates accounted for by using the equity method	-	859
Balance at September 30	$ -	$ 859

f. Non-controlling interests

	For the Nine Months Ended September 30	
	2017	2018
Balance at January 1 per IAS 39	$ 40,628,620	$ 16,299,012
Adjustment on initial application of IFRS 9	-	16,365
Balance at January 1 per IFRS 9	40,628,620	16,315,377
Attributable to non-controlling interests:		
Share of profit for the period	1,972,729	1,091,388
Other comprehensive income (loss) in the period		
Effect of change in tax rate	-	1,029
Exchange differences on translating foreign operations	287,350	(18,793)
Unrealized gain on available-for-sale financial assets	99,070	-
Unrealized gain on financial assets at FVTOCI	-	90,804
Loss on fair value changes of cash flow hedges	(5,267)	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for by using the equity method	(40,860)	-
Cumulative gain reclassified to profit or loss on sale of available-for-sale financial assets	(21)	-
Dividends paid by subsidiaries	(2,199,455)	(2,161,016)
Organizational restructuring of subsidiaries	-	(49,150)
Disposal and acquisition of non-controlling interests in subsidiaries	2,181	258,548
Balance at September 30	$ 40,744,347	$ 15,528,187

g. Treasury shares

	Total (In Thousands of Shares)
Number of shares at January 1, 2018	-
Increase during the period	6,000
Number of shares at September 30, 2018	6,000

In February 2018, the Corporation's board of directors resolved to buy back 6,000 thousand treasury shares, and its execution had been done in the same month. The average buy-back price per shares was $36.36, which will be transferred to employees but have not been transferred as of September 30, 2018. The Corporation recognized compensation costs of $45,448 thousand for the nine months ended September 30, 2018. Under the Securities Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholder's rights on these shares, such as rights to dividends and to vote.

24. NET INCOME

Net income includes the following items:

a. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2018	2017	2018
Property, plant and equipment	$ 1,521,471	$ 1,535,427	$ 4,530,273	$ 4,606,264
Investment properties	6,024	5,454	18,425	17,510
Intangible assets	94,692	94,928	282,984	293,251
	$ 1,622,187	$ 1,635,809	$ 4,831,682	$ 4,917,025
An analysis of depreciation by function				
Operating costs	$ 1,430,187	$ 1,491,332	$ 4,252,757	$ 4,382,849
Operating expenses	96,392	49,225	293,178	238,792
Non-operating expenses	916	324	2,763	2,133
	$ 1,527,495	$ 1,540,881	$ 4,548,698	$ 4,623,774
An analysis of amortization by function				
Operating costs	$ 80,894	$ 82,719	$ 243,823	$ 254,522
Operating expenses	13,798	12,209	39,161	38,729
	$ 94,692	$ 94,928	$ 282,984	$ 293,251

b. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2018	2017	2018
Retirement benefit plans				
Defined contribution plans	$ 88,647	$ 90,447	$ 262,858	$ 270,914
Defined benefit plan	1,715	736	4,777	2,169
	90,362	91,183	267,635	273,083
Share-based payments				
Equity-settled	-	45,448	-	45,448
Other employee benefits	1,350,729	1,603,070	3,578,898	4,167,191
	$ 1,441,091	$ 1,739,701	$ 3,846,533	$ 4,485,722
An analysis of employee benefits expense by function				
Operating costs	$ 1,094,450	$ 1,220,101	$ 2,811,884	$ 3,170,793
Operating expenses	346,641	519,600	1,034,649	1,314,929
	$ 1,441,091	$ 1,739,701	$ 3,846,533	$ 4,485,722

c. Employees' compensation and remuneration of directors

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 for the three months ended September 30, 2017 and 2018 and the nine months ended September 30, 2017 and 2018. The employees' compensation and the remuneration of directors for said periods were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2018	2017	2018
Employees' compensation	$ 11,434	$ 13,387	$ 29,343	$ 40,160
Remuneration of directors	$ 17,151	$ 17,835	$ 44,014	$ 53,505

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The employees' compensation and remuneration of directors for the years ended December 31, 2016 and 2017 to be paid in cash, which have been resolved by the board of directors in March 2017 and May 2018, respectively, were as follows:

	For the Year Ended December 31	
	2016	2017
Employees' compensation	$ 37,114	$ 23,899
Remuneration of directors	$ 55,680	$ 66,305

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2016 and 2017.

Information on the employees' compensation and remuneration of directors resolved by the Corporation's board of directors in 2017 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

d. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2018	2017	2018
Interest on bank borrowings	$ 446,156	$ 634,501	$ 1,333,322	$ 1,715,917
Other finance costs	31,347	38,061	87,523	111,668
	$ 477,503	$ 672,562	$ 1,420,845	$ 1,827,585

Information about capitalized interest was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2018	2017	2018
Capitalized interest	$ -	$ 1,945	$ 6,150	$ 7,315
Capitalization rate	-	0.94%-1.00%	0.98%-1.58%	0.94%-1.00%

25. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2018	2017	2018
Current tax				
In respect of the current period	$ 745,399	$ 1,826,573	$ 2,170,929	$ 4,784,682
Adjustments for prior periods	364	7,072	14,790	26,841
	745,763	1,833,645	2,185,719	4,811,523
Deferred tax				
In respect of the current period	39,413	42,900	119,296	296,647
Adjustments to deferred tax attributable to changes in tax rates and laws	-	-	-	632,271
	39,413	42,900	119,296	928,918
	$ 785,176	$ 1,876,545	$ 2,305,015	$ 5,740,441

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%, effective in 2018. The effect of the change in tax rate on deferred tax expenses to be recognized in profit or loss is recognized in full in the period in which the change in the tax rate occurs. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%.

b. Income tax recognized in other comprehensive income

	For the Nine Months Ended September 30	
	2017	2018
Deferred tax		
Effect of change in tax rate		
Remeasurement of defined benefit plan	$ -	$ 7,433
Translation of foreign operations	-	328
	$ -	$ 7,761

c. Income tax return assessments

The information of the years through which the income tax returns have been assessed for the group entities is as follows:

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

26. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	**2018**	**2017**	**2018**
Basic earnings per share	$ 0.48	$ 1.20	$ 1.22	$ 3.35
Diluted earnings per share	$ 0.48	$ 1.20	$ 1.22	$ 3.35

The weighted average number of shares outstanding used in the earnings per share computation was adjusted retrospectively for the issuance of bonus shares on August 1, 2018. The basic and diluted earnings per share adjusted retrospectively for the three months and the nine months ended September 30, 2017 were as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment		After Retrospective Adjustment	
	For the Three Months Ended September 30, 2017	**For the Nine Months Ended September 30, 2017**	**For the Three Months Ended September 30, 2017**	**For the Nine Months Ended September 30, 2017**
Basic earnings per share	$ 0.53	$ 1.34	$ 0.48	$ 1.22
Diluted earnings per share	$ 0.53	$ 1.34	$ 0.48	$ 1.22

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2018	2017	2018
Profit for the period attributable to owners of the Corporation	$ 1,966,857	$ 5,933,938	$ 4,948,812	$ 15,943,568
Number of shares				
Weighted average number of ordinary shares in computation of basic earnings per share	4,061,394	4,956,227	4,061,394	4,763,115
Effect of potentially dilutive ordinary shares:				
Employees' compensation	868	977	1,194	1,261
Weighted average number of ordinary shares used in the computation of diluted earnings per share	4,062,262	4,957,204	4,062,588	4,764,376

If the Corporation offered to settle compensation paid to employees in cash or shares and 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.

27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

During the nine months ended September 30, 2018, the Group acquired a portion of the shares of Ta-Ho Maritime Corporation and E.G.C. Cement Corporation, and increased its proportionate ownership interests from 92.3% to 94% and 95% to 100%. During the nine months ended September 30, 2018, the Group disposed of a portion of the shares of Taiwan Prosperity Chemical Corporation, and decreased its proportionate ownership interests from 52.5% to 42.5%.

For the nine months ended September 30, 2017

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 $10, for a consideration of $18,970,661 thousand, excluding issuance costs, which increased the share capital issued and fully paid to $42,465,090 thousand. On November 6, 2017, the above transaction was approved by the FSC. TCCI acquired the residual portion of the shares of TCCIH in cash, increasing its proportionate interest from 63.1% to 75.9%. In 2017, the Group disposed of a portion of its shares of Taiwan Prosperity Chemical Corporation, decreasing its proportionate interest from 52.8% to 52.5%.

For the nine months ended September 30, 2018

Investor	Taiwan Transport and Storage Corporation		Taiwan Cement Corporation	TCC Investment Corporation	
Investee	**Ta-Ho Maritime Corporation**	**E.G.C. Cement Corporation**	**Taiwan Prosperity Chemical Corporation**	**Taiwan Prosperity Chemical Corporation**	**Total**
Cash consideration (paid) received	$ (53,278)	$ (9,958)	$ 787,369	$ 1,170	$ 725,303
The proportionate share of subsidiaries' net assets' carrying amount transferred from (to) non-controlling interests	53,483	10,044	(321,659)	(416)	(258,548)
Differences arising from equity transactions	$ 205	$ 86	$ 465,710	$ 754	$ 466,755

Investor	Taiwan Transport and Storage Corporation		Taiwan Cement Corporation	TCC Investment Corporation	
Investee	**Ta-Ho Maritime Corporation**	**E.G.C. Cement Corporation**	**Taiwan Prosperity Chemical Corporation**	**Taiwan Prosperity Chemical Corporation**	**Total**
Line items adjusted for equity transactions					
Capital surplus - difference between the consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	$ 205	$ 86	$ 465,710	$ 754	$ 466,755

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

For the propose of streamlining its investment structure, the Corporation's board of directors approved the merger with Kuan-Ho Construction & Development Corporation and TCC Chemical Corporation with TCC Chemical Corporation as the surviving company on January 1, 2018. Since the merge is considered as a group reorganization, the carrying amount method is taken as the applicable accounting policy.

Acquirer	TCC Chemical Corporation
Acquiree	**Kuan-Ho Construction & Development**
Cash consideration paid	$ (107,663)
The proportionate share of subsidiaries' net assets' carrying amount transferred from non-controlling interests	49,150
Differences arising from equity transactions	$ (58,513)
Line items adjusted for equity transactions	
Retained earnings	$ (58,513)

28. CAPITAL MANAGEMENT

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

29. FINANCIAL INSTRUMENTS

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

The Group believes that the carrying amount of financial assets and liabilities not measured at fair value approaches to their fair value.

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

1) Fair value hierarchy

September 30, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 147,571	$ -	$ -	$ 147,571
Available-for-sale financial assets				
Domestic listed shares	$ 9,771,204	$ -	$ -	$ 9,771,204
Foreign listed shares	15,711,573	-	-	15,711,573
Domestic emerging market shares	81,979	-	-	81,979
Mutual funds	84,425	-	-	84,425
	$ 25,649,181	$ -	$ -	$ 25,649,181

December 31, 2017

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

September 30, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	$ 265,019	$ -	$ -	$ 265,019
Domestic emerging market shares	92,159	-	-	92,159
Mutual funds	243,232	-	-	243,232
	$ 600,410	$ -	$ -	$ 600,410
Financial assets at FVTOCI				
Equity instrument investment				
Domestic listed shares	$ 10,320,394	$ -	$ -	$ 10,320,394
Foreign listed shares	24,468,000	-	-	24,468,000
Domestic unlisted shares	-	-	6,292,192	6,292,192
Foreign unlisted shares	-	-	729	729
	$ 34,788,394	$ -	$ 6,292,921	$ 41,081,315

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

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

The Corporation measures investments in equity instruments at FVTOCI as Level 3 fair value measurements of financial instruments.

	For the Nine Months Ended September 30, 2018
Balance at January 1, 2018	$ 5,497,046
Additional	241,094
Recognized in other comprehensive income	623,722
Reclassification	(69,171)
Effect of exchange rate	230
Balance at September 30, 2018	$ 6,292,921

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

The Group measures the fair value of its investments on domestic and foreign unlisted shares by using the asset-based approach, the market approach, and the dividend discount model.

Under the asset-based approach, the total value of an investment is based on the fair value of its assets and liabilities. The significant unobservable inputs used are listed in the table below.

	September 30, 2018
Comprehensive discount for lack of marketability and non-controlling interests	10%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	September 30, 2018
Comprehensive discount for lack of marketability and non-controlling interests	
1% increase	$ (23,917)
1% decrease	$ 23,917

The market approach involves comparing a target company with companies that have similar business models in the open market, similar selling prices of similar items, or similar past share prices to that of the target company. The significant unobservable inputs used are listed in the table below.

	September 30, 2018
Discount for lack of marketability	20%-30%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	September 30, 2018
Discount for lack of marketability	
1% increase	$ (5,586)
1% decrease	$ 5,586

The dividend discount model values a target company based on its stability of dividend payments in the past.

	September 30, 2018
Discount rate	7.6%
Dividend growth rate	1.9%
Discount for lack of marketability	10.0%

If the inputs to the valuation model were changed to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of the shares would increase (decrease) as follows:

	September 30, 2018
Discount for lack of marketability	
1% increase	$ (40,706)
1% decrease	$ 40,706

c. Categories of financial instruments

	September 30, 2017	December 31, 2017	September 30, 2018
Financial assets			
Financial assets at FVTPL			
Held for trading	$ 147,571	$ 147,049	$ -
Mandatorily at FVTPL	-	-	600,410
Loans and receivables (1)	83,643,445	88,120,239	-
Available-for-sale (2)	26,232,204	29,139,977	-
Financial assets at amortized cost (3)	-	-	113,868,699
Financial assets at FVTOCI			
Equity instruments	-	-	41,081,315
Financial liabilities			
Financial liabilities at amortized cost (4)	100,112,002	102,339,326	102,074,216

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

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

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

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

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

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

The carrying amounts of the significant monetary assets and liabilities not denominated in the functional currency (including those eliminated on consolidation) at the end of reporting period are set out in Note 34.

The Group was mainly exposed to the USD.

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

	USD Impact		**HKD Impact**	
	For the Nine Months Ended September 30		**For the Nine Months Ended September 30**	
	2017	**2018**	**2017**	**2018**
NTD	$ (305)	$ (21,727)	$ -	$ -
RMB	$ (12,765)	$ (11,446)	$ 3,287	$ 42
HKD	$ 331,835	$ 239,265	$ -	$ -

b) Interest rate risk

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

	September 30, 2017	**December 31, 2017**	**September 30, 2018**
Cash flow interest rate risk			
Financial assets	$ 14,560,153	$ 15,092,905	$ 20,528,984
Financial liabilities	76,768,842	77,719,322	67,829,303

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

For the Group's portion of floating interest rate financial assets, if interest rates had been 50 basis points higher/lower, the cash inflows from floating interest rate financial assets for the nine months ended September 30, 2017 and 2018 would increase/decrease by $45,318 thousand and $61,587 thousand, respectively.

For the Group's portion of floating interest rate financial liabilities, if interest rates had been 50 basis points higher/lower, the cash outflows from floating interest rate financial liabilities for the nine months ended September 30, 2017 and 2018 would increase/decrease by $238,943 thousand and $203,488 thousand, respectively.

c) Other price risk

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

The sensitively analyses were based on the exposure of equity price at the end of reporting period. If equity prices of financial assets at FVTPL had been 5% higher/lower, profit or loss for the nine months ended September 30, 2018 would increase/decrease by $17,859 thousand. If equity prices of financial assets at FVTOCI had been 5% higher/lower, other comprehensive income (loss) for the nine months ended September 30, 2018 would increase/decrease by $2,054,066 thousand.

If equity price of available-for-sale financial assets had been 5% higher/lower, other comprehensive income (loss) for the nine months ended September 30, 2017 would increase/decrease by $1,278,238 thousand.

2) Credit risk

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

As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation, could arise from the carrying amounts of the respective recognized financial assets as stated in the balance sheets.

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

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

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank facilities and ensures compliance with loan covenants. As of September 30, 2017, December 31, 2017 and September 30, 2018, the amount of unused financing facilities was $87,846,348 thousand, $53,787,990 thousand and $92,111,586 thousand, respectively.

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

September 30, 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	$ 810,403	$ 14,468,525	$ 1,480,875	$ 301,821	$ 38,645
Variable interest rate liabilities	3,222,637	19,821,501	14,342,359	42,419,103	-
Fixed interest rate liabilities	2,200,000	5,775,000	-	-	-
	$ 6,233,040	$ 40,065,026	$ 15,823,234	$ 42,720,924	$ 38,645

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 liabilities	$ 1,532,006	$ 15,322,363	$ 1,402,386	$ 175,479	$ 37,711
Variable interest rate liabilities	5,297,405	12,370,612	18,013,008	45,344,121	-
Fixed interest rate liabilities	2,110,000	4,000,000	1,890,000	-	-
	$ 8,939,411	$ 31,692,975	$ 21,305,394	$ 45,519,600	$ 37,711

September 30, 2018

	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 liabilities	$ 1,189,495	$ 12,323,146	$ 1,622,605	$ 53,994	$ 17,972
Variable interest rate liabilities	4,886,459	13,552,558	14,318,897	38,010,282	176,218
Fixed interest rate liabilities	660,000	3,550,000	2,164,000	816,000	14,040,000
	$ 6,735,954	$ 29,425,704	$ 18,105,502	$ 38,880,276	$ 14,234,190

30. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are as follows:

a. Name of the related parties and relationship

Related Party	Relationship with the Group
Onyx Ta-Ho Waste Clearance Co., Ltd.	Subsidiary of associates
ONYX Ta-Ho Environmental Services Co., Ltd.	Associates
Shih Hsin Storage & Transportation Co., Ltd.	Associates
Quon Hing Concrete Co., Ltd.	Associates
Prosperity Conch Cement Company Limited	Associates
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Associates
Baoshan Kungang & K. Wah Cement Construction Marterials Co., Ltd.	Associates
CCC USA Corp.	Associates
Guigang TCC Donyuan Environmental Technology Limited	Associates
E-ONE Moli Energy Corporation	Associates (same key management personnel in 2017)
Chia Hsin R.M.C. Corp.	Management personnel in substance
The Koo Foundation	Management personnel in substance
Chia Hsin Cement Corporation	Management personnel in substance
L'Hotel de Chine Corporation	Management personnel in substance
FDC International Hotels Corporation	Management personnel in substance
Jiangsu Union Cement Co., Ltd	Management personnel in substance
Goldsun Development & Construction Co., Ltd.	Investors with significant influence over the Group
China Hi-Ment Corporation	Group as key management personnel
Rong Gong Enterprise Co.	Group as key management personnel
O-Bank Co., Ltd.	Group as key management personnel
Pan Asia Corp.	Group as key management personnel
Sole Energy Tech Corp. (dissolved and closed on September 30, 2017)	Same key management personnel
Synpac-Kingdom Pharmaceutical Co., Ltd. (China Synthetic Rubber's subsidiary, disposed of in November 2017)	Same key management personnel
China Synthetic Rubber Corporation	Same key management personnel
Zhong Xin Investment Co., Ltd.	Same key management personnel
Consolidated Resource Company	Same key management personnel
CSRC China Corporation (Changed name to International CSRC Investment Holdings Co., Ltd. in October 2018)	Same key management personnel
CSRC China (Anshan) Corporation	Same key management personnel
Chienten Temple	Same key management personnel
He Feng Investment Co., Ltd.	Same key management personnel
CSRC China (Chongqing) Corporation	Same key management personnel
Dr. Cecilia Koo Botanic Conservation and Environmental Protection Foundation	Same key management personnel
Continental Carbon India Ltd.	Same key management personnel
Guangan Xin Tai Construction Materials Company Limited	Joint ventures

b. Operating transactions

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2018	2017	2018
Sales				
Management personnel in substance	$ 102,631	$ 121,560	$ 366,619	$ 365,649
Associates	102,003	67,331	394,355	232,348
Group as key management personnel	11,017	49,108	103,220	142,862
Same key management personnel	48,758	34,277	132,152	118,833
Investors with significant influence over the Group	22,467	14,092	64,167	45,067
	$ 286,876	$ 286,368	$ 1,060,513	$ 904,759
Purchases of goods and operating expenses				
Group as key management personnel	$ 108,170	$ 131,948	$ 323,665	$ 372,670
Associates	39,196	30,655	83,559	92,046
Same key management personnel	25,161	32,889	50,826	70,820
Others	14,956	48,921	19,838	78,462
	$ 187,483	$ 244,413	$ 477,888	$ 613,998

Notes receivable and accounts receivable from related parties were as follows:

	September 30, 2017	December 31, 2017	September 30, 2018
Management personnel in substance			
Chia Hsin Cement Corporation	$ 67,700	$ 45,551	$ 87,759
Chia Hsin R.M.C Corporation	10,372	19,941	22,654
	78,072	65,492	110,413
Associates			
Quon Hing Concrete Co., Ltd.	55,330	69,518	30,458
Others	3,482	19,901	11,165
	58,812	89,419	41,623
Group as key management personnel			
China Hi-Ment Corporation	41,070	46,407	35,012
Others	-	-	514
	41,070	46,407	35,526
Investors with significant influence over the Group	13,472	17,771	10,899
Same key management personnel	14,174	10,613	10,548
	$ 205,600	$ 229,702	$ 209,009

Accounts payable to related parties (included in notes and accounts payable) were as follows:

	September 30, 2017	December 31, 2017	September 30, 2018
The Group acts as key management personnel	$ 79,025	$ 127,997	$ 144,109
Associates	19,475	11,370	13,439
Same key management personnel	5,308	4,023	14,661
Management personnel in substance	-	2,413	2,172
Others	-	10	-
	$ 103,808	$ 145,813	$ 174,381

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)

	September 30, 2018
Associates	
Guigang TCC Donyuan Environmental Technology Limited	$ 511,421

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2018	2017	2018
Interest revenue	$ -	$ 4,569	$ -	$ 4,569

TCC (Gui Gang) Cement Ltd.'s board of director resolved to allotted debentures convertible into shares in October 2018.

d. Other receivables from related parties

	September 30, 2017	December 31, 2017	September 30, 2018
Associates			
Quon Hing Concrete Co., Ltd.	$ 117,778	$ 1,561	$ 1,599
Others	307	307	5,047
	118,085	1,868	6,646
Same key management personnel	95,579	950	488
Management personnel in substance	730	274	983
	$ 214,394	$ 3,092	$ 8,117

The above other receivables from related parties included dividend receivables and interest receivables.

e. Compensation of key management personnel

The compensation of directors and other key management personnel for the nine months ended September 30, 2017 and 2018 were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2018	2017	2018
Short-term employee benefits	$ 73,741	$ 84,937	$ 194,050	$ 244,755
Other long-term employee benefits	-	-	25,329	-
Post-employment benefits	1,110	1,106	3,265	15,882
	$ 74,851	$ 86,043	$ 222,644	$ 260,637

f. Endorsements and guarantees

Endorsements and guarantees provided by the Group to related parties and actually drawn as of September 30, 2017, December 31, 2017 and September 30, 2018 were as follows:

	September 30, 2017	December 31, 2017	September 30, 2018
Associates			
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	$ 176,864	$ -	$ -

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	September 30, 2017	December 31, 2017	September 30, 2018
Available-for-sale financial assets (including current and non-current portion)	$ 356,694	$ 365,369	$ -
Financial assets at fair value through other comprehensive income (including current and non-current portion)	-	-	347,173
Property, plant and equipment	2,598,360	2,552,170	2,434,380
Investment properties	1,224,877	1,142,268	278,679
Finance lease receivables (including current and non-current portion)	16,365,896	16,019,540	14,969,649
Pledged bank deposits			
Current (included in other financial assets)	396,655	385,436	135,840
Non-current (included in other non-current assets)	287,247	273,977	467,717
	$ 21,229,729	$ 20,738,760	$ 18,633,438

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

Name	September 30, 2017	December 31, 2017	September 30, 2018
The Corporation	$ 216,888	$ 235,248	$ 422,351
Taiwan Prosperity Chemical Corporation	1,395,492	1,413,476	2,023,879
Ho-Ping Power Company	813,574	495,020	1,210,840

b. As of September 30, 2017, December 31, 2017 and September 30, 2018, the Corporation has issued bills of lading for finished goods in the amount of 286,000 tons as collateral for its credit facilities with financial institutions.

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

Name	September 30, 2017	December 31, 2017	September 30, 2018
The Corporation	$ 39,870	$ 45,990	$ 40,220
Ho-Ping Power Company	1,148,000	1,148,000	1,148,000
Taiwan Prosperity Chemical Corporation.	74,000	94,000	202,955
TCCI (Group)	353,948	362,561	88,116
Taiwan Transport & Storage Corporation	28,150	28,150	28,150

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

Company Name	Ta-Ho Onyx RSEA Environment Co., Ltd.
Factual background	In respect of the termination of the "Build-Own-Operate Agreement for Waste Incineration Plant" (the "BOO Agreement") entered into by and between Ta-Ho Onyx RSEA Environment Co., Ltd. and the Yunlin County Government, the arbitration award decided on was that Yunlin County Government shall pay Ta-Ho Onyx RSEA Environment Co., Ltd. $1.5 billion before November 30, 2008 as a Phase I payment and the remainder as a Phase II payment in the aggregate amount of about $1.44 billion (including $1,387,000 thousand, US$1,706 thousand and JPY307 thousand) before June 30, 2009, and Ta-Ho Onyx RSEA Environment Co., Ltd. shall transfer the assets under the BOO Agreement to the Yunlin County Government at the same time.
Amount in dispute (NT$)	About $2.94 billion.
Commencement date of litigation	The arbitration award was rendered on October 1, 2008.
Parties	Ta-Ho Onyx RSEA Environment Co., Ltd. and the Yunlin County Government.
Status	Ta-Ho Onyx RSEA Environment Co., Ltd. has applied for compulsory execution for the total payment awarded by the arbitration and, thus far, has received the principal together with the interest in the amount of about $3.54 billion (tax included). Furthermore, the dispute of the interest in the amount of about $270,000 thousand is now under review of interlocutory appeal. If the order is in favor of Ta-Ho Onyx RSEA Environment Co., Ltd., it will continue to execute the compensation plan.

(Continued)

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

(Concluded)

e. Ho-Ping Power Company

Company Name	Ho-Ping Power Company
Factual background	The Fair Trade Commission fined Ho-Ping Power Company $1.35 billion for an alleged violation of Article 14 of the Fair Trade Act conducted with other domestic independent power producers.
Amount in dispute (NT$)	$1.35 billion.
Commencement date of litigation	March 2013
Parties	Ho-Ping Power Company and the Fair Trade Commission
Status	The Fair Trade Commission made a second administrative disposition in November 2013 and reduced the amount of the fine imposed on Ho-Ping Power Company to $1,320,000 thousand. On June 30, 2015, the Supreme Administrative Court overruled the original judgment in favor of Ho-Ping Power Company and remanded the case for retrial to the Taipei High Administrative Court. On May 25, 2017, the Taipei High Administrative Court ruled in favor of Ho-Ping Power Company by ruling that "the original disposition and decision of administrative appeal, which determined that Ho-Ping Power Company committed concerted action, shall be dismissed." The Fair Trade Commission then lodged an appeal. In September 2018, the Supreme Administrative Court remanded the original case for retrial to the Taipei High Administrative Court.

(Continued)

Company Name	Ho-Ping Power Company
	In accordance with the accounting conservatism principle, Ho-Ping Power Company recognized relevant losses in 2012 and paid a fine of $1,122,000 thousand as of September 30, 2018. The outstanding fine was recognized by Ho-Ping Power Company under (i) other payables of $198,000 thousand as of June 30, 2018;(ii) other payables of $264,000 thousand and other non-current liabilities of $132,000 thousand as of December 31, 2017, and (iii) other payables of $264,000 thousand and other non-current liabilities of $264,000 thousand as of September 30, 2017.
Factual background	Taiwan Power Company filed a lawsuit against Ho-Ping Power Company at the Taipei High Administrative Court claiming for its losses of at least $5.2 billion plus interest, which was then expanded to $10.76 billion, and filed another civil litigation at the Taipei District Court claiming for $5.5 billion.
Amount in dispute (NT$)	About $16 billion in total.
Commencement date of litigation	September 2015
Parties	Ho-Ping Power Company and Taiwan Power Company.
Status	1) There are 2 outstanding litigations against Taiwan Power Company: a) In September 2015, Ho-Ping Power Company received an administrative pleading submitted by Taiwan Power Company to the Taipei High Administrative Court, which was transferred to the Taipei District Court in February 2017, and expanded the claim amount to $10.76 billion. The case is now under review by the Taipei District Court after Taiwan Power Company paid court fees in November 2017. b) In November 2015, Ho-Ping Power Company received a complaint of civil litigation brought by Taiwan Power Company at the Taipei District Court based on the same ground of the aforementioned administrative litigation. The case is currently under review by the Taipei District Court. 2) Taiwan Power Company filed a lawsuit against other independent power producers based on the same ground, which was overruled by the Taipei District Court on February and June 2018. Ho-Ping Power Company will report such court decision to the Taipei District Court to pursue a favorable judgment. 3) Given such situations, Ho-Ping Power Company considered the chance of losing the litigations remote and, therefore, did not recognize relevant losses.

(Concluded)

f. To execute the cement barge replacement plan, Da-Ho Maritime Corporation, based on its board of directors' resolution dated December 20, 2013, entered into an agreement with Supero Seiki Co., Ltd. for the purchase of two sets of bulk cement handling equipment in the aggregate amount of US$7,600 thousand, among which US$4,380 thousand was paid as of the date that this report was authorized.

   Based on another resolution from the board of directors dated July 31, 2015, Da-Ho Maritime Corporation entered into an agreement with Cardinal Maritime S.A. for the purchase of two new cement barges in the aggregate amount of JPY7,036,000 thousand, among which JPY2,462,600 thousand had been paid as of the date of this financial report was authorized. The board of directors adopted resolution dated October 15, 2015 to purchase six bulk carriers from Sumitomo Corporation. The actual agreement with Sumitomo Corporation is to purchase four bulk carriers in the aggregate amount of US$107,680 thousand, and US$75,966 thousand has been paid as of the date this report was authorized for issue.

33. SIGNIFICANT EVENTS AFTER REPORTING PERIODS

The Corporation's board of directors approved to set up a new subsidiary "Taiwan Cement (Dutch) Holdings B.V." in October 2018. This subsidiary and Ordu Yardimlasma Kurumu will establish a new corporation through joint venture. The total amount of cash injection will not be over US$1,100 million, and the Corporation will acquire 40% of equity in this new joint venture corporation and indirectly get cement investment projects in areas such as Turkey.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

September 30, 2017

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 43,468	30.260 (USD:NTD)	$ 1,315,342
USD	50,910	6.610 (USD:RMB)	1,537,971
USD	54,635	7.800 (USD:HKD)	1,650,480
			$ 4,503,793
Financial liabilities			
Monetary items			
USD	42,253	30,260 (USD:NTD)	$ 1,278,572
USD	1,378,067	7.800 (USD:HKD)	41,630,578
HKD	102,264	0.847 (HKD:RMB)	396,068
			$ 43,305,218

December 31, 2017

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

September 30, 2018

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 157,715	30.525 (USD:NTD)	$ 4,814,250
USD	46,722	6.886 (USD:RMB)	1,430,771
USD	2,716	7.850 (USD:HKD)	83,162
HKD	138,437	0.877 (HKD:RMB)	540,042
			$ 6,868,225
Financial liabilities			
Monetary items			
USD	68,742	30.525 (USD:NTD)	$ 2,098,354
USD	979,375	7.850 (USD:HKD)	29,991,254
HKD	139,783	0.877 (HKD:RMB)	545,293
			$ 32,634,901

For the three months ended September 30, 2017 and 2018 and the nine months ended September 30, 2017 and 2018, realized and unrealized net foreign exchange gains (losses) were $(6,833) thousand, $74,230 thousand, $(217,619) thousand and $(136,169) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

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

6) Disposal 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 (Note 10)

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

11) Information on investees (Table 7)

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

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the 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 period balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds

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

36. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of segment. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

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

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

c. Electricity segment - thermal power generation.

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

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

Segment revenue and results

	Segment Revenue For the Nine Months Ended September 30		Segment Income For the Nine Months Ended September 30	
	2017	2018	2017	2018
Cement segment	$ 49,904,208	$ 65,966,462	$ 5,858,801	$ 16,806,853
Chemical engineering segment	9,752,582	11,835,610	(249,203)	343,265
Electricity segment	7,330,458	8,925,291	3,530,718	3,394,012
Other segments	1,964,860	2,929,991	151,869	485,654
	$ 68,952,108	$ 89,657,354	9,292,185	21,029,784
Share of profit of associates and joint ventures			996,650	1,663,716
Dividend income			796,998	1,247,451
Interest income			171,328	364,654
Finance costs			(1,420,845)	(1,827,585)
Foreign exchange losses, net			(217,619)	(136,169)
Administrative expenses and directors' remuneration			(44,014)	(53,505)
Other income and expenses, net			(348,127)	487,051
Income before tax			$ 9,226,556	$ 22,775,397

Segment profit represented profit before tax earned by each segment without an allocation of central administrative expenses, directors' remuneration, the share of profit of associates and joint ventures accounted for by using the equity method, dividend income, interest income, finance costs, unrealized net foreign exchange losses and income tax expense.

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018
(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 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
1	Taiwan Transport & Storage Corporation	Ta-Ho Onyx RSEA Environment Co., Ltd. (Note 2)	Other receivables - related parties	Yes	$ 10,000	$ -	$ -	-	The need for short-term financing	$ -	Operating capital	$ -	-	$ -	$ 810,508	$ 810,508	
		TCC Chemical Corporation (Note 2)	Other receivables - related parties	Yes	300,000	300,000	300,000	1.54	The need for short-term financing	-	Operating capital	-	-	-	810,508	810,508	
2	Ta-Ho Onyx Taitung Environment Co., Ltd.	Onyn Ta-Ho Energy Recovery Co., Ltd. (Note 2)	Other receivables - related parties	Yes	110,000	-	-	-	The need for short-term financing	-	Operating capital	-	-	-	118,532	118,532	
2	Taiwan Cement Engineering Corporation	TCC Chemical Corporation (Note 2)	Other receivables - related parties	Yes	200,000	200,000	200,000	1.54	The need for short-term financing	-	Operating capital	-	-	-	287,782	287,782	
3	TCC (Guigang) Cement Ltd.	TCC Huaying Cement Company Limited (Note 2)	Other receivables - related parties	Yes	1,373,760	1,280,776	889,428	3.48	The need for short-term financing	-	Operating capital	-	-	-	18,779,044	37,558,089	
		Guigang TCC Donyuan Environmental Technology Limited	Other receivables - related parties	Yes	854,991	511,421	511,421	4.35	The need for short-term financing	-	Operating capital	-	-	-	7,511,618	7,511,618	
		Scitus Luzhou Concrete Co., Ltd. (Note 2)	Other receivables - related parties	Yes	95,400	88,943	-	-	The need for short-term financing	-	Operating capital	-	-	-	18,779,044	37,558,089	
		Guizhou Kong On Cement Company Limited (Note 2)	Other receivables - related parties	Yes	310,050	289,064	-	-	The need for short-term financing	-	Operating capital	-	-	-	18,779,044	37,558,089	
		TCC Anshun Cement Company Limited (Note 2)	Other receivables - related parties	Yes	477,000	444,714	-	-	The need for short-term financing	-	Operating capital	-	-	-	18,779,044	37,558,089	
		TCC Yingde Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	477,000	444,714	-	-	The need for short-term financing	-	Operating capital	-	-	-	18,779,044	37,558,089	
		Scitus Luzhou Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	1,335,600	1,245,199	-	-	The need for short-term financing	-	Operating capital	-	-	-	18,779,044	37,558,089	
		Scitus Naxi Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	477,000	444,714	133,414	3.48	The need for short-term financing	-	Operating capital	-	-	-	18,779,044	37,558,089	
		TCC Huaihua Cement Company Limited (Note 2)	Other receivables - related parties	Yes	954,000	889,428	482,959	3.48	The need for short-term financing	-	Operating capital	-	-	-	18,779,044	37,558,089	
		TCC Jingzhou Cement Company Limited (Note 2)	Other receivables - related parties	Yes	715,500	667,071	662,600	3.48	The need for short-term financing	-	Operating capital	-	-	-	18,779,044	37,558,089	
4	Yingde Dragon Mountain Cement Co., Ltd.	TCC Yingde Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	954,000	889,428	-	-	The need for short-term financing	-	Operating capital	-	-	-	11,325,504	22,651,008	
		TCC Liaoning Cement Company Limited (Note 2)	Other receivables - related parties	Yes	1,087,560	1,013,948	1,013,948	3.05	The need for short-term financing	-	Operating capital	-	-	-	11,325,504	22,651,008	
5	TCC Yingde Cement Co., Ltd.	TCC Jingzhou Cement Company Limited (Note 2)	Other receivables - related parties	Yes	238,500	222,357	-	-	The need for short-term financing	-	Operating capital	-	-	-	18,562,035	37,124,071	
		TCC (Dong Guan) Cement Company Limited (Note 2)	Other receivables - related parties	Yes	477,000	444,714	-	-	The need for short-term financing	-	Operating capital	-	-	-	18,562,035	37,124,071	
		Guizhou Kaili Rui An Jian Cai Co., Ltd. (Note 2)	Other receivables - related parties	Yes	715,500	667,071	-	-	The need for short-term financing	-	Operating capital	-	-	-	18,562,035	37,124,071	
		TCC Anshun Cement Company Limited (Note 2)	Other receivables - related parties	Yes	954,000	889,428	-	-	The need for short-term financing	-	Operating capital	-	-	-	18,562,035	37,124,071	
		TCC Guangan Cement Company Ltd. (Note 2)	Other receivables - related parties	Yes	954,000	889,428	-	-	The need for short-term financing	-	Operating capital	-	-	-	18,562,035	37,124,071	
		TCC Liaoning Cement Company Limited (Note 2)	Other receivables - related parties	Yes	222,357	222,357	88,943	3.48	The need for short-term financing	-	Operating capital	-		-	18,562,035	37,124,071	
		Scitus Naxi Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	238,500	222,357	133,414	3.48	The need for short-term financing	-	Operating capital	-	-	-	18,562,035	37,124,071	
		Guizhou Kong On Cement Company Limited (Note 2)	Other receivables - related parties	Yes	477,000	444,714	244,593	3.48	The need for short-term financing	-	Operating capital	-	-	-	18,562,035	37,124,071	
		TCC Shaoguan Cement Co., Limited (Note 2)	Other receivables - related parties	Yes	353,411	329,490	329,490	3.68	The need for short-term financing	-	Operating capital	-	-	-	18,562,035	37,124,071	

(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 Item	Collateral Value	Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
		TCC Chongqing Cement Company Limited (Note 2)	Other receivables - related parties	Yes	$ 477,000	$ 444,714	$ 400,243	3.48	The need for short-term financing	$ -	Operating capital	$ -	-	$ -	$ 18,562,035	$ 37,124,071	
		Scitus Luzhou Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	858,600	800,485	466,950	3.48	The need for short-term financing	-	Operating capital	-	-	-	18,562,035	37,124,071	
		TCC Huaihua Cement Company Limited (Note 2)	Other receivables - related parties	Yes	954,000	889,428	744,896	3.48	The need for short-term financing	-	Operating capital	-	-	-	18,562,035	37,124,071	
6	TCC Fuzhou Cement Co., Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd. (Note 2)	Other receivables - related parties	Yes	238,500	222,357	-	-	The need for short-term financing	-	Operating capital	-	-	-	924,463	2,773,390	
		TCC New (Hangzhou) Management Company Limited (Note 2)	Other receivables - related parties	Yes	477,000	444,714	-	-	The need for short-term financing	-	Operating capital	-	-	-	924,463	2,773,390	
		TCC Liaoning Cement Company Limited (Note 2)	Other receivables - related parties	Yes	333,900	311,300	133,414	3.48	The need for short-term financing	-	Operating capital	-	-	-	924,463	2,773,390	
7	TCCIH	TCC Yingde Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	249,093	231,877	231,877	-	The need for short-term financing	-	Operating capital	-	-	-	81,116,470	162,232,941	
8	Prime York Ltd.	UPPV (Note 2)	Other receivables - related parties	Yes	199,563	198,951	198,951	-	The need for short-term financing	-	Operating capital	-	-	-	2,827,652	5,655,303	
9	Jurong TCC Cement Co., Ltd.	Guizhou Kong On Cement Company Limited (Note 2)	Other receivables - related parties	Yes	333,900	311,300	-	-	The need for short-term financing	-	Operating capital	-	-	-	11,317,341	22,634,682	
		TCC Yingde Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	477,000	444,714	-	-	The need for short-term financing	-	Operating capital	-	-	-	11,317,341	22,634,682	
		TCC Guangan Cement Company Ltd. (Note 2)	Other receivables - related parties	Yes	477,000	444,714	-	-	The need for short-term financing	-	Operating capital	-	-	-	11,317,341	22,634,682	
		TCC Anshun Cement Company Limited (Note 2)	Other receivables - related parties	Yes	954,000	889,428	-	-	The need for short-term financing	-	Operating capital	-	-	-	11,317,341	22,634,682	
		TCC Chongqing Cement Company Limited (Note 2)	Other receivables - related parties	Yes	954,000	889,428	-	-	The need for short-term financing	-	Operating capital	-	-	-	11,317,341	22,634,682	
		TCC Huaihua Concrete Company Limited (Note 2)	Other receivables - related parties	Yes	143,100	133,414	44,471	3.48	The need for short-term financing	-	Operating capital	-	-	-	11,317,341	22,634,682	
		Scitus Luzhou Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	715,500	667,071	88,943	3.48	The need for short-term financing	-	Operating capital	-	-	-	11,317,341	22,634,682	
		TCC Liaoning Cement Company Limited (Note 2)	Other receivables - related parties	Yes	333,900	311,300	289,064	3.48	The need for short-term financing	-	Operating capital	-	-	-	11,317,341	22,634,682	
		TCC Huaihua Cement Company Limited (Note 2)	Other receivables - related parties	Yes	1,192,500	1,111,785	1,022,842	3.48	The need for short-term financing	-	Operating capital	-	-	-	11,317,341	22,634,682	
10	TCC Anshun Cement Company Limited	Anshun Xin Tai Construction Materials Company Limited (Note 2)	Other receivables - related parties	Yes	95,400	88,943	-	-	The need for short-term financing	-	Operating capital	-	-	-	6,662,994	13,325,988	
		Scitus Luzhou Concrete Co., Ltd. (Note 2)	Other receivables - related parties	Yes	143,100	133,414	-	-	The need for short-term financing	-	Operating capital	-	-	-	6,662,994	13,325,988	
		Guizhou Kaili Rui An Jian Cai Co., Ltd. (Note 2)	Other receivables - related parties	Yes	143,100	133,414		-	The need for short-term financing	-	Operating capital	-	-	-	6,662,994	13,325,988	
		Scitus Luzhou Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	143,100	133,414	88,943	3.48	The need for short-term financing	-	Operating capital	-	-	-	6,662,994	13,325,988	
		TCC Chongqing Cement Company Limited (Note 2)	Other receivables - related parties	Yes	477,000	444,714	222,357	3.48	The need for short-term financing	-	Operating capital	-	-	-	6,662,994	13,325,988	
		Guizhou Kong On Cement Company Limited (Note 2)	Other receivables - related parties	Yes	286,200	266,828	244,593	3.48	The need for short-term financing	-	Operating capital	-	-	-	6,662,994	13,325,988	
11	TCC Guangan Cement Company Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd. (Note 2)	Other receivables - related parties	Yes	95,400	88,943	-	-	The need for short-term financing	-	Operating capital	-	-	-	3,163,098	6,326,197	
		Scitus Luzhou Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	143,100	133,414	-	-	The need for short-term financing	-	Operating capital	-	-	-	3,163,098	6,326,197	
12	Wayly Holdings Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd. (Note 2)	Other receivables - related parties	Yes	61,364	61,175	61,175	-	The need for short-term financing	-	Operating capital	-	-	-	3,100,314	6,200,627	
13	TCC Chongqing Cement Company Limited	TCC Jingzhou Cement Company Limited (Note 2)	Other receivables - related parties	Yes	95,400	88,943	-	-	The need for short-term financing	-	Operating capital	-	-	-	5,474,324	10,948,649	
		TCC Huaying Cement Company Limited (Note 2)	Other receivables - related parties	Yes	119,250	111,179	-	-	The need for short-term financing	-	Operating capital	-	-	-	5,474,324	10,948,649	
		Guizhou Kong On Cement Company Limited (Note 2)	Other receivables - related parties	Yes	143,100	133,414	-	-	The need for short-term financing	-	Operating capital	-	-	-	5,474,324	10,948,649	

(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 Item	Collateral Value	Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
		Guizhou Kaili Rui An Jian Cai Co., Ltd. (Note 2)	Other receivables - related parties	Yes	$ 238,500	$ 222,357	$ -	-	The need for short-term financing	$ -	Operating capital	$ -	-	$ -	$ 5,474,324	$ 10,948,649	
		Scitus Luzhou Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	238,500	222,357	-	-	The need for short-term financing	-	Operating capital	-	-	-	5,474,324	10,948,649	
		TCC Guangan Cement Company Ltd. (Note 2)	Other receivables - related parties	Yes	477,000	444,714	-	-	The need for short-term financing	-	Operating capital	-	-	-	5,474,324	10,948,649	
		Scitus Naxi Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	143,100	133,414	133,414	3.48	The need for short-term financing	-	Operating capital	-	-	-	5,474,324	10,948,649	
		TCC Huaihua Cement Company Limited (Note 2)	Other receivables - related parties	Yes	715,500	667,071	546,554	3.48	The need for short-term financing	-	Operating capital	-	-	-	5,474,324	10,948,649	
14	TCC New (Hangzhou) Management Company Limited	Scitus Luzhou Concrete Co., Ltd. (Note 2)	Other receivables - related parties	Yes	38,160	35,577	-	-	The need for short-term financing	-	Operating capital	-	-	-	548,721	1,097,422	
		Scitus Naxi Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	262,350	244,593	195,674	3.48	The need for short-term financing	-	Operating capital	-	-	-	548,721	1,097,422	
		Scitus Luzhou Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	295,740	275,723	231,251	3.48	The need for short-term financing	-	Operating capital	-	-	-	548,721	1,097,422	
15	Prosperity Minerals (China) Ltd.	TCC New (Hangzhou) Management Company Limited (Note 2)	Other receivables - related parties	Yes	380,392	354,645	354,645	-	The need for short-term financing	-	Operating capital	-	-	-	990,910	1,981,819	
16	Da Tong (Guigang) International Logistics Co., Ltd.	Guigang Da-Ho Shipping Co., Ltd. (Note 2)	Other receivables - related parties	Yes	143,100	133,414	-	-	The need for short-term financing	-	Operating capital	-	-	-	567,684	1,135,369	
17	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Scitus Naxi Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	143,100	133,414	-	-	The need for short-term financing	-	Operating capital	-	-	-	3,051,058	6,102,117	
18	TCC Huaihua Cement Company Limited	TCC Jingzhou Cement Company Limited (Note 2)	Other receivables - related parties	Yes	95,400	88,943	-	-	The need for short-term financing	-	Operating capital	-	-	-	2,063,454	4,126,908	
19	Scitus Luzhou Cement Co., Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd. (Note 2)	Other receivables - related parties	Yes	95,400	88,943	-	-	The need for short-term financing	-	Operating capital	-	-	-	2,093,454	4,186,909	

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 Company Limited 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)

TABLE 2

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee Name	Endorsee/Guarantee Relationship (Note 3)	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
0	Taiwan Cement Corporation	TCCI	b	$ 85,061,569	$ 28,902,815	$ 28,113,525	$ 13,869,797	$ -	16.53	$ 170,123,138	Yes	No	No	
		TCC Investment Corporation	b	85,061,569	2,600,000	2,570,000	1,340,000	-	1.51	170,123,138	Yes	No	No	
		TCC Chemical Corporation	b	85,061,569	1,913,000	1,493,000	505,000	-	0.88	170,123,138	Yes	No	No	
		Union Cement Traders Inc.	b	85,061,569	1,450,000	1,430,000	580,000	-	0.84	170,123,138	Yes	No	No	
		Ho Sheng Mining Co., Ltd.	b	85,061,569	99,884	99,884	-	99,884	0.06	170,123,138	Yes	No	No	
		Jin Chang Minerals Corporation	b	85,061,569	68,848	68,848	39,814	39,814	0.04	170,123,138	Yes	No	No	
1	TCCIH	TCC (Guigang) Cement Ltd.	b	40,558,235	9,133,163	9,133,163	1,844,696	-	11.26	81,116,470	Yes	No	Yes	
		Jurong TCC Cement Co., Ltd.	b	40,558,235	3,024,133	3,004,053	422,478	-	3.70	81,116,470	Yes	No	Yes	
		TCC Yingde Cement Co., Ltd.	b	40,558,235	1,794,359	1,741,284	292,680	-	2.15	81,116,470	Yes	No	Yes	
		TCC Chongqing Cement Company Limited	b	40,558,235	1,406,311	1,380,068	490,339	-	1.70	81,116,470	Yes	No	Yes	
		TCC Liaoning Cement Company Limited	b	40,558,235	1,265,580	896,009	-	-	1.10	81,116,470	Yes	No	Yes	
		TCC Fuzhou Cement Co., Ltd.	b	40,558,235	1,242,630	1,181,942	44,471	-	1.46	81,116,470	Yes	No	Yes	
		Scitus Luzhou Cement Co., Ltd.	b	40,558,235	921,450	915,750	-	-	1.13	81,116,470	Yes	No	Yes	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	b	40,558,235	614,300	610,500	-	-	0.75	81,116,470	Yes	No	Yes	
		Guizhou Kong On Cement Company Limited	b	40,558,235	360,096	308,303	-	-	0.38	81,116,470	Yes	No	Yes	
2	TCC (Guigang) Cement Ltd.	TCCI (HK)	c	9,389,522	685,260	-	-	-	-	18,779,044	No	Yes	No	
3	Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	c	209,175	137,462	137,462	137,462	-	197.15	209,175	No	Yes	No	

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 Ltd., 50% of the net equity in their respective latest financial statements.
b. For endorsement/guarantee given by Taiwan Cement Corporation due to business transactions, 50% of the business transaction amounts in the previous year.
c. For Ho Sheng Mining Co., Ltd., 300% of its net equity in its latest financial statements.

Note 2: Aggregate endorsement/guarantee limit was 300% of its net equity in its latest financial statements for Ho Sheng Mining Co., Ltd., and the limit for other the endorsers/guarantors was the net equity in their respective 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 directly or indirectly owns more than 50% of the ordinary shares of the endorsee/guarantee.
c. The endorsee/guarantee directly or indirectly owns more than 50% of the ordinary shares of the endorser/guarantor.
d. Company in which the public company directly or indirectly holds 90% or more of the voting shares may make endorsements/guarantees for each other.
e. Due to joint venture, all shareholders provide endorsements/guarantees to the endorsee/guarantee in proportion to its ownership.

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
SEPTEMBER 30, 2018
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2018 Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	Note
Taiwan Cement Corporation	Shares							
	Chien Kuo Construction Co., Ltd.	-	FVTPL - current	9,403	$ 110,013	-	$ 110,013	
	Taiwan Television Enterprise, Ltd.	The Corporation serves as supervisor	FVTPL - current	13,573	92,159	-	92,159	
	Chinatrust Financial Holding Co., Ltd.	-	FVTPL - current	3,575	82,239	-	82,239	
	China Hi-Ment Corporation	The Corporation serves as director	FVTOCI - current	30,196	1,690,985	-	1,690,985	
	Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	61,149	901,946	-	901,946	
	CTCI Corporation	-	FVTOCI - current	9,054	444,569	-	444,569	
	Chia Hsin Cement Corporation	Directors	FVTOCI - current	27,419	381,130	-	381,130	
	O-Bank	The Corporation serves as director	FVTOCI - current	29,719	245,776	-	245,776	
	China Synthetic Rubber Corporation (Note 3)	The Corporation serves as director	FVTOCI - non-current	60,698	2,391,509	-	2,391,509	
	IBT II Venture Capital Corporation	-	FVTOCI - non-current	2,626	20,426	8.3	20,426	
	Rong Gong Enterprise Co.	The Corporation serves as supervisor	FVTOCI - non-current	3,390	14,035	4.0	14,035	
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	29,553	1,108,813	9.4	1,108,813	
	Pan Asia Corporation	The Corporation serves as supervisor	FVTOCI - non-current	6,204	8,996	5.4	8,996	
	Taiwan Stock Exchange Corporation	The Corporation serves as director	FVTOCI - non-current	45,983	3,464,794	6.6	3,464,794	
	Excel Corporation	-	FVTOCI - non-current	600	-	9.5	-	
Taiwan Transport & Storage Corporation	Shares							
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	8,632	119,979	-	119,979	
TCC Investment Corporation	Shares							
	O-Bank	The Group serves as director	FVTOCI - current	21,934	181,394	-	181,394	21,000 thousand shares were pledged
	Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	11,697	172,535	-	172,535	
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	8,334	115,841	-	115,841	7,000 thousand shares were pledged
	China Conch Venture Holdings Limited	-	FVTOCI - non-current	28,000	2,981,924	-	2,981,924	
	China Synthetic Rubber Corporation (Note 3)	The Corporation serves as director	FVTOCI - non-current	16,109	634,695	-	634,695	1,934 thousand shares were pledged
	Chinatrust Investment Co., Ltd.	The Group serves as director	FVTOCI - non-current	10,884	408,362	3.5	408,362	
	Pan Asia Corporation	The Group serves as supervisor	FVTOCI - non-current	1	14	-	14	
Ta-Ho Maritime Corporation	Shares							
	Prosperity Dielectrics Co., Ltd.	-	FVTPL - current	951	72,767	-	72,767	
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	25,761	358,082	-	358,082	
	Chinatrust Investment Co., Ltd.	The Group serves as director	FVTOCI - non-current	6,612	248,070	2.1	248,070	
Taiwan Cement Engineering Corporation	Beneficiary certificates							
	Capital Money Market Fund	-	FVTPL - current	2,930	47,146	-	47,146	
TCC Chemical Corporation	Shares							
	Taiwan Stock Exchange Corporation	The Group serves as director	FVTOCI - non-current	2,626	197,842	-	197,842	
TCC Information Systems Corporation	Beneficiary certificates							
	Yuanta De-Bao Money Market Fund	-	FVTPL - current	2,575	30,860	-	30,860	
	Fuh Hwa You Li Money Market	-	FVTPL - current	2,288	30,753	-	30,753	
	Shares							
	China Synthetic Rubber Corporation (Note 3)	The Corporation serves as director	FVTOCI - non-current	1,505	59,316	-	59,316	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2018				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taiwan Prosperity Chemical Corporation	Shares							
	Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	76,863	$ 1,133,735	-	$ 1,133,735	
Hoping Industrial Port Corporation	Shares							
	Chinatrust Investment Co., Ltd.	The Group serves as director	FVTOCI - non-current	10,444	391,848	3.3	391,848	
E.G.C. Cement Corporation	Beneficiary certificates							
	Nomura Global Short Duration Bond Fund	-	FVTPL - current	2,367	24,517	-	24,517	
	Nomura Taiwan Money Market Fund	-	FVTPL - current	2,467	40,154	-	40,154	
	UPAMC James Bond Money Market Fund	-	FVTPL - current	1,205	20,084	-	20,084	
	Taishin 1699 Money Market Fund	-	FVTPL - current	742	10,013	-	10,013	
	Shares							
	Der Pao Construction Co., Ltd.	-	FVTPL - current	30	-	0.1	-	
Union Cement Traders Inc.	Shares							
	Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	27,012	398,426	-	398,426	
	CTCI Corporation	-	FVTOCI - current	13,365	656,237	-	656,237	
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	7,441	103,430	-	103,430	
	China Synthetic Rubber Corporation (Note 3)	The Corporation serves as director	FVTOCI - non-current	8,396	330,809	-	330,809	
	Videoland Inc.	-	FVTOCI - non-current	6,437	428,992	5.6	428,992	
TCCI (Group)	Beneficiary certificates							
	Mega Diamond Money Market Fund	-	FVTPL - current	3,130	39,705	-	39,705	
	Shares							
	Anhui Conch Cement Co., Ltd.	-	FVTOCI - non-current	116,568	21,486,076	-	21,486,076	
	Yargoon Co., Ltd.	-	FVTOCI - non-current	19	729	12.5	729	

Note 1: Marketable securities in the table refer to shares, bonds, beneficiary certificates and other related securities within the scope of IFRS 9 "Financial Instruments".

Note 2: Refer to Tables 7 and 8 for the information on investments in subsidiaries, associates and joint ventures.

Note 3: China Synthetic Rubber Corporation changed its name to International CSRC Investment Holdings Co., Ltd. in October 2018.

(Concluded)

TABLE 4

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE SHARE CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018
(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 on Disposal (Note 4)		Shares	Amount
Taiwan Cement Corporation	Shares E-ONE Moli Energy Corporation	Investments accounted for using equity method (Note 3)	-	Associates	983	$ 1,572	47,535	$ 475,351	391 (Note 2)	$ -	$ -	$ -	$ 26,975	48,127	$ 503,898
	Taiwan Prosperity Chemical Corporation	Investments accounted for using equity method	-	Subsidiaries	145,988	1,608,901	-	-	29,197	787,369	321,659	465,710	175,787	116,791	1,463,029
	TCCI	Investments accounted for using equity method	-	Subsidiaries	600,876	60,108,134	98,625	3,037,650	-	-	-	-	11,564,590	699,501	74,710,374
	TCCIH	Investments accounted for using equity method	-	Subsidiaries	1,319,841	19,054,259	808,472	13,860,000	-	-	-	-	1,475,849	2,128,313	34,390,108
	TCC Green Energy Corporation	Investments accounted for using equity method	-	Subsidiaries	10,000	179,619	140,000	1,400,000	-	-	-	-	(10,111)	150,000	1,569,508

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

Note 2: The shares of capital reduction handled by E-ONE Moli Energy Corporation.

Note 3: The original investments previously recognized as financial assets at FVTOCI, refer to Note 8 for information related to acquiring shares of E-ONE Moli Energy Corporation.

Note 4: The capital surplus recorded is the difference between the purchase price and the carrying amount on the date on which the subsidiaries are acquired or disposed of.

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 NINE MONTHS ENDED SEPTEMBER 30, 2018
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note 1)	
Taiwan Cement Corporation	Chia Hsin Cement Corporation	Director	Sales	$ (299,694)	(2)	65 days after the end of the day when delivery was made	$ -	-	$ 87,759	26	
	Feng Sheng Enterprise Company	Subsidiary	Sales	(243,308)	(2)	30 days	-	-	58,861	18	Note 2
			Purchases	239,892	2	30 days	-	-	(18,787)	(3)	Note 2
	TCCIH	Subsidiary	Service revenue	(380,877)	(3)	By contract	-	-	40,655	12	Note 2
	Taiwan Transport & Storage Corporation	Subsidiary	Purchases	390,549	4	30 days	-	-	(95,097)	(13)	Note 2
	China Hi-Ment Corporation	The Corporation serves as director	Purchases	372,669	3	60 days	-	-	(144,109)	(20)	
	Hoping Industrial Port Corporation	Subsidiary	Purchases	325,060	3	20 days	-	-	(24,227)	(3)	Note 2
	Ta-Ho Maritime Corporation	Subsidiary	Purchases	706,026	6	30 days	-	-	(189,799)	(26)	Note 2
	E.G.C. Cement Corporation	Subsidiary	Sales	(291,955)	(2)	50 days after the end of the day when delivery was made	-	-	55,496	17	Note 2
	Jin Chang Minerals Corporation	Subsidiary	Purchases	419,737	4	30 days	-	-	(115,398)	(16)	Note 2
	Ho Sheng Mining Co., Ltd.	Subsidiary	Purchases	338,263	3	30 days	-	-	(45,100)	(6)	Note 2
	Kuan-Ho Refractories Industry Corporation	Subsidiary	Purchases	144,110	1	By contract	-	-	(71,360)	(10)	Note 2
E.G.C. Cement Corporation	Taiwan Cement Corporation	Parent company	Purchases	291,955	100	50 days after the end of the day when delivery was made	-	-	(55,496)	(99)	Note 2
Ho-Ping Power Company	Hoping Industrial Port Corporation	The same parent company	Purchases	758,880	12	20 days	-	-	(26,202)	(18)	Note 2
	HPC Power Service Corporation	The same parent company	Purchases	308,771	5	By contract	-	-	(105,771)	(72)	Note 2
Hoping Industrial Port Corporation	Taiwan Cement Corporation	Parent company	Sales	(325,060)	(30)	20 days	-	-	24,227	46	Note 2
	Ho-Ping Power Company	The same parent company	Sales	(758,880)	(69)	20 days	-	-	26,202	50	Note 2
	Taiwan Transport & Storage Corporation	The same parent company	Purchases	141,527	79	30 days	-	-	(15,361)	(86)	Note 2
Feng Sheng Enterprise Company	Taiwan Cement Corporation	Parent company	Sales	(239,892)	(15)	30 days	-	-	18,787	100	Note 2
			Purchases	243,308	15	30 days	-	-	(58,861)	(100)	Note 2
Taiwan Transport & Storage Corporation	Taiwan Cement Corporation	Parent company	Sales	(390,549)	(43)	30 days	-	-	95,097	60	Note 2
	Taiwan Prosperity Chemical Corporation	The same parent company	Sales	(148,032)	(16)	By contract	-	-	33,514	21	Note 2
	Hoping Industrial Port Corporation	The same parent company	Sales	(141,527)	(15)	30 days	-	-	15,361	10	Note 2
Jin Chang Minerals Corporation	Taiwan Cement Corporation	Parent company	Sales	(419,737)	(100)	30 days	-	-	115,398	100	Note 2
Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	Parent company	Sales	(338,263)	(90)	30 days	-	-	45,100	78	Note 2
HPC Power Service Corporation	Ho-Ping Power Company	The same parent company	Sales	(308,771)	(100)	By contract	-	-	105,771	100	Note 2
Ta-Ho Maritime Corporation	Taiwan Cement Corporation	Parent company	Freight revenue	(706,026)	(32)	30 days	-	-	189,799	85	Note 2
	THC International S.A.	Subsidiary	Rent expense	163,471	9	Agreed upon by both parties	-	-	(84,045)	(63)	Note 2
Taiwan Prosperity Chemical Corporation	Taiwan Transport & Storage Corporation	The same parent company	Purchases	148,032	1	By contract	-	-	(33,514)	(28)	Note 2

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note 1)	
Kuan-Ho Refractories Industry Corporation	Taiwan Cement Corporation	Parent company	Sales	$ (144,110)	(15)	By contract	$ -	-	$ 71,360	89	Note 2
TCCIH	Taiwan Cement Corporation	Parent company	Service expense	380,877	100	By contract	-	-	(40,655)	(100)	Note 2
THC International S.A.	Ta-Ho Maritime Corporation	Parent company	Rent revenue	(163,471)	(100)	Agreed upon by both parties	-	-	84,045	100	Note 2
Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Gui Ggang) Cement Ltd.	The same ultimate parent company	Freight revenue	(240,673)	(94)	Agreed upon by both parties	-	-	60,092	100	Note 2
Guigang Da-Ho Shipping Co., Ltd.	TCC Yingde Cement Co., Ltd.	The same ultimate parent company	Freight revenue	(175,549)	(25)	Agreed upon by both parties	-	-	45,294	57	Note 2
	TCC (Gui Ggang) Cement Ltd.	The same ultimate parent company	Freight revenue	(217,468)	(31)	Agreed upon by both parties	-	-	31,590	40	Note 2
TCC (Gui Ggang) Cement Ltd.	Da Tong (Guigang) International Logistics Co., Ltd.	The same ultimate parent company	Purchases	240,673	4	Agreed upon by both parties	-	-	(60,092)	(21)	Note 2
	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	217,468	4	Agreed upon by both parties	-	-	(31,590)	(11)	Note 2
TCC Yingde Cement Co., Ltd.	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	175,549	3	Agreed upon by both parties	-	-	(45,294)	(15)	Note 2
HKCCL	Quon Hing Concrete Co., Ltd.	Associated	Sales	(146,941)	(35)	Agreed upon by both parties	-	-	30,458	37	

Note 1: The percentage to total accounts receivable from (payable to) related parties.

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

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE SHARE CAPITAL
SEPTEMBER 30, 2018
(In Thousands of New Taiwan Dollars)

Related Party	Company Name	Relationship	Ending Balance	Turnover Rate (%)	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Ta-Ho Maritime Corporation	Taiwan Cement Corporation (Note)	Parent company	$ 189,799	5.4	$ -	-	$ 26,516	$ -
Jin Chang Minerals Corporation	Taiwan Cement Corporation (Note)	Parent company	115,398	4.6	-	-	58,091	-
HPC Power Service Corporation	Ho-Ping Power Company (Note)	The same parent company	105,771	3.9	-	-	33,657	-

Note: All intercompany transactions have been eliminated upon consolidation.

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount: December 31, 2017	Original Investment Amount: September 30, 2018	As of September 30, 2018: Shares/Units (In Thousands)	As of September 30, 2018: %	As of September 30, 2018: Carrying Amount	Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
Taiwan Cement Corporation	TCCI	British Virgin Islands	Investment holding	$ 18,344,635	$ 21,382,285	699,501	100.00	$ 74,710,374	$ 9,473,394	$ 9,473,394	Note
	Ho-Ping Power Company	Taiwan	Thermal power generation	6,037,720	6,037,720	805,940	59.50	16,625,213	1,659,913	987,648	Note
	Hoping Industrial Port Corporation	Taiwan	Hoping Industrial Port management	3,198,500	3,198,500	319,990	100.00	5,464,801	495,512	495,497	Note
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	528,506	528,506	118,649	64.79	2,268,714	281,371	182,293	Note
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	1,284,143	992,173	116,791	40.00	1,463,029	324,256	150,174	Note
	Taiwan Transport & Storage Corporation	Taiwan	Warehousing, transportation and sale of sand and gravel	90,862	90,862	32,668	83.85	1,795,680	131,220	110,022	Note
	TCC Investment Corporation	Taiwan	Investment	190,000	190,000	63,150	100.00	3,814,875	166,684	166,684	Note
	Ho Sheng Mining Co., Ltd.	Taiwan	Mining excavation and sale of limestone	1,414,358	1,414,358	30,100	100.00	1,072,795	58,771	58,771	Note
	CCC USA Corporation	U.S.A.	Rubber raw materials	481,983	481,983	39	33.33	801,610	262,804	87,601	
	Taiwan Cement Engineering Corporation	Taiwan	Engineering services	319,439	319,439	59,593	99.05	754,213	60,389	60,850	Note
	ONYX Ta-Ho Environmental Services Co., Ltd.	Taiwan	Waste collection and treatment	72,000	72,000	30,176	50.00	700,051	483,422	241,711	
	Kuan-Ho Refractories Industry Corporation	Taiwan	Production and sale of refractory materials	181,050	181,050	18,105	95.29	429,508	99,564	94,874	Note
	Feng Sheng Enterprise Company	Taiwan	Sale of ready-mixed concrete	250,000	250,000	27,261	45.43	343,946	21,451	9,746	Note
	TCC Chemical Corporation	Taiwan	Leasing property and energy technology services	1,510,842	1,510,842	240,000	100.00	922,277	24,395	50,096	Note
	Ta-Ho Onyx Taitung Environment Co., Ltd.	Taiwan	Waste collection and treatment	313,187	313,187	37,100	100.00	296,982	653	653	Note
	TCC Information Systems Corporation	Taiwan	Information software	71,000	71,000	14,904	99.36	265,116	17,271	17,161	Note
	Ta-Ho Onyx RSEA Environment Co., Ltd.	Taiwan	Waste collection and treatment	666,000	666,000	66,600	66.60	202,557	(6,813)	(4,537)	Note
	HKCMCL	Hong Kong	Investment holding	72,005	72,005	38	84.65	300,982	18,721	15,848	Note
	TCC Green Energy Corporation	Taiwan	Renewable energy generation	46,046	1,446,046	150,000	100.00	1,569,508	(10,111)	(10,111)	Note
	Jin Chang Minerals Corporation	Taiwan	Afforestation and sale of limestone	18,042	18,042	1,800	100.00	197,278	67,741	67,741	Note
	HPC Power Service Corporation	Taiwan	Business consulting	1,861	1,861	6	60.00	85,678	139,021	83,413	Note
	E.G.C. Cement Corporation	Taiwan	Sale of cement	184,359	184,359	8,063	50.64	101,891	7,465	3,781	Note
	Synpac Ltd.	British Virgin Islands	Investment	70,367	70,367	2,700	25.00	6,927	229	57	
	Tung Chen Mineral Corporation	Taiwan	Afforestation and sale of limestone	1,989	1,989	20	99.45	1,363	(31)	(31)	Note
	TMC	Philippines	Mining excavation	11,880	11,880	120	72.70	-	-	-	Note
	TPMC	Philippines	Mining excavation	2,105	2,105	20	40.00	-	-	-	Note
	TCCIH	Cayman Islands	Investment holding	19,125,321	32,985,321	2,128,313	33.83	34,390,108	13,007,804	3,246,353	Note
	E-ONE Moli Energy Corporation	Taiwan	Manufacturing and sale of lithium battery	10,728	481,811	48,127	15.97	503,898	205,583	32,690	
Taiwan Transport & Storage Corporation	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	247,229	300,507	53,438	29.18	1,021,793	281,371	82,658	Note
	E.G.C. Cement Corporation	Taiwan	Sale of cement	126,518	136,476	7,857	49.36	128,678	7,465	3,311	Note
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	97,181	97,181	9,718	12.74	31,129	(27,033)	(3,445)	
	Ho Swen Construction Material Co., Ltd.	Taiwan	Sand and gravel filtering and sale	10,200	10,200	1,020	51.00	123	(101)	(52)	Note
TCC Investment Corporation	Union Cement Traders Inc.	Taiwan	Import and export trading	219,450	219,450	21,945	100.00	1,131,704	78,535	78,535	Note
	Ho-Ping Power Company	Taiwan	Thermal power generation	68,911	68,911	5,067	0.50	136,241	1,659,913	8,300	Note
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	11,168	10,528	658	0.23	8,243	324,256	731	Note
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	343	343	34	0.02	656	281,371	52	Note
	E-ONE Moli Energy Corporation	Taiwan	Manufacturing and sale of lithium battery	145,253	172,648	18,068	6.00	40,935	205,583	12,273	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2017	September 30, 2018	Shares/Units (In Thousands)	%	Carrying Amount			
Ta-Ho Maritime Corporation	Ta-Ho Maritime Holdings Ltd.	Samoa	Investment	$ 325,995	$ 325,995	10,300	100.00	$ 4,167,658	$ 183,616	$ 183,616	Note
	Shih Hsin Storage & Transportation Co., Ltd.	Taiwan	Warehousing, transportation and sale of cement	30,952	30,952	3,114	3.34	9,016	(63,523)	(2,122)	
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	8,825	8,825	883	1.16	2,834	(27,033)	(314)	
Taiwan Cement Engineering Corporation	TCEC Corporation	Brunei Darussalam	Investment	16,295	-	-	-	-	94	94	Note
TCC Information Systems Corporation	Taicem Information (Samoa) Pte., Ltd.	Samoa	Investment	3,042	3,042	2,128	100.00	48,204	1,860	1,860	Note
Hoping Industrial Port Corporation	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	104,929	104,929	6,675	2.29	83,617	324,256	7,413	Note
	E-ONE Moli Energy Corporation	Taiwan	Manufacturing and sale of lithium battery	49,142	60,862	6,633	2.20	15,027	205,583	4,505	
E.G.C. Cement Corporation	Shih Hsin Storage & Transportation Co., Ltd.	Taiwan	Warehousing, transportation and sale of cement	110,128	110,128	11,082	11.87	32,044	(63,523)	(7,540)	
Feng Sheng Enterprise Company	Ho Swen Construction Material Co., Ltd.	Taiwan	Sand and gravel filtering and sale	1,800	1,800	180	9.00	-	-	-	Note
Union Cement Traders Inc.	Shih Hsin Storage & Transportation Co., Ltd.	Taiwan	Warehousing, transportation and sale of cement	34,203	34,203	3,442	3.69	9,953	(63,523)	(2,343)	
	Taiwan Transport & Storage Corporation	Taiwan	Warehousing, transportation and sale of sand and gravel	2,612	2,612	261	0.67	14,362	131,220	880	Note
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	2,835	2,835	283	0.37	908	(27,033)	(100)	
	E-ONE Moli Energy Corporation	Taiwan	Manufacturing and sale of lithium battery	132,049	161,605	17,412	5.78	39,449	205,583	11,827	
Ho-Ping Power Company	Ho-Ping Renewable Energy Company	Taiwan	Renewable energy generation	-	1,000	100	100.00	1,000	-	-	Note
TCC Green Energy Corporation	TCC Chiayi Green Energy Corporation	Taiwan	Renewable energy generation	-	202,000	20,200	100.00	200,837	(1,163)	(1,163)	Note
	TCC Yunlin Green Energy Corporation	Taiwan	Renewable energy generation	-	25,000	2,500	100.00	24,985	(15)	(15)	Note
	TCC Hualien Green Energy Corporation	Taiwan	Renewable energy generation	-	2,000	200	100.00	1,402	(598)	(598)	Note
	TCC Chang-Ho Green Energy Corporation	Taiwan	Renewable energy generation	-	5,000	500	100.00	4,988	(12)	(12)	Note
	TCC Kao-Cheng Green Energy Corporation	Taiwan	Renewable energy generation	-	2,000	200	100.00	1,988	(12)	(12)	Note
	TCC Nan-Chung Green Energy Corporation	Taiwan	Renewable energy generation	-	20,000	2,000	100.00	19,988	(12)	(12)	Note
Ta-Ho Maritime Holdings Ltd.	THC International S.A.	Panama	Marine transportation	59,818	61,355	2	100.00	2,640,535	115,382	115,382	Note
	Sheng Ho Maritime S.A.	Panama	Marine transportation	59,818	61,355	2	100.00	468,284	(2,752)	(2,752)	Note
	Ta-Ho Maritime (Hong Kong) Limited	Hong Kong	Marine transportation	151,776	155,678	5,100	100.00	620,573	66,830	66,830	Note
	Chi Ho Maritime S.A.	Panama	Marine transportation	193,738	198,718	7	100.00	353,541	3,650	3,650	Note
	Ta-Ho Maritime (Singapore) Pte. Ltd.	Singapore	Marine transportation	2,976	3,053	100	100.00	73,657	449	449	Note
TCC International Ltd. (Group)	Quon Hing Concrete Co., Ltd.	Hong Kong	Investment holding	169,377	173,559	100	50.00	272,838	116,620	58,310	
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	148,554	148,554	14,855	19.48	47,586	(27,033)	(5,266)	
	Hong Kong Concrete Co., Ltd.	Hong Kong	Cement processing services	25,971	26,613	129	31.50	223,402	57,530	18,122	

Note: All intercompany transactions have been eliminated upon consolidation.

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2018
(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, 2018 (Note 2)	Investment Flow (Note 2)		Accumulated Outward Remittance for Investment from Taiwan as of June 30, 2018 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of June 30, 2018 (Note 3)	Accumulated Repatriation of Investment Income as of June 30, 2018	Note
					Outflow	Inflow							
Anhui King Bridge Cement Co., Ltd.	Manufacturing and sale of cement	$ 457,875	(a)	$ 155,678	$ -	$ -	$ 155,678	$ 4,553	60.00	$ 2,732	$ 231,993	$ -	Note 7
TCC Fuzhou Cement Co., Ltd.	Manufacturing and sale of cement	496,031	(a)	280,258	-	-	280,258	17,584	100.00	17,584	895,189	-	Note 7
TCC Fuzhou Yangyu Port Co., Ltd.	Port for cement transportation	152,625	(a)	86,233	-	-	86,233	(175)	100.00	(175)	285,065	-	Note 7
TCC Liuzhou Construction Materials Company Limited.	Manufacturing and sale of slag	412,088	(a)	98,901	-	-	98,901	127,226	42.00	53,435	416,352	-	Note 7
TCC Yingde Cement Co., Ltd.	Manufacturing and sale of cement	7,765,560	(a)	4,852,285	-	-	4,852,285	2,712,826	100.00	2,712,826	20,258,489	-	Note 7
Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	7,112,325	(a)	4,151,247	-	-	4,151,247	1,169,511	100.00	1,169,511	11,865,858	-	Note 7
TCC (Guangan) Cement Ltd.	Manufacturing and sale of cement	10,161,037	(a)	7,267,999	-	-	7,267,999	3,029,419	100.00	3,029,419	20,950,096	-	Note 7
Jiangsu TCC Investment Co., Ltd.	Investment	1,526,250	(a)	862,331	-	-	862,331	262,200	100.00	262,200	2,660,875	-	Note 7
Yingde Dragon Mountain Cement Co., Ltd.	Manufacturing and sale of cement	1,899,096	(a)	3,316,026	-	-	3,316,026	1,731,422	100.00	1,731,422	12,428,654	-	Note 7
TCC Liaoning Cement Company Limited	Manufacturing and sale of cement	1,645,756	(a)	1,360,850	-	-	1,360,850	(53,949)	100.00	(53,949)	1,711,713	-	Note 7
TCC Anshun Cement Company Limited	Manufacturing and sale of cement	4,685,282	(a)	3,413,488	-	-	3,413,488	1,009,236	100.00	1,009,236	7,305,501	-	Note 7
TCC Chongqing Cement Co., Ltd.	Manufacturing and sale of cement	3,601,950	(a)	2,604,434	-	-	2,604,434	1,083,863	100.00	1,083,863	6,250,686	-	Note 7
TCC Guangan Cement Company Ltd.	Manufacturing and sale of cement	2,350,120	(a)	1,706,206	-	-	1,706,206	637,442	100.00	637,442	3,619,948	-	Note 7
TCC (Dong Guan) Cement Company Limited	Manufacturing and sale of cement	610,500	(a)	344,933	-	-	344,933	16,213	100.00	16,213	320,670	-	Note 7
Guizhou Kong On Cement Company Limited	Manufacturing and sale of cement	619,658	(a)	279,309	-	-	279,309	169,661	65.00	110,280	533,300	-	Note 7
TCC New (Hangzhou) Management Company Limited	Operation management	244,200	(a)	137,973	-	-	137,973	13,824	100.00	13,824	187,086	-	Note 7
Guizhou Kaili Rui An Jian Cai Co., Ltd.	Manufacturing and sale of cement	1,728,534	(a)	1,092,014	-	-	1,092,014	715,835	100.00	715,835	3,588,474	-	Note 7
TCC Shaoguan Cement Co., Limited	Manufacturing and sale of cement	1,221,000	(a)	1,088,216	-	-	1,088,216	(10,199)	100.00	(10,199)	1,162,443	-	Note 7
TCC Huaying Cement Company Limited	Manufacturing and sale of cement	4,213,668	(a)	3,123,312	-	-	3,123,312	648,105	100.00	648,105	2,809,502	-	Note 7
TCC Huaihua Cement Company Limited (Note 4)	Manufacturing and sale of cement	412,548	(a)	5,717,509	-	-	5,717,509	505,412	100.00	505,412	2,453,237	-	Note 7
TCC Jingzhou Cement Company Limited (Note 4)	Manufacturing and sale of cement	44,360	(a)	-	-	-	-	171,004	100.00	171,004	1,266,400	-	Note 7
TCC Huaihua Concrete Company Limited (Note 4)	Sale of ready-mixed concrete	44,360	(a)	-	-	-	-	(17,976)	100.00	(17,976)	50,971	-	Note 7
TCC Jiangsu Mining Industrial Company Limited	Mining of limestone	122,100	(a)	381,773	-	-	381,773	(13,384)	100.00	(13,384)	278,625	-	Note 7
TCC Yingde Mining Industrial Company Limited	Mining of limestone	351,038	(a)	276,180	-	-	276,180	16,042	100.00	16,042	447,015	-	Note 7
TCC Guigang Mining Industrial Company Limited	Mining of limestone	152,625	(a)	131,826	-	-	131,826	3,585	100.00	3,585	371,717	-	Note 7
Scitus Naxi Cement Co., Ltd. (Note 5)	Manufacturing and sale of cement	649,918	(a)	-	-	-	-	138,981	100.00	138,981	268,259	-	Note 7
Scitus Luzhou Cement Co., Ltd. (Note 5)	Manufacturing and sale of cement	1,752,220	(a)	-	-	-	-	375,758	100.00	375,758	2,350,962	-	Note 7
Scitus Hejiang Cement Co., Ltd. (Note 5)	Manufacturing and sale of cement	103,137	(a)	-	-	-	-	(1,632)	100.00	(1,632)	10,660	-	Note 7
Scitus Luzhou Concrete Co., Ltd. (Note 5)	Sale of ready-mixed concrete	110,900	(a)	-	-	-	-	8,369	100.00	8,369	144,563	-	Note 7
Anshun Xin Tai Construction Materials Company Limited	Sand and gravel filtering and sale of ready-mixed concrete	66,540	(a)	92,961	-	-	92,961	796	100.00	796	64,792	-	Note 7
TCEC (Yingde) Machine Co., Ltd. (Note 6)	Production and sale of cement machinery and assembly work	16,295	(b)	16,295	-	-	16,295	60,761	100.00	60,761	170,646	-	Note 7
Fuzhou TCC Information Technology Co., Ltd. (Note 6)	Software product and equipment maintenance	3,053	(c)	3,053	-	-	3,053	1,689	100.00	1,689	42,463	-	Note 7
Da Tong (Guigang) International Logistics Co., Ltd. (Note 6)	Logistics and transportation	152,625	(d)	152,625	-	-	152,625	67,010	100.00	67,010	603,937	-	Note 7
Da Tong (Ying De) Logistics Co., Ltd. (Note 6)	Logistics and transportation	22,180	(d)	22,180	-	-	22,180	10,635	100.00	10,635	92,902	-	Note 7
Guigang Da-Ho Shipping Co., Ltd. (Note 6)	Marine transportation	17,744	(d)	17,744	-	-	17,744	45,954	100.00	45,954	314,406	-	Note 7
Prosperity Conch Cement Co., Ltd. (Note 6)	Manufacturing and sale of cement	2,572,880	(a)	2,227,029	-	-	2,227,029	3,366,421	25.00	841,605	4,270,519	-	
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd. (Note 6)	Manufacturing and sale of cement	3,659,700	(a)	1,451,926	-	-	1,451,926	490,144	30.00	147,043	1,594,535	-	
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd. (Note 6)	Manufacturing and sale of cement	1,830,205	(a)	703,088	-	-	703,088	572,718	30.00	171,815	828,870	-	
Sichuan Taichang Building Material Group Company Limited (Note 6)	Manufacturing and sale of cement	887,200	(a)	351,468	-	-	351,468	190,952	30.00	57,286	55,856	-	
Guangan Xin Tai Construction Materials Company Limited (Note 6)	Manufacturing and sale of concrete aggregate	68,758	(a)	47,982	-	-	47,982	-	50.00	-	-	-	
Guigang TCC Donyuan Environmental Technology Limited (Note 9)	Waste collection and treatment	4,446	(e)	-	4,446	-	4,446	-	40.00	-	4,446	-	

(Continued)

Accumulated Investment in Mainland China as of September 30, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$71,698,370	$72,978,882	(Note 8)

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 Corp. (Brunei).
c. Investment through Taicem Information (Samoa) Pte. Ltd.
d. Investment through Ta-Ho Maritime (Hong Kong) Limited.
e. Investment through TCC (Gui Gang) Cement Ltd.

Note 2: Including outward remittance from offshore subsidiaries.

Note 3: For TCC Yingde Cement Co., Ltd., TCC (Gui Gang) Cement Ltd., TCC Anshun Cement Company Limited, TCC Chongqing Cement Company Limited, Jurong TCC Cement Co., Ltd. and Yingde Dragon Mountain Cement Co., Ltd. the carrying amounts and investment gains or losses are based on the reviewed financial statements, and those for all other entities are not.

Note 4: As of September 30, 2018, 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 September 30, 2018, 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., while the other companies were disposed of in March 2013. The investment amounts authorized to be withdrawn had been processed by the Investment Commission, MOEA in June 2018.

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

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

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

Note 9: Taiwan Cement Engineering Corporation originally indirectly owned 100% of shares in TCEC (Yingde) Machine Co., Ltd through TCEC Corporation. The Brunei Darussalam government announced on December 22, 2016 that all international corporations have to wind up their business. Therefore, Taiwan Cement Engineering Corporation's direct ownership in TCEC (Yingde) Machine Co., Ltd. will have to wind up, the relevant procedures are still under the process as of September 30, 2018.

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

(Concluded)

TABLE 9

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transactions Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
0	Taiwan Cement Corporation	Feng Sheng Enterprise Company	1	Operating costs and expenses	$ 239,892	30 days	0.3
				Operating revenue	243,308	30 days	0.3
		Taiwan Transport & Storage Corporation	1	Operating costs and expenses	390,549	30 days	0.4
		Hoping Industrial Port Corporation	1	Operating costs and expenses	325,060	20 days	0.4
		Ho Sheng Mining Co., Ltd.	1	Operating costs and expenses	338,263	30 days	0.4
		TCCIH	1	Operating revenue	380,877	By contract	0.4
		Ta-Ho Maritime Corporation	1	Operating costs and expenses	706,026	30 days	0.8
				Payables to related parties	189,799	30 days	0.1
		E.G.C. Cement Corporation	1	Operating revenue	291,955	50 days after the end of the day when delivery was made	0.3
		Jin Chang Minerals Corporation	1	Operating costs and expenses	419,737	30 days	0.5
				Payables to related parties	115,398	30 days	-
		Kuan-Ho Refractories Industry Corporation	1	Operating costs and expenses	144,110	By contract	0.2
1	Ho-Ping Power Company	Hoping Industrial Port Corporation	3	Operating costs and expenses	758,880	20 days	0.8
		HPC Power Service Corporation	3	Operating costs and expenses	308,771	By contract	0.3
				Payables to related parties	105,771	By contract	-
2	TCC Chemical Corporation	Taiwan Prosperity Chemical Corporation	3	Finance lease receivables	151,461	By contract	-
				Long-term finance lease receivables	1,284,134	By contract	0.4
		Taiwan Transport & Storage Corporation	3	Other payables to related parties	300,000	By contract	0.1
		Taiwan Cement Engineering Corporation	3	Other payables to related parties	200,000	By contract	0.1
3	Taiwan Transport & Storage Corporation	Taiwan Prosperity Chemical Corporation	3	Operating revenue	148,032	By contract	0.2
		Hoping Industrial Port Corporation	3	Operating revenue	141,527	30 days	0.2
4	THC International S.A.	Ta-Ho Maritime Corporation	3	Operating revenue	163,471	Agreed upon by both parties	0.2
5	Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Gui Gang) Cement Ltd.	3	Operating revenue	240,673	Agreed upon by both parties	0.3
6	Guigang Da-Ho Shipping Co., Ltd.	TCC (Gui Gang) Cement Ltd.	3	Operating revenue	217,468	Agreed upon by both parties	0.2
		TCC Yingde Cement Co., Ltd.	3	Operating revenue	175,549	Agreed upon by both parties	0.2

Note 1: All intercompany transactions have been eliminated upon consolidation. The directional flow of the investment relationship is represented by the following numerals:

a. From parent to subsidiary: 1
b. From subsidiary to parent: 2
c. Between subsidiaries: 3

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