Taiwan Cement Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2018 and 2017 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of Taiwan Cement Corporation as of and for the year ended December 31, 2018, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10 “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Taiwan Cement Corporation and subsidiaries did not prepare a separate set of combined financial statements.

Very truly yours,

TAIWAN CEMENT CORPORATION

AN-PING CHANG
Chairman

March 22, 2019

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan Cement Corporation

Opinion

We have audited the accompanying consolidated financial statements of Taiwan Cement Corporation and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The description of the key audit matter of the Group's consolidated financial statements for the year ended December 31, 2018 is as follows:

Acquisition of Investments Accounted for by Using the Equity Method

As disclosed in Notes 4 and 14 to the consolidated financial statements, the Group established a new subsidiary Taiwan Cement (Dutch) Holdings B.V. in November 2018. Taiwan Cement (Dutch) Holdings B.V. and Ordu Yardimlasma Kurumu established a new corporation Dutch OYAK TCC Holdings B.V. through a joint venture. The Group acquired 40% of equity in Dutch OYAK TCC Holdings B.V., a new joint venture corporation, and indirectly acquires cement investment projects in areas such as Turkey. The Group's management evaluates that the Group has a significant influence on the joint venture but without control. According to IAS 28 Investments in associates and joint ventures, the joint venture accounts for by using the equity method. Since the investment amount is significant to the overall financial statements, we considered the equity method investment is considered as a key audit matter.

Our main audit procedures performed in respect of the equity method investment included the following:

1. We understood the management's relevant processes and control on how to assess the acquisition of the investment and whether it was properly approved.

2. We assessed the competence and objectivity of the external experts appointed by the management and reviewed the opinions on the reasonableness of the equity price.

3. We obtained the transaction voucher, equity agreement and equity registration documents to verify that of the transaction object and conditions were consistent with the approved proposal.

Other Matter

We have also audited the parent company only financial statements of Taiwan Cement Corporation as of and for the years ended December 31, 2018 and 2017 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Ya-Ling Wong Chih-ming, Shao

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2019

<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 audit such consolidated financial statements are those generally applied in the Republic of China.

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018		2017	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 48,507,889	14	$ 26,331,218	10
Financial assets at fair value through profit or loss (Notes 4, 7 and 30)	549,838	-	147,049	-
Financial assets at fair value through other comprehensive income (Notes 4, 8, 30 and 32)	6,334,259	2	-	-
Available-for-sale financial assets (Notes 4, 9, 30 and 32)	-	-	25,101,220	9
Financial assets at amortized cost (Notes 4, 6 and 32)	2,664,157	1	-	-
Notes receivable (Notes 4 and 10)	29,748,544	9	20,003,996	7
Accounts receivable (Notes 4, 10, 11 and 32)	8,216,174	2	7,072,466	3
Notes and accounts receivable from related parties (Notes 4 and 31)	271,618	-	229,702	-
Other receivables (Notes 4 and 25)	955,814	-	751,932	-
Inventories (Notes 4, 12 and 33)	9,464,303	3	8,354,522	3
Prepayments (Note 18)	3,034,021	1	2,914,701	1
Other financial assets (Notes 4, 6 and 32)	-	-	1,302,249	1
Other current assets (Note 31)	634,078	-	510,859	-
Total current assets	110,380,695	32	92,719,914	34
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4, 8, 30 and 32)	25,792,169	8	-	-
Available-for-sale financial assets (Notes 4, 9, 30 and 32)	-	-	3,455,938	1
Financial assets measured at cost (Note 4)	-	-	582,819	-
Investments accounted for by using the equity method (Notes 4 and 14)	46,247,974	13	7,940,701	3
Property, plant and equipment (Notes 4, 15, 24 and 32)	91,093,825	26	94,709,404	35
Investment properties (Notes 4, 16, 24 and 32)	6,344,460	2	6,374,920	2
Intangible assets (Notes 4, 17 and 24)	20,427,352	6	20,852,624	8
Prepayments for property, plant and equipment	2,624,195	1	2,926,304	1
Long-term finance lease receivables (Notes 4, 11 and 32)	30,951,796	9	32,425,584	12
Net defined benefit asset (Notes 4 and 22)	999,648	-	897,637	-
Long-term prepayments for leases (Note 18)	6,584,246	2	6,833,745	3
Other non-current assets (Notes 4, 25 and 32)	2,638,758	1	2,837,459	1
Total non-current assets	233,704,423	68	179,837,135	66
TOTAL	$ 344,085,118	100	$ 272,557,049	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Notes 19, 28 and 32)	$ 26,226,051	8	$ 20,314,112	7
Short-term bills payable (Note 19)	7,402,214	2	7,991,417	3
Financial liabilities at fair value through profit or loss (Notes 4, 7 and 30)	139,460	-	-	-
Contract liabilities	5,114,644	2	-	-
Notes and accounts payable (Note 31)	7,808,921	2	7,789,179	3
Other payables (Notes 21 and 33)	11,683,170	3	8,839,408	3
Current income tax liabilities (Notes 4 and 25)	4,090,640	1	1,651,042	1
Advance receipts	-	-	4,548,755	2
Long-term loans - current portion (Notes 19, 28 and 32)	1,923,945	1	13,910,242	5
Other current liabilities	114,799	-	148,805	-
Total current liabilities	64,503,844	19	65,192,960	24
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 20)	22,777,693	7	-	-
Long-term loans (Notes 19, 28 and 32)	24,631,973	7	43,494,968	16
Deferred income tax liabilities (Notes 4 and 25)	11,326,154	3	10,397,776	4
Long-term bills payable (Note 19)	22,476,880	7	-	-
Net defined benefit liabilities (Notes 4 and 22)	210,515	-	211,697	-
Other non-current liabilities (Note 33)	778,603	-	612,432	-
Total non-current liabilities	82,201,818	24	54,716,873	20
Total liabilities	146,705,662	43	119,909,833	44
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Notes 4, 23 and 27)				
Share capital	53,080,599	15	42,465,090	16
Capital surplus	47,836,241	14	25,739,065	9
Retained earnings	61,588,761	18	49,019,510	18
Others	19,038,454	6	19,124,539	7
Treasury shares	(2,545)	-	-	-
Equity attributable to shareholders of the parent	181,541,510	53	136,348,204	50
NON-CONTROLLING INTERESTS (Notes 23 and 27)	15,837,946	4	16,299,012	6
Total equity	197,379,456	57	152,647,216	56
TOTAL	$ 344,085,118	100	$ 272,557,049	100

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4 and 31)	$ 124,594,602	100	$ 98,311,776	100
OPERATING COSTS (Notes 4, 12, 24 and 31)	91,003,063	73	79,398,862	81
GROSS PROFIT	33,591,539	27	18,912,914	19
OPERATING EXPENSES (Notes 24 and 31)				
Marketing	901,611	1	791,540	1
General and administrative	4,485,361	4	4,126,090	4
Research and development	23,666	-	32,399	-
Total operating expenses	5,410,638	5	4,950,029	5
INCOME FROM OPERATIONS	28,180,901	22	13,962,885	14
NON-OPERATING INCOME AND EXPENSES				
Share of profit of associates and joint ventures (Notes 4 and 14)	2,263,413	2	1,271,111	1
Interest income (Note 4)	584,482	-	244,041	-
Dividend income (Note 4)	1,326,142	1	799,137	1
Other income (Note 24)	884,648	1	628,473	1
Finance costs (Notes 4 and 24)	(2,460,302)	(2)	(1,923,309)	(2)
Other expenses (Note 24)	(252,595)	-	(555,190)	(1)
Foreign exchange gains (losses), net	48,764	-	(241,360)	-
Impairment loss recognized on financial assets	-	-	(110,507)	-
Impairment loss recognized on non-financial assets (Notes 15 and 17)	(31,032)	-	(250,622)	-
Total non-operating income and expenses	2,363,520	2	(138,226)	-
INCOME BEFORE INCOME TAX	30,544,421	24	13,824,659	14
INCOME TAX EXPENSE (Notes 4 and 25)	7,900,350	6	3,501,859	3
NET INCOME	22,644,071	18	10,322,800	11

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TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 22)	$ 93,286	-	$ 12,233	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income (Note 23)	1,420,706	1	-	-
Share of other comprehensive income (loss) of associates and joint ventures (Note 23)	(168,150)	-	3,444	-
Income tax expense related to items that will not be reclassified subsequently to profit or loss (Note 25)	(26,091)	-	(2,080)	-
	1,319,751	1	13,597	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 23)	(3,973,489)	(3)	1,357,564	1
Unrealized gain on available-for-sale financial assets (Note 23)	-	-	8,815,404	9
Cash flow hedges (Note 23)	-	-	(13,167)	-
Share of other comprehensive loss of associates and joint ventures (Note 23)	(284,799)	-	(194,765)	-
Income tax expense related to items that may be reclassified subsequently to profit or loss (Notes 23 and 25)	1,861	-	(1,861)	-
	(4,256,427)	(3)	9,963,175	10
Other comprehensive income (loss) for the year, net of income tax	(2,936,676)	(2)	9,976,772	10
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 19,707,395	16	$ 20,299,572	21
NET INCOME ATTRIBUTABLE TO:				
Shareholders of the parent	$ 21,180,821	17	$ 7,594,247	7
Non-controlling interests	1,463,250	1	2,728,553	3
	$ 22,644,071	18	$ 10,322,800	10

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TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the parent	$ 18,245,179	15	$ 17,775,812	18
Non-controlling interests	1,462,216	1	2,523,760	3
	$ 19,707,395	16	$ 20,299,572	21

	Income Attributable to Shareholders of the Parent	
	2018	**2017**
EARNINGS PER SHARE (Note 26)		
Basic earnings per share	$4.37	$1.82
Diluted earnings per share	$4.37	$1.82

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent															
	Share Capital			Retained Earnings			Others									
	Ordinary Shares	Preferred Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Difference on Translating Foreign Operations	Unrealized Gain/Loss from 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 AT, 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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,258,975)	(2,258,975)
Net income for the year ended December 31, 2017	-	-	-	-	-	7,594,247	7,594,247	-	-	-	-	-	-	7,594,247	2,728,553	10,322,800
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	31,632	31,632	1,443,142	8,714,691	-	(7,900)	-	-	10,181,565	(204,793)	9,976,772
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	7,625,879	7,625,879	1,443,142	8,714,691	-	(7,900)	-	-	17,775,812	2,523,760	20,299,572
Difference between consideration received/paid and the carrying amount of subsidiaries' net assets during actual acquisitions and disposals	-	-	(1,224,547)	-	-	(590,238)	(590,238)	-	-	-	-	-	-	(1,814,785)	1,408,336	(406,449)
Changes in ownership interests of subsidiaries	-	-	2,120	-	-	-	-	-	-	-	-	-	-	2,120	389	2,509
Issuance of new shares for the acquisition of shares in subsidiaries	5,543,331	-	13,427,330	-	-	-	-	-	-	-	-	-	-	18,970,661	-	18,970,661
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(26,003,118)	(26,003,118)
Reversal of special reserve recognized from asset disposals	-	-	-	-	(849)	849	-	-	-	-	-	-	-	-	-	-
BALANCE AT, DECEMBER 31, 2017	42,465,090	-	25,739,065	14,025,109	13,049,635	21,944,766	49,019,510	(790,475)	19,915,014	-	-	-	-	136,348,204	16,299,012	152,647,216
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 AT, 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	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,175,906)	(2,175,906)
Net income for the year ended December 31, 2018	-	-	-	-	-	21,180,821	21,180,821	-	-	-	-	-	-	21,180,821	1,463,250	22,644,071
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	73,268	73,268	(4,246,746)	-	1,236,727	-	1,109	-	(2,935,642)	(1,034)	(2,936,676)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	21,254,089	21,254,089	(4,246,746)	-	1,236,727	-	1,109	-	18,245,179	1,462,216	19,707,395
Issuance of global depositary shares	4,375,000	-	12,339,355	-	-	-	-	-	-	-	-	-	-	16,714,355	-	16,714,355
Issuance of preference shares	-	2,000,000	7,973,907	-	-	-	-	-	-	-	-	-	-	9,973,907	-	9,973,907
Organization restructuring	-	-	-	-	-	(58,513)	(58,513)	-	-	-	-	-	-	(58,513)	(49,150)	(107,663)
Difference between consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	466,755	-	-	-	-	-	-	-	-	-	-	466,755	285,387	752,142
Changes in ownership interests of subsidiaries	-	-	41	-	-	-	-	-	-	-	-	-	-	41	22	63
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	(459)	-	-	(89)	(89)	-	-	-	-	-	-	(548)	-	(548)
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	1,321,032	1,321,032	-	-	(1,321,032)	-	-	-	-	-	-
Reversal of special reserve recognized from asset disposals	-	-	-	-	(573)	573	-	-	-	-	-	-	-	-	-	-
Equity components of issuance of convertible bonds	-	-	1,308,070	-	-	-	-	-	-	-	-	-	-	1,308,070	-	1,308,070
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	(218,166)	(218,166)	-	(218,166)
Compensation costs of treasury shares transferred to employees	-	-	45,448	-	-	-	-	-	-	-	-	-	-	45,448	-	45,448
Treasury shares transfer to employees	-	-	(35,941)	-	-	-	-	-	-	-	-	-	215,621	179,680	-	179,680
BALANCE AT, DECEMBER 31, 2018	$ 51,080,599	$ 2,000,000	$ 47,836,241	$ 14,784,534	$ 13,049,062	$ 33,755,165	$ 61,588,761	$ (5,037,221)	$ -	$ 24,074,566	$ -	$ 1,109	$ (2,545)	$ 181,541,510	$ 15,837,946	$ 197,379,456

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 30,544,421	$ 13,824,659
Adjustments for:		
Depreciation expense	6,129,527	6,080,554
Amortization expense	387,194	383,239
Net loss (gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	(19,306)	103,169
Finance costs	2,460,302	1,923,309
Interest income	(584,482)	(244,041)
Dividend income	(1,326,142)	(799,137)
Compensation costs	45,448	-
Share of profit of associates and joint ventures	(2,263,413)	(1,271,111)
Loss on disposal of property, plant and equipment, net	78,190	191,033
Loss on disposal of investment properties	16,642	-
Loss on disposal of investments, net	-	303
Impairment loss on financial assets	-	110,507
Impairment loss on non-financial assets	31,032	250,622
(Reversal of) write-downs of inventories	82,954	(112,076)
Unrealized loss on foreign exchange, net	240,681	114,129
Others	229,352	219,634
Changes in operating assets and liabilities:		
Financial assets held for trading	-	(105,184)
Financial assets mandatorily classified as at fair value through profit or loss	(10,517)	-
Notes receivable	(10,376,722)	(8,569,848)
Accounts receivable	(1,147,369)	(334,841)
Notes and accounts receivable from related parties	(40,768)	295,570
Other receivables	(117,510)	(70,927)
Other receivables from related parties	(21,008)	68,842
Inventories	(1,298,491)	(70,534)
Prepayments	(56,930)	(136,853)
Other current assets	(90,635)	(73,761)
Contract liabilities	598,875	-
Notes and accounts payable	88,650	254,865
Other payables	2,970,433	1,759,499
Advance receipts	-	1,311,936
Other current liabilities	(34,006)	74,443
Net defined benefit liability	(9,907)	(30,420)
Cash generated from operations	26,506,495	15,147,580
Income tax paid	(4,355,775)	(2,837,020)
Net cash generated from operating activities	22,150,720	12,310,560

(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of financial assets at fair value through other comprehensive income	$ (292,469)	$ -
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,333	-
Purchases of financial assets at amortized cost	(1,567,977)	-
Purchases of available-for-sale financial assets	-	(245,128)
Proceeds from sale of available-for-sale financial assets	-	57,597
Proceeds from the return of capital upon investees' capital reduction of financial assets carried at cost	-	5,833
Acquisition of investments accounted for by using the equity method	(33,485,490)	-
Proceeds from the return of capital upon investees' capital reduction of investees measured by using the equity method	10,884	185,902
Payments for property, plant and equipment	(4,317,919)	(1,523,028)
Proceeds from disposal of property, plant and equipment	389,942	242,135
Payments for intangible assets	(54,885)	(291,211)
Decrease in long-term finance lease receivables	1,473,788	1,240,456
Increase in other financial assets	-	(563,702)
Decrease in other non-current assets	292,444	688,785
Increase in prepayments for leases	(158,408)	(190,211)
Interest received	538,327	250,905
Dividends received	1,598,131	1,197,271
Net cash generated from (used in) investing activities	(35,572,299)	1,055,604
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	5,760,814	374,531
Issuance of bonds payable	24,223,847	-
Increase in long-term loans	16,244,617	9,412,885
Repayments of long-term loans	(48,536,395)	(10,020,076)
Increase in long-term bills payable	22,476,880	-
Increase (decrease) in short-term bills payable	(589,203)	2,069,899
Increase (decrease) in other non-current liabilities	166,171	(134,533)
Cash dividends paid	(8,536,670)	(7,612,630)
Issuance of shares for cash	26,688,262	-
Treasury shares transfer to employees	179,680	-
Payment for buy-back of treasury shares	(218,166)	-
Acquisitions of subsidiaries	(170,899)	(7,234,603)
Partial disposals of interests in subsidiaries without a loss of control	788,539	16,917
Interest paid	(2,249,022)	(1,764,869)
Net cash generated from (used in) financing activities	36,228,455	(14,892,479)

(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	$ (630,205)	$ (322,225)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	22,176,671	(1,848,540)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	26,331,218	28,179,758
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 48,507,889	$ 26,331,218

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Taiwan Cement Corporation (the "Corporation") was incorporated in 1946 and was 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, a land-to-the-tiller policy. The Corporation engages in the manufacture and marketing of cement, cement-related products and ready-mixed concrete. The Corporation's shares have been listed on the Taiwan Stock Exchange since February 1962.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation's board of directors on March 22, 2019.

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 of 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.

Financial Asset	Measurement Category IAS 39	Measurement Category IFRS 9	Carrying Amount IAS 39	Carrying Amount IFRS 9	Remark
Equity securities	Available-for-sale	Mandatorily at fair value through profit or loss (FVTPL)	$ 307,090	$ 307,090	a)
	Available-for-sale	At fair value through other comprehensive income (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 in the amount of $152,157 thousand and to other equity - unrealized gain (loss) on financial assets at FVTOCI in the amount 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 to 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 are classified as 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 on January 1, 2019

	Carrying Amount as of January 1, 2018 before Restated	**Adjustments Arising from Initial Application**	**Carrying Amount as of January 1, 2018 after 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 and the IFRSs endorsed by the FSC for application starting 2019

New IFRSs	**Effective Date Announced by IASB (Note 1)**
"Annual Improvements to IFRS Standards 2015-2017 Cycle"	January 1, 2019
Amendments to IFRS 9 " Prepayment Features with Negative Compensation"	January 1, 2019 (Note 2)
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, IFRIC 4, 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 Corporation as leasor.

Anticipated impact on assets, liabilities and equity on January 1, 2019

	Carrying Amount as of December 31, 2018	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2019
Anticipated impact on assets, liabilities and equity on January 1, 2019			
Prepayments	$ 3,034,021	$ (25,476)	$ 3,008,545
Right-of-use assets	-	2,537,250	2,537,250
Total effect on assets	$ 3,034,021	$ 2,511,774	$ 5,545,795
Lease liabilities - current	$ -	$ 351,267	$ 351,267
Lease liabilities - non-current	-	2,160,507	2,160,507
Total effect on liabilities	$ -	$ 2,511,774	$ 2,511,774

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

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

b. Basis of preparation

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

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

d. Basis of consolidation

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

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

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

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

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

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group 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 not retranslated.

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

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

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

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

g. Inventories

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

h. Investments in associates and joint ventures

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

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

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

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

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

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

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

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

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

i. Property, plant and equipment

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

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

Freehold land is not depreciated.

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

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

j. Investment properties

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

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

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

k. Goodwill

Goodwill arising from the acquisition of a business is measured 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, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Group assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

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

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

n. Non-current assets held for sale

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

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

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

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

When a subsidiary, joint venture, associate, or a portion of an interest in a joint venture or an associate previously classified as held for sale no longer meets the criteria to be so classified, it is measured at the carrying amount that would have been recognized had such interests not been classified as held for sale. 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 FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

2018

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 30.

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, trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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

iii. Investments in equity instruments at FVTOCI

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

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

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

<u>2017</u>

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 assets are held for trading.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on their remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 30.

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 FVTPL.

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

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

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

iii. Loans and receivables

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

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

b) Impairment of financial assets

<u>2018</u>

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

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables 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 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.

<u>2017</u>

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

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

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

Before 2018, 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 which 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 financial assets 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 which 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 measured at amortized cost using the effective interest method.

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

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 30.

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 Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

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

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

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

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

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

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

5) Derivative financial instruments

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

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument and in which event the timing of the recognition in profit or loss depends on the nature of the hedging 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 financial assets at FVTPL. Starting from 2018, derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at financial assets at FVTPL.

p. Hedge accounting

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

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

Before 2018, hedge accounting was discontinued prospectively when the Group revoked the designated hedging relationship; when the hedging instrument expired or was sold, terminated, or exercised; or when the hedging instrument 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 cumulative gain or loss on the hedging instrument that was previously recognized in other comprehensive income (from the period in which the hedge was effective) remains separately in equity until the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the gains or losses accumulated in equity are recognized immediately in profit or loss.

q. Revenue recognition

<u>2018</u>

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

Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location and the control of the products has transferred to the customer.

2) Revenue from the rendering of services

Revenue from the rendering of services 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) Sale of electric power

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) Rendering of services

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

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

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

3) Sale of electric power

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

4) Dividend and interest income

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

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

r. Leasing

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

1) The Group as lessor

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

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

2) The Group as lessee

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

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

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

s. Borrowing costs

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

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

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

t. Government grants

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

u. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Other long-term employee benefits

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

v. 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. The grant date of issued ordinary shares for cash which are reserved for employees and treasury shares transferred to employees is the date on which the number of shares purchased by employees purchase is confirmed

w. Taxation

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

1) Current tax

According to the Income Tax Law, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

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

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. For deferred tax assets arising from deductible temporary differences associated with such investments and equity, the interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, management is required to make judgments, 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 unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

b. Impairment loss of property, plant and equipment

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2018	2017
Cash on hand	$ 9,364	$ 8,031
Checking accounts and demand deposits	21,245,130	15,092,905
Cash equivalents		
Time deposits with original maturities of less than 3 months	26,914,519	10,148,250
Bonds with repurchase agreements	338,876	1,082,032
	$ 48,507,889	$ 26,331,218

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

	December 31	
	2018	2017
Cash in banks	0.01%-3.00%	0.01%-2.60%
Bonds with repurchase agreements	0.31%-2.90%	0.34%-2.00%

As of December 31, 2018 and 2017, time deposits with original maturities of more than 3 months were $2,382,467 thousand and $916,813 thousand, respectively, which are classified as financial assets at amortized cost and other financial assets.

7. FINANCIAL INSTRUMENTS AT FVTPL

	December 31	
	2018	2017
Financial assets at FVTPL - current		
Financial assets held for trading		
Non-derivative financial assets		
Mutual funds	$ -	$ 147,049
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	220,787	-
Domestic emerging market shares	85,780	-
Mutual funds	243,271	-
	549,838	-
	$ 549,838	$ 147,049

(Continued)

	December 31	
	2018	2017
Financial liabilities at FVTPL - current		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Convertible options	$ 139,460	$ -

(Concluded)

8. FINANCIAL ASSETS AT FVTOCI (INVESTMENTS IN EQUITY INSTRUMENTS) - 2018

	December 31, 2018
Current	
Domestic investments	
Listed shares	$ 6,282,884
Preference shares	51,375
	6,334,259
Non-current	
Domestic investments	
Unlisted shares	5,865,710
Foreign investments	
Listed shares	19,926,459
	$ 25,792,169

These investments in equity instruments were classified as available-for-sale and financial assets carried at cost under IAS 39. Refer to Note 3 and 9 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.

For the years ended December 31, 2018, the Group paid $673,918 thousand and $3,060,365 thousand to acquire shares of E-ONE Moli Energy Corporation and International CSRC Investment Holdings Co., Ltd. The investments increased the Group's percentage of ownership from 15.1% to 29.9% and 12.5% to 19.2%. 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 $1,321,032 thousand, which was previously recognized as other equity - unrealized gain (loss) on financial assets at FVTOCI, was reclassified to retained earnings.

Refer to Note 32 for information relating to investments in equity instruments at FVTOCI pledged as collateral for credit accommodations.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31, 2017
Domestic investments	
Listed shares	$ 10,145,547
Emerging market shares	89,037
Mutual funds	84,478
	10,319,062
Foreign investments	
Listed shares	18,238,096
	$ 28,557,158
Current	$ 25,101,220
Non-current	3,455,938
	$ 28,557,158

Refer to Note 32 for information relating to available-for-sale financial assets pledged as collateral for credit accommodations.

10. NOTES AND ACCOUNTS RECEIVABLE

	December 31	
	2018	2017
Notes receivable	$ 29,759,920	$ 20,017,541
Accounts receivable	8,255,737	7,201,163
Less: Allowance for impairment loss	(50,939)	(142,242)
	$ 37,964,718	$ 27,076,462

For the year ended December 31, 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 recognizes an allowance for impairment loss of 100% against past due receivables which have indication of impairment.

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.

The aging analysis of receivables was as follows:

	December 31, 2018
Up to 90 days	$ 23,527,413
91-180 days	12,394,387
181-365 days	2,009,676
Over 365 days	33,242
	$ 37,964,718

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 Year Ended December 31, 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	(35,088)
Less: Amounts written off	(56,163)
Foreign exchange translation gains and losses	(52)
Balance at December 31, 2018	$ 50,939

For the year ended December 31, 2017

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

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

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

The aging analysis of receivables was as follows:

	December 31, 2017
Up to 90 days	$ 20,070,369
91-180 days	6,646,244
181-365 days	245,462
Over 365 days	114,387
	$ 27,076,462
Account receivables that were past due but not impaired	$ 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
(Reversal of) allowances	(1,951)	3,662	1,711
Write-offs	(1,114)	(1,299)	(2,413)
Effects of exchange rate changes	6,939	-	6,939
Balance at December 31, 2017	$ 103,130	$ 39,112	$ 142,242

11. FINANCE LEASE RECEIVABLES

	December 31	
	2018	2017
Not later than 1 year	$ 5,040,945	$ 4,954,918
Later than 1 year and not later than 5 years	21,692,882	21,155,252
Later than 5 years	27,423,395	33,001,970
	54,157,222	59,112,140
Less: Unearned finance income	21,683,760	25,398,223
Less: Accumulated impairment	47,878	47,878
Present value of minimum lease payments	$ 32,425,584	$ 33,666,039
Current (included in accounts receivable)	$ 1,473,788	$ 1,240,455
Non-current	30,951,796	32,425,584
	$ 32,425,584	$ 33,666,039

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

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

Refer to Note 32 for information relating to financial lease receivables pledged as collateral for bank borrowings, which were recorded under property, plant and equipment before transitioning to IFRSs.

12. INVENTORIES

	December 31	
	2018	2017
Finished goods	$ 2,624,617	$ 1,806,371
Work in process	1,322,979	1,096,548
Raw materials	5,516,707	5,451,603
	$ 9,464,303	$ 8,354,522

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2018 and 2017 was $84,741,088 thousand and $74,376,931 thousand, respectively.

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

	For the Year Ended December 31	
	2018	2017
(Reversal of) inventory write-downs	$ 82,954	$ (112,076)

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

Refer to Note 33 for information relating to bills of lading pledged as collateral for bank borrowings.

13. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

The consolidated financial statements include subsidiaries which are as follows:

			Proportion of Ownership (%)		
			December 31		
Investor	Investee	Main Business	2018	2017	Remark
Taiwan Cement Corporation	Taiwan Transport & Storage Corporation	Warehousing, transportation and sale of sand and gravel	83.9	83.9	
	TCC Investment Corporation	Investment	100.0	100.0	
	Kuan-Ho Refractories Industry Corporation	Production and sale of refractory materials	95.3	95.3	
	Kuan-Ho Construction & Development Corporation	Construction and lease services	-	92.9	5)
	Hong Kong Cement Manufacturing Co., Ltd. ("HKCMCL")	Investment holding	84.7	84.7	
	Ta-Ho Maritime Corporation	Marine transportation	64.8	64.8	
	Taiwan Cement Engineering Corporation	Engineering services	99.0	99.0	
	TCC Green Energy Corporation	Renewable energy generation	100.0	100.0	4)
	TCC Chemical Corporation	Leasing property and energy technology services	100.0	100.0	5)
	TCC Information Systems Corporation	Information software design	99.4	99.4	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%) December 31 2018	Proportion of Ownership (%) December 31 2017	Remark
	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	40.0	50.0	2) 8)
	Tung Chen Mineral Corporation	Afforestation and sale of limestone	99.5	99.5	
	Jin Chang Minerals Corporation	Afforestation and sale of limestone	100.0	100.0	
	Hoping Industrial Port Corporation	Hoping Industrial Port management	100.0	100.0	
	TCC International Ltd. ("TCCI")	Investment holding	100.0	100.0	9)
	Ho-Ping Power Company	Thermal power generation	59.5	59.5	
	Ta-Ho Taitung Environment Co., Ltd.	Waste collection and treatment	100.0	100.0	
	HPC Power Services Corporation	Business consulting	60.0	60.0	
	E.G.C. Cement Corporation	Sale of cement	50.6	50.6	
	Feng Sheng Enterprise Company Limited	Sale of ready-mixed concrete	45.4	45.4	8)
	Trans Philippines Mineral Corp. ("TPMC")	Mining excavation	40.0	40.0	8)
	Taicorn Minerals Corp. ("TMC")	Mining excavation	72.7	72.7	
	Ta-Ho Onyx RSEA Environment Co., Ltd.	Waste collection and treatment	66.6	66.6	
	Ho Sheng Mining Co., Ltd.	Mining excavation	100.0	100.0	
	TCC International Holdings Limited ("TCCIH")	Investment	38.3	24.1	1) 9)
	Taiwan Cement (Dutch) Holdings B.V.	Investment	100.0	-	12)
Taiwan Transport & Storage Corporation	E.G.C. Cement Corporation	Sale of cement	49.4	44.4	2)
	Ho Swen Construction Material Co., Ltd.	Sand and gravel filtering and sale	-	51.0	3)
	Ta-Ho Maritime Corporation	Marine transportation	29.2	27.5	2)
TCC Investment Corporation	Union Cement Traders Inc.	Import and export trading	100.0	100.0	
	Ho-Ping Power Company	Thermal power generation	0.5	0.5	
	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	0.2	0.2	2) 8)
	Ta-Ho Maritime Corporation	Marine transportation	-	-	
HKCMCL	TCC Development Ltd.	Property leasing	100.0	100.0	
Ta-Ho Maritime Corporation	Ta-Ho Maritime Holdings Ltd.	Investment	100.0	100.0	
Taiwan Cement Engineering Corporation	TCEC Corporation	Investment	-	100.0	10)
Taiwan Cement Engineering Corporation	TCEC (Yingde) Machinery 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	
Hoping Industrial Port Corporation	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	2.3	2.3	8)
TCCI	TCCIH	Investment holding	61.7	75.9	1) 9)
Feng Sheng Enterprise Company	Ho Swen Construction Material Co., Ltd.	Sand and gravel filtering and sale	-	9.0	3)
TPMC	TMC	Mining excavation	18.2	18.2	
Union Cement Traders Inc.	Taiwan Transport & Storage Corporation	Warehousing, transportation and sale of sand and gravel	0.7	0.7	
Ho-Ping Power Company	Ho-Ping Renewable Energy Company	Renewable energy generation	100.0	-	6)
TCC Green Energy Corporation	Chang-Wang Wind Power Co., Ltd	Renewable energy generation	100.0	-	7)
	TCC Nan-Chung Green Energy Corporation	Renewable energy generation	100.0	-	7)
	TCC Kao-Cheng Green Energy Corporation	Renewable energy generation	100.0	-	7)
	TCC Chang-Ho Green Energy Corporation	Renewable energy generation	100.0	-	7)
	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)

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%) December 31 2018	2017	Remark
Ta-Ho Maritime Holdings Ltd.	Ta-Ho Maritime (Hong Kong) Limited	Marine transportation	100.0	100.0	
	THC International S.A.	Marine transportation	100.0	100.0	
	Chi Ho Maritime S.A.	Marine transportation	100.0	100.0	
	Sheng Ho Maritime S.A.	Marine transportation	100.0	100.0	
	Ta-Ho Maritime (Singapore) Pte. Ltd.	Marine transportation	100.0	100.0	
TCEC Corporation	TCEC (Yingde) Machine Co., Ltd.	Production and sale of cement machinery and assembly work	-	100.0	10)
Taicem Information (Samoa) Pte., Ltd.	Fuzhou TCC Information Technology Co., Ltd.	Software product and equipment maintenance	100.0	100.0	
Ta-Ho Maritime (Hong Kong) Limited	Da Tong (Guigang) International Logistics Co., Ltd.	Logistics and transportation	100.0	100.0	
Da Tong (Guigang) International Logistics Co., Ltd.	Da Tong (Ying De) Logistics Co., Ltd.	Logistics and transportation	100.0	100.0	
	Guigang Da-Ho Shipping Co., Ltd.	Marine transportation	100.0	100.0	
TCCIH	Chia Hsin Cement Greater China Holding Corporation	Investment holding	100.0	100.0	
	Upper Value Investment Limited	Investment holding	100.0	100.0	
	Upper Value Investments Ltd. ("UPPV")	Investment holding	100.0	100.0	
	TCC Hong Kong Cement (BVI) Holdings Ltd.	Investment holding	100.0	100.0	
	Ulexite Investments Ltd.	Investment holding	100.0	100.0	
Upper Value Investment Limited	Prime York Ltd.	Investment holding	100.0	100.0	
	Prosperity Minerals (International) Limited	Investment holding	100.0	100.0	
TCC Hong Kong Cement (BVI) Holdings Ltd.	TCC Hong Kong Cement Development Ltd.	Investment holding	100.0	100.0	
	TCC Hong Kong Cement ("QHC") Ltd.	Investment holding	100.0	100.0	
	TCC Hong Kong Cement (Yargoon) Ltd.	Investment holding	100.0	100.0	
	TCC Hong Kong Cement ("HKC") Ltd.	Investment holding	100.0	100.0	
	TCC Hong Kong Cement (Philippines) Ltd.	Investment holding	100.0	100.0	
	TCC Hong Kong Cement (International) Ltd.	Investment holding	100.0	100.0	
	Hong Kong Cement Company Limited ("HKCCL")	Sale of cement	100.0	100.0	
TCC Hong Kong Cement (QHC) Ltd.	Chiefolk Company Ltd.	Investment holding	70.0	70.0	
Chiefolk Company Ltd.	TCC International (Liuzhou) Ltd.	Investment holding	100.0	100.0	
TCC International (Liuzhou) Ltd.	TCC Liuzhou Company Ltd.	Investment holding	100.0	100.0	
TCC Liuzhou Company Ltd.	TCC Liuzhou Construction Materials Co., Ltd.	Manufacturing and sale of slag powder	60.0	60.0	
TCC Hong Kong Cement (HKC) Ltd.	Koning Concrete Ltd.	Investment holding	-	100.0	11)
TCC Hong Kong Cement (Philippines) Ltd.	TCC Cement Corporation	Cement processing services	100.0	100.0	
TCC Hong Kong Cement (International) Ltd.	TCC International (Hong Kong) Co., Ltd. ("TCCI (HK)")	Investment holding	100.0	100.0	
TCCI (HK)	TCC Guigang Mining Industrial Company Limited	Mining excavation	52.5	52.5	
	Jiangsu TCC Investment Co., Ltd.	Investment holding	100.0	100.0	
	Jingyang Industrial Limited	Investment holding	100.0	100.0	
	TCC International (Guangxi) Ltd.	Investment holding	100.0	100.0	
	TCC Shaoguan Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	
	TCC Yingde Mining Industrial Company Limited	Mining excavation	48.9	48.9	
	TCC Yingde Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%) December 31 2018	2017	Remark
	TCC Jiangsu Mining Industrial Company Limited	Mining excavation	100.0	100.0	
	TCC Fuzhou Yangyu Port Co., Ltd.	Service of port facility	100.0	100.0	
	TCC (Dong Guan) Cement Company Ltd.	Manufacturing and sale of cement	100.0	100.0	
	TCC Fuzhou Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	
	TCC Huaihua Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
	Anhui King Bridge Cement Co., Ltd.	Manufacturing and sale of cement	60.0	60.0	
Jiangsu TCC Investment Co., Ltd.	Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	21.5	21.5	
Jingyang Industrial Limited	Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	78.5	78.5	
TCC International (Guangxi) Ltd.	TCC (Guigang) Cement Ltd.	Manufacturing and sale of cement	100.0	100.0	
TCC (Guigang) Cement Ltd.	TCC Huaying Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
	TCC Guigang Mining Industrial Company Limited	Mining excavation	47.5	47.5	
	Guigang TCC DongYuan Environmental Technology Company Limited	Hazardous waste treatment	95.2	-	13)
TCC Yingde Cement Co., Ltd.	TCC Yingde Mining Industrial Company Limited	Mining excavation	34.8	34.8	
	Scitus Luzhou Concrete Co., Ltd.	Sale of ready-mixed concrete	25.0	25.0	
	Scitus Luzhou Cement Co., Ltd.	Manufacturing and sale of cement	10.0	10.0	
	Scitus Naxi Cement Co., Ltd.	Manufacturing and sale of cement	10.0	10.0	
	Scitus Hejiang Cement Co., Ltd.	Manufacturing and sale of cement	10.0	10.0	
TCC Jiangsu Mining Industrial Company Limited	TCC Yingde Mining Industrial Company Limited	Mining excavation	16.3	16.3	
TCC Huaihua Cement Company Limited	TCC Jingzhou Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
	TCC Huaihua Concrete Company Limited	Sale of ready-mixed concrete	100.0	100.0	
Ulexite Investments Ltd.	HKC Investments Ltd.	Investment holding	100.0	100.0	
UPPV	Wayly Holdings Limited.	Investment holding	100.0	100.0	
	TCC International (China) Company Limited	Investment holding	100.0	100.0	
	Kong On Cement Holdings Ltd.	Investment holding	65.0	65.0	
	Mega East Ltd.	Investment holding	100.0	100.0	
	Prosperity Minerals (China) Limited.	Investment holding	100.0	100.0	
	Sure Kit Ltd.	Investment holding	100.0	100.0	
	Hensford Ltd.	Investment holding	100.0	100.0	
	Kiton Ltd.	Investment holding	100.0	100.0	
	Prosperity Cement Investment Ltd.	Investment holding	100.0	100.0	
	Scitus Cement (China) Holdings Ltd. (“Scitus Holdings”)	Investment holding	100.0	100.0	
Wayly Holdings Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	
TCC International (China) Co., Ltd.	TCC New (Hangzhou) Management Company Limited	Operation management	100.0	100.0	
Kong On Cement Holdings Ltd.	Guizhou Kong On Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
Mega East Ltd.	TCC Guangan Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
Sure Kit Ltd.	TCC Chongqing Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
Hensford Ltd.	TCC Anshun Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%) December 31 2018	2017	Remark
Kiton Ltd.	TCC Liaoning Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
Prosperity Cement Investment Ltd.	Yingde Dragon Mountain Cement Co, Ltd.	Manufacturing and sale of cement	100.0	100.0	
TCC Anshun Cement Company Limited	Anshun Xin Tai Construction Materials Company Limited	Filtering of sand and gravel and sale of ready-mixed concrete	100.0	100.0	
Scitus Holdings	Scitus Cement (China) Operating Co., Limited.	Investment holding	100.0	100.0	
	Hexagon XIV Holdings Limited	Investment holding	100.0	100.0	
	Hexagon XIII Holdings Limited	Investment holding	100.0	100.0	
	Hexagon IX Holdings Limited	Investment holding	100.0	100.0	
	Hexagon VIII Holdings Limited	Investment holding	100.0	100.0	
	Hexagon V Holdings Limited	Investment holding	100.0	100.0	
	Hexagon IV Holdings Limited	Investment holding	100.0	100.0	
	Hexagon III Holdings Limited	Investment holding	100.0	100.0	
	Hexagon II Holdings Limited	Investment holding	100.0	100.0	
	Hexagon Holdings Limited	Investment holding	100.0	100.0	
Hexagon IX Holdings Ltd.	Scitus Hejiang Cement Co., Ltd.	Manufacturing and sale of cement	90.0	90.0	
Hexagon IV Holdings Ltd.	Scitus Luzhou Cement Co., Ltd.	Manufacturing and sale of cement	90.0	90.0	
Hexagon III Holdings Ltd.	Scitus Naxi Cement Co., Ltd.	Manufacturing and sale of cement	90.0	90.0	
Hexagon XIV Holdings Ltd.	Scitus Luzhou Concrete Co., Ltd.	Sales of ready-mixed concrete	75.0	75.0	

(Concluded)

Remarks:

1) Refer to Note 27 for information on the related acquisition transaction.

2) The Corporation and TCC Investment Corporation successively disposed of a portion of its interest in Taiwan Prosperity Chemical Corporation in 2018 and 2017, respectively. Taiwan Transport & Storage Corporation acquired a portion of interest in Ta-Ho Maritime Corporation and E.G.C. Cement Corporation respectively in 2018.

3) Ho Swen Construction Material Co., Ltd. had final liquidation as of December 31, 2018.

4) Tunwoo Company Limited changed its Chinese-language name to TCC Green Energy Corporation in March 2018. Its original main business was warehousing and selling cement. A resolution of its board of directors resolved to change 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. Its board of directors resolved to 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 and TCC Chemical Corporation with the latter as the surviving company. The effective date of the merger was January 1, 2018.

6) Ho-Ping Renewable Energy Company was established in April 2018 and was included into the 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. Chang-Wang Wind Power Co., Ltd was established in December 2018. These entities were consolidated into the 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 year ended December 31, 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 and December 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 38.3%, and TCCI's percentages of ownership in TCCIH decreased from 75.9% to 61.7%.

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 were finished in December 2018.

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

12) Its board of directors resolved to establish Taiwan Cement (Dutch) Holdings B.V. in October 2018, which established the joint venture (Dutch OYAK TCC Holdings B.V.) with Ordu Yardimlasma Kurumuwhich. The Group obtained 40% of interests of joint venture investing in cash and indirectly acquired the cement investment projects in areas such as Turkey.

13) The Group setup TCC (Guigang) Dung Yuan Green Energy Corporation by means of joint venture in June 2018, the group hold 40% of interests of which, in October 2018, The board of directors of TCC (Guigang) Cement Limited approved the $116 million that was initially financed to TCC (Guigang) Dung Yuan Green Corporation and converted it to share capital, and the holding rate of interests increased to 95.2%.

b. Details of subsidiaries with material non-controlling interests

	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	December 31	
Name of Subsidiary	**2018**	**2017**
Taiwan Prosperity Chemical Corporation	57.5%	47.5%
Ho-Ping Power Company	40.0%	40.0%

See Table 8 following the Notes to Consolidated Financial Statements for the information on the places of incorporation and principal businesses.

The summarized financial information below represents amounts before intragroup eliminations.

Taiwan Prosperity Chemical Corporation

	December 31	
	2018	2017
Current assets	$ 5,434,627	$ 4,015,117
Non-current assets	6,079,902	6,796,106
Current liabilities	(4,138,703)	(6,072,209)
Non-current liabilities	(3,842,504)	(1,521,222)
Equity	$ 3,533,242	$ 3,217,792
Equity attributable to:		
Owners of Taiwan Prosperity Chemical Corporation	$ 1,502,047	$ 1,690,157
Non-controlling interests of Taiwan Prosperity Chemical Corporation	2,031,195	1,527,635
	$ 3,533,242	$ 3,217,792

	For the Year Ended December 31	
	2018	2017
Operating revenue	$ 15,166,053	$ 13,192,984
Income (loss) for the year	$ 332,064	$ (354,571)
Other comprehensive income for the year	(16,614)	166,217
Total comprehensive Income (loss) for the year	$ 315,450	$ (188,354)
Loss attributable to:		
Owners of Taiwan Prosperity Chemical Corporation	$ 161,640	$ (187,325)
Non-controlling interests of Taiwan Prosperity Chemical Corporation	170,424	(167,246)
	$ 332,064	$ (354,571)
Total comprehensive loss attributable to:		
Owners of Taiwan Prosperity Chemical Corporation	$ 133,965	$ (100,076)
Non-controlling interests of Taiwan Prosperity Chemical Corporation	181,485	(88,278)
	$ 315,450	$ (188,354)
Net cash inflow (outflow) from:		
Operating activities	$ 476,933	$ 486,812
Investing activities	1,468	114,626
Financing activities	465,913	(4,479)
Net cash inflow	$ 944,314	$ 596,959

Ho-Ping Power Company

	December 31	
	2018	2017
Current assets	$ 7,115,395	$ 6,132,653
Non-current assets	31,537,715	32,905,948
Current liabilities	(6,627,608)	(3,886,143)
Non-current liabilities	(3,353,289)	(3,870,891)
Equity	$ 28,672,213	$ 31,281,567
Equity attributable to:		
Owners of Ho-Ping Power Company	$ 17,199,861	$ 18,765,474
Non-controlling interests of Ho-Ping Power Company	11,472,352	12,516,094
	$ 28,672,213	$ 31,281,568

	For the Year Ended December 31	
	2018	2017
Operating revenue	$ 12,777,360	$ 10,353,637
Profit for the year	$ 2,390,778	$ 2,975,364
Other comprehensive income (loss) for the year	(132)	(14,276)
Total comprehensive income for the year	$ 2,390,646	$ 2,961,088
Profit attributable to:		
Owners of Ho-Ping Power Company	$ 1,434,468	$ 1,785,219
Non-controlling interests of Ho-Ping Power Company	956,310	1,190,145
	$ 2,390,778	$ 2,975,364
Total comprehensive income attributable to:		
Owners of Ho-Ping Power Company	$ 1,434,388	$ 1,776,653
Non-controlling interests of Ho-Ping Power Company	956,258	1,184,435
	$ 2,390,646	$ 2,961,088
Net cash inflow (outflow) from:		
Operating activities	$ 4,019,768	$ 3,859,757
Investing activities	(114,722)	(84,128)
Financing activities	(3,627,325)	(7,190,080)
Net cash outflow	$ 277,721	$ (3,414,451)
Dividends paid to non-controlling interests of Ho-Ping Power Company	$ 2,000,000	$ 1,999,461

14. INVESTMENTS ACCOUNTED FOR BY USING THE EQUITY METHOD

	December 31	
	2018	2017
Investments in associates	$ 46,247,974	$ 7,940,701

	December 31	
	2018	2017
Material associates		
Dutch OYAK TCC Holdings B.V.	$ 29,071,244	$ -
International CSRC Investment Holdings Co., Ltd.	6,196,876	-
Prosperity Conch Cement Company Limited	4,744,772	3,612,349
Individually immaterial associates		
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	1,664,696	1,638,323
CCC USA Corporation	1,625,444	694,072
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	876,910	852,560
ONYX Ta-Ho Environmental Services Co., Ltd.	786,226	481,263
E-ONE moli energy corp.	635,495	-
Quon Hing Concrete Co., Ltd.	283,508	288,911
Hong Kong Concrete Co., Ltd.	217,105	211,927
Sichuan Taichang Building Material Group Company Limited	47,692	-
Shih Hsin Storage & Transportation Co., Ltd.	46,369	63,018
Chia Huan Tung Cement Corporation	44,646	91,581
Synpac Ltd.	6,991	6,697
	$ 46,247,974	$ 7,940,701

a. Material associates

	Proportion of Ownership	
	December 31	
	2018	2017
Dutch OYAK TCC Holdings B.V.	40.0%	-
International CSRC Investment Holdings Co., Ltd.	19.2%	12.5%
Prosperity Conch Cement Company Limited	25.0%	25.0%

Refer to Tables 8 and 9 “Information on investees” and “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, Dutch OYAK TCC Holdings B.V. and International CSRC Investment Holdings Co., Ltd. The investment accounted for by using the equity method and the share of profit or loss and other comprehensive income of the investment for the years ended December 31, 2018 and 2017 were based on the associate’s financial statements audited by the auditors for the years then ended.

Dutch OYAK TCC Holdings B.V., a joint ventured, by collaborating with Taiwan Cement Dutch and Ordu Yardimlasma Kurumu in November 2018, and the Group obtained 40% of interests of the joint venture investment in cash, and indirectly acquired cement investment projects in areas such as Turkey. Until December 31, 2018, the Group had not completed the calculation of the difference between the cost of the investment and the Group’s share of the net fair value of Dutch OYAK TCC Holdings B.V.’s identifiable assets and liabilities.

Summarized financial information in respect of significant associates were as follows:

Dutch OYAK TCC Holdings B.V.

	December 31, 2018
Current assets	$ 36,023,187
Non-current assets	22,681,613
Current liabilities	(11,451,405)
Non-current liabilities	(2,430,560)
Non-controlling equity	(7,651,443)
Equity attributable to the Parent company	$ 37,171,392
Proportion of the Group's ownership	40%
Equity attributable to the Group	$ 14,868,557
Difference between cost of investment and net equity	14,202,687
Carrying amount	$ 29,071,244

	For the Year Ended December 31, 2018
Operating revenue	$ 1,044,209
Net income for the year	$ (167,984)
Other comprehensive loss	42,924
Total comprehensive loss for the year	$ (125,060)

International CSRC Investment Holdings Co., Ltd.

	December 31, 2018
Current assets	$ 28,454,557
Non-current assets	21,479,581
Current liabilities	(11,095,422)
Non-current liabilities	(6,583,390)
Non-controlling equity	(2,664,235)
Equity attributable to the parent company	$ 29,591,091
Proportion of the Group's ownership	19.2%
Equity attributable to the Group	$ 5,679,016
Goodwill	517,860
Carrying amount	$ 6,196,876

	For the Year Ended December 31, 2018
Operating revenue	$ 24,431,724
Net income for the year	$ 3,252,459
Other comprehensive loss	522,452
Total comprehensive income for the year	$ 3,774,911

International CSRS Investment Holding Co., Ltd. possessing quoted prices of open market of Level 1 fair value is $6,514,183 thousands.

Prosperity Conch Cement Co., Ltd.

	December 31	
	2018	2017
Current assets	$ 15,319,759	$ 9,563,819
Non-current assets	7,160,972	7,220,948
Current liabilities	(2,831,153)	(1,650,113)
Non-current liabilities	(670,491)	(685,260)
Equity	$ 18,979,087	$ 14,449,394
Proportion of the Group's ownership	25.0%	25.0%
Carrying amount	$ 4,744,772	$ 3,612,349

	For the Year Ended December 31	
	2018	2017
Operating revenue	$ 14,013,862	$ 9,595,223
Net income for the year	$ 4,870,859	$ 2,347,343
Other comprehensive loss	(341,168)	(313,252)
Total comprehensive income for the year	$ 4,529,691	$ 2,034,091

b. Aggregate information of individually immaterial associates

	Proportion of Ownership December 31	
	2018	**2017**
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	30.0%	30.0%
CCC USA Corporation	33.3%	33.3%
BaoShen & K. Wah Cement Construction Materials Co., Ltd.	30.0%	30.0%
ONYX Ta-Ho Environmental Services Co., Ltd.	50.0%	50.0%
E-ONE Moli Energy Corporation	29.9%	-
Quon Hing Concrete Co., Ltd.	50.0%	50.0%
Hong Kong Concrete Co., Ltd.	31.5%	31.5%
Sichuan Taichang Building Material Group Company Limited	30.0%	30.0%
Shih Hsin Storage & Transportation Co., Ltd.	18.9%	18.9%
Chia Huan Tung Cement Corporation	33.8%	33.8%
Synpac Ltd.	25.0%	25.0%

	For the Year Ended December 31	
	2018	**2017**
The Group's share of:		
Net income for the year	$ 1,043,729	$ 684,275
Other comprehensive loss	(195,809)	(113,008)
Total comprehensive income for the year	$ 847,920	$ 571,267

For the year ended December 31, 2018, the Group paid $673,918 thousand and $3,060,365 thousand to acquire shares of E-ONE Moli Energy Corporation and International CSRC Investment Holdings Co., Ltd., respectively, and increased the Group's percentage of ownership from 15.1% to 29.9% and 12.5% to 19.2%. 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.

For the year ended December 31, 2018, the Group paid $802,438 thousand to acquire shares of CCC USA Corp.

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

The investments accounted for by using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2018 and 2017 were based on the associates' audited financial statements for the same years then ended except Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd. and Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd. The Group considered that there would be no significant adjustments if such financial statements were to be audited.

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Property in Construction	Total
Cost						
Balance at January 1, 2017	$ 20,678,952	$ 51,534,206	$ 99,393,155	$ 12,039,090	$ 4,589,547	$ 188,234,950
Additions	-	24,997	164,285	209,720	538,431	937,433
Disposals	(1,878)	(360,272)	(697,987)	(239,931)	-	(1,300,068)
Reclassification	(12,045)	40,921	178,064	342,224	(695,316)	(146,152)
Effects of exchange rate changes	-	(652,488)	(955,223)	(208,547)	(30,049)	(1,846,307)
Balance at December 31, 2017	$ 20,665,029	$ 50,587,364	$ 98,082,294	$ 12,142,556	$ 4,402,613	$ 185,879,856
Accumulated depreciation and impairment						
Balance at January 1, 2017	$ 274,188	$ 14,666,095	$ 61,394,024	$ 10,068,911	$ 31,966	$ 86,435,184
Disposals	-	(141,035)	(534,607)	(191,258)	-	(866,900)
Depreciation expenses	-	1,395,261	4,083,937	576,949	-	6,056,147
Impairment losses	-	5,922	32,903	-	55,797	94,622
Reclassification	-	(23)	(208,315)	208,338	-	-
Effects of exchange rate changes	-	(97,095)	(291,847)	(155,560)	(4,099)	(548,601)
Balance at December 31, 2017	$ 274,188	$ 15,829,125	$ 64,476,095	$ 10,507,380	$ 83,664	$ 91,170,452
Carrying amounts at December 31, 2017	$ 20,390,841	$ 34,758,239	$ 33,606,199	$ 1,635,176	$ 4,318,949	$ 94,709,404
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	125,603	381,605	2,011,212	1,516,506	4,042,926
Disposals	-	(397,580)	(4,280,347)	(1,483,511)	-	(6,161,438)
Reclassification	(7,780)	37,133	547,220	7,584	(558,411)	25,746
Effects of exchange rate changes	-	(735,344)	(1,222,385)	43,143	(64,066)	(1,978,652)
Balance at December 31, 2018	$ 20,665,249	$ 49,617,176	$ 93,508,387	$ 12,720,984	$ 5,296,642	$ 181,808,438
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	-	(247,758)	(4,058,526)	(1,387,022)	-	(5,693,306)
Depreciation expenses	-	1,398,469	4,097,581	610,592	-	6,106,642
Impairment losses	-	21,310	4,062	-	-	25,372
Reclassification	-	(4,837)	104,491	(104,491)	-	(4,837)
Effects of exchange rate changes	-	(210,058)	(688,181)	10,488	(1,959)	(889,710)
Balance at December 31, 2018	$ 274,188	$ 16,786,251	$ 63,935,522	$ 9,636,947	$ 81,705	$ 90,714,613
Carrying amounts at December 31, 2018	$ 20,391,061	$ 32,830,925	$ 29,572,865	$ 3,084,037	$ 5,214,937	$ 91,093,825

For the years ended December 31, 2018 and 2017, the Group recognized impairment losses of $25,372 thousand and $94,622 thousand, respectively, because these assets were idle or suffered from natural disasters without value in use.

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

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

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 32.

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

	For the Year Ended December 31	
	2018	2017
Acquisitions of property, plant and equipment	$ 4,042,926	$ 937,433
Increase in prepayments for equipment	(275,719)	265,089
Decrease in payables for equipment	550,712	320,506
	$ 4,317,919	$ 1,523,028

16. INVESTMENT PROPERTIES

	Land	Buildings	Total
Cost			
Balance at January 1, 2017	$ 6,430,507	$ 1,420,115	$ 7,850,622
Reclassification	368,544	-	368,544
Effects of exchange rate changes	-	(2,342)	(2,342)
Balance at December 31, 2017	$ 6,799,051	$ 1,417,773	$ 8,216,824
Accumulated depreciation and impairment			
Balance at January 1, 2017	$ 1,040,902	$ 736,664	$ 1,777,566
Depreciation expenses	-	24,407	24,407
Reclassification	40,685	-	40,685
Effects of exchange rate changes	-	(754)	(754)
Balance at December 31, 2017	$ 1,081,587	$ 760,317	$ 1,841,904
Carrying amounts at December 31, 2017	$ 5,717,464	$ 657,456	$ 6,374,920
Cost			
Balance at January 1, 2018	$ 6,799,051	$ 1,417,773	$ 8,216,824
Reclassification	-	(64,284)	(64,284)
Effects of exchange rate changes	7,780	8,284	16,064
	-	777	777
Balance at December 31, 2018	$ 6,806,831	$ 1,362,550	$ 8,169,381
Accumulated depreciation and impairment			
Balance at January 1, 2018	$ 1,081,587	$ 760,317	$ 1,841,904
Depreciation expenses	-	22,885	22,885
	-	(47,642)	(47,642)
Reclassification	-	7,518	7,518
Effects of exchange rate changes	-	256	256
Balance at December 31, 2018	$ 1,081,587	$ 743,334	$ 1,824,921
Carrying amounts at December 31, 2018	$ 5,725,244	$ 619,216	$ 6,344,460

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

The fair values of the investment properties were determined by independent qualified professional valuers or the Group's management using market prices of similar properties. As of December 31, 2018 and 2017, the fair values of investment properties were $14,865,003 thousand and $14,853,688 thousand, respectively.

The investment properties pledged as collateral for bank borrowings are set out in Note 32.

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	-	-	280,878	10,333	291,211
Reclassification	-	-	118,411	-	118,411
Effects of exchange rate changes	(158,976)	-	(43,239)	(24,259)	(226,474)
Balance at December 31, 2017	$ 12,032,957	$ 7,681,476	$ 3,215,101	$ 1,189,793	$ 24,119,327
Accumulated amortization and impairment					
Balance at January 1, 2017	$ -	$ 755,555	$ 1,086,135	$ 919,207	$ 2,760,897
Amortization expenses	-	151,111	138,372	93,756	383,239
Impairment losses	156,000	-		-	156,000
Effects of exchange rate changes	-	-	(14,446)	(18,987)	(33,433)
Balance at December 31, 2017	$ 156,000	$ 906,666	$ 1,210,061	$ 993,976	$ 3,266,703
Carrying amounts at December 31, 2017	$ 11,876,957	$ 6,774,810	$ 2,005,040	$ 195,817	$ 20,852,624
Cost					
Balance at January 1, 2018	$ 12,032,957	$ 7,681,476	$ 3,215,101	$ 1,189,793	$ 24,119,327
Acquired through business combinations	221,802	-	-	-	221,802
Additions	-	-	49,403	5,482	54,885
Effects of exchange rate changes	(266,414)	-	(65,405)	(766)	(332,585)
Balance at December 31, 2018	$ 11,988,345	$ 7,681,476	$ 3,199,099	$ 1,194,509	$ 24,063,429
Accumulated amortization and impairment					
Balance at January 1, 2018	$ 156,000	$ 906,666	$ 1,210,061	$ 993,976	$ 3,266,703
Amortization expenses	-	151,111	168,235	67,848	387,194
Impairment losses	-	-	5,660	-	5,660
Effects of exchange rate changes	-	-	(25,329)	1,849	(23,480)
Balance at December 31, 2018	$ 156,000	$ 1,057,777	$ 1,358,627	$ 1,063,673	$ 3,636,077
Carrying amounts at December 31, 2018	$ 11,832,345	$ 6,623,699	$ 1,840,472	$ 130,836	$ 20,427,352

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

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

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

18. PREPAYMENTS FOR LEASES

	December 31	
	2018	2017
Current (included in prepayments)	$ 250,309	$ 217,031
Non-current	6,584,246	6,833,745
	$ 6,834,555	$ 7,050,776

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

19. BORROWINGS

a. Short-term loans

	December 31	
	2018	2017
Secured borrowings		
Bank loans	$ 100,000	$ 270,000
Unsecured borrowings		
Bank loans - unsecured	26,126,051	19,149,645
Bank loans - letters of credit	-	894,467
	26,126,051	20,044,112
	$ 26,226,051	$ 20,314,112
Interest rate	0.80%-4.57%	0.81%-4.35%

b. Short-term bills payable

	December 31	
	2018	2017
Commercial paper	$ 7,410,000	$ 8,000,000
Less: Unamortized discount on bills payable	7,786	8,583
	$ 7,402,214	$ 7,991,417
Interest rate	0.90%-1.24%	0.65%-2.04%

c. Long-term loans and long-term bills payable

	December 31	
	2018	2017
Secured borrowings	$ 3,767,073	$ 5,101,655
Unsecured borrowings	22,788,845	52,303,555
	26,555,918	57,405,210
Long-term bills payable	22,500,000	-
Less: Discount on long-term bills payables	23,120	-
	22,476,880	-
	49,032,798	57,405,210
Less: Current portions	1,923,945	13,910,242
	$ 47,108,853	$ 43,494,968
Interest rate - Long-term bank loans	1.29%-3.99%	1.29%-3.40%
Interest rate - long-term bills payable	1.25%-1.31%	-

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 December 2025, and the interests are paid monthly or quarterly.

The long-term bills payable is a commercial promissory note signed in 2018 with the banking group for a five-year period, which will be repaid at the expiration of the contract.

The Group didn't violate financial limited terms of long-term loans and long-term bills payable for the year ended of 2018.

20. BONDS PAYABLE

	December 31, 2018
Domestic unsecured bonds	$ 12,000,000
Less: Discount on bond payable	23,156
	11,976,844
Overseas unsecured convertible bonds	12,663,477
Less: Discount on bond payable	1,862,628
	10,800,849
	$ 22,777,693

a. Domestic unsecured bonds

Domestic unsecured bonds were issued on June 21, 2018, with a period of 15 years which will mature 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.

b. Overseas unsecured convertible bonds

In June 2018, the Corporation's board of directors resolved to issue overseas unsecured convertible bonds for the first time. This proposal was approved and became effective under the letter issued by the Financial Supervisory Commission ("FSC") dated July 25, 2018 (Ref. No. Jin-Guan-Zheng-Fa-Zi 10703258532). The bonds whose durations are 5 years were listed on the Singapore Stock Exchange on December 10, 2018. This zero-coupon overseas convertible bonds have a face value of US$400,000 thousand.

Bondholders may request the Corporation to convert the bonds into the Corporation's ordinary shares at NT$41 per share and at the fixed exchange rate of US$1.00 to NT$30.878 divided by conversion price per share on conversion date within the period from the date following the expiry of three months of the issuance date to 10 days prior to maturity.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 3.27% per annum on initial recognition.

	December 31, 2018
Proceeds from issuance (less transaction costs of $103,353 thousand)	$ 12,247,847
Redemption of option derivatives (accounting for financial liabilities measured at FVTPL) and transaction costs	(159,222)
Equity component (less transaction costs allocated to the equity component of $11,038 thousand)	(1,308,070)
Liability component at the date of issue (less transaction costs allocated to the liability component of $90,971 thousand)	10,780,555
Interest charged at an effective interest rate of 3.27%	20,294
Liability component at December 31, 2018	$ 10,800,849

21. OTHER PAYABLES

	December 31	
	2018	2017
Salaries and bonuses payable	$ 2,824,501	$ 1,438,523
Taxes payable	2,555,872	1,133,230
Deposits and retention money	1,178,230	728,009
Freight payables	485,067	226,334
Payables for equipment	478,370	1,029,027
Payables for electricity	382,476	289,016
Interest payable	287,911	-
Fines payable	132,000	264,000
Others	3,358,743	3,731,269
	$ 11,683,170	$ 8,839,408

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

b. Defined benefit plan

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

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

	December 31	
	2018	2017
Present value of defined benefit obligation	$ (1,114,251)	$ (1,125,032)
Fair value of plan assets	1,903,384	1,810,972
	$ 789,133	$ 685,940
Net defined benefit asset	$ 999,648	$ 897,637
Net defined benefit liability	$ 210,515	$ 211,697

Movements in net defined benefit asset were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Asset
Balance at January 1, 2017	$ (1,229,261)	$ 1,872,548	$ 643,287
Service costs			
Current service costs	(13,375)	-	(13,375)
Net interest income (expense)	(15,631)	23,819	8,188
Recognized in profit or loss	(29,006)	23,819	(5,187)

(Continued)

	Present Value of Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Asset
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	$ 56,824	$ 56,824
Actuarial loss - changes in demographic assumptions	(7,076)	-	(7,076)
Actuarial loss - changes in financial assumptions	(14,493)	-	(14,493)
Actuarial loss - experience adjustments	(23,022)	-	(23,022)
Recognized in other comprehensive income (loss)	(44,591)	56,824	12,233
Contributions from the employer	-	33,350	33,350
Benefits paid	177,826	(175,569)	2,257
Balance at December 31, 2017	(1,125,032)	1,810,972	685,940
Service costs			
Current service costs	(10,418)	-	(10,418)
Net interest income (expense)	(12,730)	20,448	7,718
Recognized in profit or loss	(23,148)	20,448	(2,700)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	123,125	123,125
Actuarial loss - changes in demographic assumptions	(7,439)	-	(7,439)
Actuarial loss - changes in financial assumptions	(12,266)	-	(12,266)
Actuarial loss - experience adjustments	(10,134)	-	(10,134)
Recognized in other comprehensive income (loss)	(29,839)	123,125	93,286
Contributions from the employer	-	12,607	12,607
Benefits paid	63,768	(63,768)	-
Balance at December 31, 2018	$ (1,114,251)	$ 1,903,384	$ 789,133

(Concluded)

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

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

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

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

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

	December 31	
	2018	2017
Discount rates	0.88%-1.25%	1.00%-1.63%
Long-term average rates of salary increase	1.50%-2.25%	1.50%-2.25%

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

	December 31	
	2018	2017
Discount rates		
0.25% increase	$ (24,189)	$ (25,385)
0.25% decrease	$ 25,012	$ 26,281
Expected rates of salary increase		
0.25% increase	$ 24,290	$ 25,537
0.25% decrease	$ (23,614)	$ (24,795)

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

	December 31	
	2018	2017
The expected contributions to the plan for the next year	$ 13,121	$ 15,290
The average duration of the defined benefit obligation	7-14 years	7-15 years

23. EQUITY

a. Ordinary shares

	December 31	
	2018	2017
Number of shares authorized (in thousands)	7,000,000	6,000,000
Shares authorized	$ 70,000,000	$ 60,000,000
Number of shares issued and fully paid (in thousands)	5,108,060	4,246,509
Shares issued	$ 51,080,599	$ 42,465,090

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

The Corporation's board of directors resolved to issue 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 which was 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 a total of 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 ordinary shares as of December 31, 2018.

b. Preference shares

In June 2018, the Corporation's board of directors resolved to cash increase capital by issuing preference shares for the second time, which was approved by the FSC under letter dated July 25, 2018 (Ref. No. Jin-Guan-Zheng-Fa-Zi 1070325853), and the record date of capital increase was determined as of December 13, 2018, expected to issue 200,000 thousand shares having a face value of $10 per share at the issue price of NT$50 per share, with 3.5% coupon per annum. (Based on a five-year term 0.9375% IRS interest rate + 2.5625% fixed interest rate). Five-year term IRS interest rate will be reset on the next business day of the expiry of the five-year period from the date of issue and every five years thereafter. The Corporation has full discretion on the dividend distribution of the second preference shares. If there is no surplus or insufficient surplus to pay the preference share dividends upon the close of current fiscal year, the Corporation's resolution to cancel the distribution of preference share dividends will not constitute an event of default or a termination event in a contract. Preference share dividends are non-accumulative, and dividends that are not distributed or distributed in excess are not accumulated in the future year with deferred annual repayment. There is no maturity of the Corporation's second preference shares, but the Corporation may recover whole or part of the second preference shares at the actual issue price from the day following the five-year period from the issue date. The preference shares may not be converted to ordinary shares, and the preference shareholders do not have the rights to require the Corporation to redeem the preference shares they hold.

c. Capital surplus

	December 31	
	2018	**2017**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of shares	$ 44,176,367	$ 23,863,105
Conversion of bonds	1,520,632	1,520,632
Difference between consideration received/paid and the carrying amount of subsidiaries' net assets during actual acquisitions	466,755	-
Treasury share transactions	203,725	194,598
Donations	31,537	31,537

(Continued)

	December 31	
	2018	2017
May only be used to offset a deficit (2)		
Changes in percentage of ownership interests in subsidiaries	$ 116,238	$ 116,238
Forfeited share options	10,695	10,315
Dividends distributed by subsidiaries not yet received by shareholders	2,161	2,120
May not be used for any purpose		
Equity component of convertible bond	1,308,070	-
Changes in interests in associates accounted for by using the equity method	61	520
	$ 47,836,241	$ 25,739,065

(Concluded)

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

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

d. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' general meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after amendment, refer to "Employee benefits expense" in Note 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 2017 and 2016 approved in the shareholders' general meetings in June 2018 and 2017, respectively, were as follows:

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

The appropriation of earnings for 2018 had been proposed by the Corporation's board of directors on March 22, 2019. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 2,118,082	
Dividends on preference shares	18,219	$ 0.09
Cash dividends	16,856,367	$ 3.30
Share dividends	3,575,593	$ 0.70

The appropriation of earnings for 2018 is subject to be approved by shareholder's general meeting in June 2019.

e. Special reserve

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

The special reserve appropriated at the first-time adoption of IFRSs relating to investment in properties other than land may be reversed according to the period of use. The special reserve relating to land may be reversed upon disposal or reclassification, and such special reserve of $573 thousand and $849 thousand was reversed for the years ended December 31, 2018 and 2017, respectively. The special reserve appropriated, due to currency translation adjustments for financial statements of foreign operations (including subsidiaries), shall be reversed based on the Corporation's disposal percentage, and all of the special reserve shall be reversed when the Corporation loses significant influence. There was no such reversal for the years ended December 31, 2018 and 2017.

f. Other equity items

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

	For the Year Ended December 31	
	2018	2017
Balance at January 1	$ (790,475)	$ (2,233,617)
Effect of changes in tax rate	1,861	-
Exchange differences on translating foreign operations	(3,963,808)	1,487,776
Related income tax	-	(1,861)
Share of exchange differences of associates and joint ventures accounted for by using the equity method	(284,799)	(42,773)
Balance at December 31	$ (5,037,221)	$ (790,475)

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

Balance at January 1, 2017	$ 11,200,323
Unrealized gain arising on revaluation of available-for-sale financial assets	1,370,286
Share of unrealized loss on revaluation of available-for-sale financial assets of associates and joint ventures accounted for by using the equity method	7,344,405
Balance at December 31, 2017 (IFRS 39)	19,915,014
Adjustment on initial application of IFRS 9	(19,915,014)
Balance at December 31, 2018	$ -

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

	For the Year Ended December 31, 2018
Balance at January 1 per IAS 39	$ -
Adjustment on initial application of IFRS 9	24,158,871
Balance at January 1 per IFRS 9	24,158,871
Recognized during the period	
Unrealized gain - equity instruments	1,409,941
Share of associates accounted for by using the equity method	(173,214)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	(1,321,032)
Other comprehensive income recognized in the period	(84,305)
Balance at December 31	$ 24,074,566

4) Cash flow hedges

	For the Year Ended December 31	
	2018	2017
Balance at January 1	$ -	$ 7,900
Share of cash flow hedges of subsidiaries accounted for by using the equity method	1,109	(7,900)
Balance at December 31	$ 1,109	$ -

g. Non-controlling interests

	For the Year Ended December 31	
	2018	2017
Balance at January 1 per IAS 39	$ 16,299,012	$ 40,628,620
Adjustment on initial application of IFRS 9	16,365	-
Balance at January 1 per IFRS 9	16,315,377	40,628,620
Attributable to non-controlling interests:		
Share of profit for the year	1,463,250	2,728,553
Effect of changes in tax rate	1,029	-

(Continued)

	For the Year Ended December 31	
	2018	2017
Exchange differences arising on translation of foreign operations	$ (9,681)	$ (130,212)
Unrealized gain (loss) on available-for-sale financial assets	-	98,221
Unrealized gain (loss) on financial assets at FVTOCI	10,765	-
Changes in cash flow hedges	-	(5,267)
Share of other comprehensive loss of associates and joint ventures accounted for by using the equity method	-	(149,478)
Changes in ownership interests of subsidiaries	22	389
Cumulative loss reclassified to profit or loss on disposal of available-for-sale financial assets	-	(22)
Remeasurement of defined benefit plan	(3,147)	(18,035)
Disposal or acquisitions of non-controlling interests in subsidiaries	285,387	(25,960,152)
Dividends paid by subsidiaries	(2,175,906)	(2,258,975)
Changes in percentage ownership in subsidiaries	-	1,814,785
Others	(49,150)	(449,415)
Balance at December 31	$ 15,837,946	$ 16,299,012

(Concluded)

h. Treasury shares

	Total (In Thousands of Shares)
Number of shares at January 1, 2018	-
Increase during the period	6,000
Transferred to employees	(5,930)
Number of shares at December 31, 2018	70

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, the record date of employees subscripition was September 10, 2018, for the year ended December 31 of 2018. The Corporation transferred 5,930 shares to the employees at $30.3 per share. The Corporation recognized compensation costs of $45,448 thousand on the issuance date in 2018, recognized capital surplus-treasury share transaction of $9,127 and reclassified share option to capital surplus- expired share option of $380 thousand. 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 Year Ended December 31	
	2018	2017
Property, plant and equipment	$ 6,106,642	$ 6,056,147
Investment properties	22,885	24,407
Intangible assets	387,194	383,239
	$ 6,516,721	$ 6,463,793
An analysis of depreciation by function		
Operating costs	$ 5,800,458	$ 5,731,491
Operating expenses	326,120	345,395
Non-operating expenses	2,949	3,668
	$ 6,129,527	$ 6,080,554
An analysis of amortization by function		
Operating costs	$ 335,904	$ 332,084
Operating expenses	51,290	51,155
	$ 387,194	$ 383,239

b. Employee benefits expense

	For the Year Ended December 31	
	2018	2017
Retirement benefit plans		
Defined contribution plans	$ 371,336	$ 351,663
Defined benefit plan	2,700	5,187
	374,036	356,850
Share-based payments		
Equity-settled	45,448	-
Other employee benefits	6,397,495	4,751,784
Total of employee benefits expense	$ 6,816,979	$ 5,108,634
An analysis of employee benefits expense by function		
Operating costs	$ 4,903,918	$ 3,384,360
Operating expenses	1,913,061	1,724,274
	$ 6,816,979	$ 5,108,634

c. Employee benefits expense

The Corporation accrued employees' compensation and remuneration of directors at the rates of 0.01%-3% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The total amount of employees' compensation and remuneration of directors for the years ended December 31, 2018 and 2017, which was approved by the Corporation's board of directors in March 2019 and May 2018 as follows:

	For the Year Ended December 31	
	2018	**2017**
Employees' compensation	$ 68,236	$ 23,899
Remuneration of directors	215,088	66,305

For the year ended December 31, 2018, if there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

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

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

d. Finance costs

	For the Year Ended December 31	
	2018	**2017**
Interest on bank borrowings	$ 2,321,698	$ 1,744,478
Other finance costs	138,604	178,831
	$ 2,460,302	$ 1,923,309

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2018	**2017**
Capitalization amount of interest	$ 9,633	$ 11,081
Capitalization rate of interest	0.94%-1.79%	0.62%-1.58%

e. Other income

	For the Year Ended December 31	
	2018	**2017**
Government grants	$ 142,075	$ 117,263
Service fees of endorsement and warranty	77,952	81,653
Others	664,621	429,557
	$ 884,648	$ 628,473

f. Other expenses

	For the Year Ended December 31 2018	2017
Net loss of financial asset or financial liability at fair value through profit	$ -	$ 103,169
Loss on disposal of property, plant and equipment	78,190	196,894
Loss on work stoppages	147,687	142,854
Others	26,718	112,273
	$ 252,595	$ 555,190

25. INCOME TAX

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

	For the Year Ended December 31 2018	2017
Current tax		
In respect of the current year	$ 6,773,548	$ 3,066,731
Income tax on unappropriated earnings	3,158	74,323
Adjustments for prior years	24,101	35,544
	6,800,807	3,176,598
Deferred tax		
In respect of the current period	467,272	325,261
Effect of change of tax rate	632,271	-
	1,099,543	325,261
Income tax expense recognized in profit or loss	$ 7,900,350	$ 3,501,859

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

	For the Year Ended December 31 2018	2017
Income before tax 20% and 17% are respectively in 2018 and 2017	$ 30,544,421	$ 13,824,659
Income tax expense at the statutory rate	$ 6,108,884	$ 2,350,192
Non-deductible expenses in determining taxable income	704,875	506,345
Tax-exempt income	(881,159)	(630,218)
Difference payable of basic tax	53,440	-
Unrecognized loss carryforwards and deductible temporary differences	391,076	476,524
Effect of changes of tax rate	632,271	-
Loss carryforwards utilized in the current year	(535,427)	(75,624)
Effects of different tax rate of subsidiaries operating in other jurisdictions	1,071,806	634,296
Income tax on unappropriated earnings	3,158	74,323
Adjustments for prior years	24,101	35,128
Others	327,325	130,893
Income tax expense recognized in profit or loss	$ 7,900,350	$ 3,501,859

The applicable corporate income tax rate used by the group entities in the ROC is 17%, In February 2018, it was announced by the President of the ROC that the Income Tax Act in the ROC was amended and, starting from 2018, the corporate income tax rate will be adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%; while the applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

As the status of the 2019 appropriation of earnings is uncertain, the potential income tax consequences of the 2018 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2018	**2017**
Deferred tax		
Effect of changes of tax rate	$ 7,761	$ -
Deferred tax in the current year		
Remeasurement on defined benefit plan	18,658	2,080
Difference of translation of foreign operations	(2,189)	1,861
	$ 24,230	$ 3,941

c. Current tax assets and liabilities

	December 31	
	2018	**2017**
Current tax assets		
Tax refund receivable (included in other receivables)	$ 59,484	$ 60,724
Current tax liabilities		
Current income tax liabilities	$ 4,090,640	$ 1,651,042

d. Deferred income tax assets and liabilities

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

For the year ended December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Closing Balance
Deferred income tax assets					
Loss carryforwards	$ 293,535	$ (87,439)	$ -	$ 72	$ 206,168
Allowance for impaired receivables	27,442	(10,454)	-	(210)	16,778
Defined benefit plan	50,336	(6,805)	3,569	-	47,100
Inventories	124,950	(7,256)	-	(1,343)	116,351
Others	331,838	(3,919)	-	(5,704)	322,215
	$ 828,101	$ (115,873)	$ 3,569	$ (7,185)	$ 708,612

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Closing Balance
Deferred income tax liabilities					
Land value increment tax	$ 5,092,973	$ -	$ -	$ -	$ 5,092,973
Finance leases	2,774,966	533,732	-	-	3,308,698
Property, plant and equipment	1,284,634	42,363	-	(21,452)	1,305,545
Retained earnings from foreign subsidiaries	1,103,010	395,651	(1,861)	(61,639)	1,435,161
Defined benefit plan	133,435	13,825	29,660	-	176,920
Others	8,758	(1,901)	-	-	6,857
	$ 10,397,776	$ 983,670	$ 27,799	$ (83,091)	$ 11,326,154

(Concluded)

For the year ended December 31, 2017

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Closing Balance
Deferred income tax assets					
Loss carryforwards	$ 514,273	$ (213,146)	$ -	$ (7,592)	$ 293,535
Allowance for impaired receivables	17,524	10,045	-	(127)	27,442
Defined benefit plan	33,402	7,042	9,892	-	50,336
Inventories	128,389	(2,312)	-	(1,127)	124,950
Others	221,914	110,906	-	(982)	331,838
	$ 915,502	$ (87,465)	$ 9,892	$ (9,828)	$ 828,101
Deferred income tax liabilities					
Land value increment tax	$ 5,092,973	$ -	$ -	$ -	$ 5,092,973
Finance leases	2,659,389	115,577	-	-	2,774,966
Property, plant and equipment	1,325,741	(25,293)	-	(15,814)	1,284,634
Retained earnings from foreign subsidiaries	1,006,952	146,205	1,861	(52,008)	1,103,010
Defined benefit plan	120,775	688	11,972	-	133,435
Others	8,137	619	-	2	8,758
	$ 10,213,967	$ 237,796	$ 13,833	$ (67,820)	$ 10,397,776

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

	December 31	
	2018	2017
Loss carryforwards		
Expire in 2018	$ -	$ 751,114
Expire in 2019	1,281,571	1,274,833
Expire in 2020	3,886,665	3,519,743
Expire in 2021	1,263,699	1,273,222
Expire in 2022	747,924	1,171,098
Expire in 2023	1,017,505	792,691
Expire in 2024	539,929	566,145
Expire in 2025	1,398,105	1,047,548
Expire in 2026	71,204	71,204
Expire in 2027	442,235	411,744
Expire in 2028	10,004	-
	$ 10,658,841	$ 10,879,342

f. Unused loss carryforwards information

Loss carryforwards as of December 31, 2018 were comprised of:

Unused Amount	Expiry Year
$ 1,281,571	2019
3,886,665	2020
1,263,699	2021
747,924	2022
1,017,505	2023
539,929	2024
2,023,187	2025
463,954	2026
412,513	2027
23,015	2028
$ 11,659,962	

g. Unrecognized deferred income tax liabilities in respect of investments

As of December 31, 2018 and 2017, the taxable temporary differences in respect of investments in subsidiaries and associates for which no deferred income tax liabilities have been recognized were $85,257,481 thousand and $60,043,392 thousand, respectively.

h. Income tax assessments

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

Year	Name of Group Entity
2017	Ta-Ho Onyx RSEA Environment Co., Ltd., Ho Swen Construction Material Co., Ltd., TCC Investment Corporation, Ta-Ho Taitung Environment Co., Ltd, Union Cement Traders Inc., TCC Information Systems Corporation, Taiwan Cement Engineering Corporation
2016	The Corporation, TCC Chemical Corporation, Taiwan Prosperity Chemical Corporation, Tung Chen Mineral Corporation, Jin Chang Minerals Corporation, Hoping Industrial Port Corporation, HPC Power Services 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

26. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2018	2017
Basic earnings per share	$ 4.37	$ 1.82
Diluted earnings per share	$ 4.37	$ 1.82

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 year ended December 31, 2017 were as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment	**After Retrospective Adjustment**
Basic earnings per share	$ 2.03	$ 1.82
Diluted earnings per share	$ 2.03	$ 1.82

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

	For the Year Ended December 31	
	2018	**2017**
Profit for the year attributable to owners of the Corporation	$ 21,180,821	$ 7,594,247
Number of shares (in thousands)		
Weighted average number of ordinary shares in computation of basic earnings per share	4,849,335	4,162,421
Effect of potentially dilutive ordinary shares:		
Employees' compensation	2,129	900
Weighted average number of ordinary shares used in the computation of diluted earnings per share	4,851,464	4,163,321

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

27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

For the year ended December 31, 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 year ended December 31, 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 year ended December 31, 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 Group'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)

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%.

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

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

Investor	TCCI	Taiwan Cement Corporation	TCC Investment Corporation	
Investee	TCCIH	TCCIH	Taiwan Prosperity Chemical Corporation	Total
Line items adjusted for equity Transactions				
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	$ (862,998)	$ (370,251)	$ 8,702	$ (1,224,547)
Retained earnings	-	(590,238)	-	(590,238)
	$ (862,998)	$ (960,489)	$ 8,702	$ (1,814,785)
Cash consideration				$ (6,989,491)
Cost of privatization and issue of new shares				(228,195)
				$ (7,217,686)

28. CASH FLOWS INFORMATION

Changes in liabilities arising from financing activities:

For the year ended December 31, 2018

	Opening Balance	Cash Flows	Effect of Exchange Rate	Closing Balance
Short-term borrowings	$ 20,314,112	$ 5,760,814	$ 151,125	$ 26,226,051
Long-term borrowings (including expired within a year)	57,405,210	(32,291,788)	1,442,486	26,555,918
	$ 77,719,322	$ (26,530,964)	$ 1,593,611	$ 52,781,969

For the year ended December 31, 2017

	Opening Balance	Cash Flows	Effect of Exchange Rate	Closing Balance
Short-term borrowings	$ 20,635,324	$ 374,531	$ (695,743)	$ 20,314,112
Long-term borrowings (including expired within a year)	61,506,009	(607,191)	(3,493,608)	57,405,210
	$ 82,141,333	$ (232,660)	$ (4,189,351)	$ 77,719,322

29. 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.

30. FINANCIAL INSTRUMENTS

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

December 31, 2018

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities at amortized cost					
Convertible bonds payable	$ 10,800,849	$ -	$ -	$ 10,904,874	$ 10,904,874

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

1) Fair value hierarchy

December 31, 2018

	Level 1	Level 2	Level 3	Total
Compulsory financial assets at FVTPL				
Domestic listed shares	$ 220,787	$ -	$ -	$ 220,787
Domestic emerging market shares	85,780	-	-	85,780
Mutual funds	243,271	-	-	243,271
	$ 549,838	$ -	$ -	$ 549,838
Financial assets at FVTOCI				
Equity instrument investment				
Domestic listed shares	$ 6,282,884	$ -	$ -	$ 6,282,884
Foreign listed shares	19,926,459	-	-	19,926,459
Domestic unlisted shares	-	-	5,865,710	5,865,710
Preference shares	-	-	51,375	51,375
	$ 26,209,343	$ -	$ 5,917,085	$ 32,126,428
Financial liabilities at FVTPL				
Derivatives	$ -	$ -	$ 139,460	$ 139,460

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

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

	For the Year Ended December 31, 2018
Financial assets at FVTOCI	
Equity instrument investment	
Balance at January 1, 2018	$ 5,497,046
Additional	292,469
Disposal	(1,333)
Recognized in other comprehensive income	393,185
Reclassification	(264,562)
Effect of exchange rate	280
Balance at December 31, 2018	$ 5,917,085
Financial assets at FVTPL	
Derivative instrument investment	
Balance at January 1, 2018	$ -
Additional	159,222
Recognized in income (loss)	(19,762)
Balance at December 31, 2018	$ 139,460

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

There were no quoted prices in active markets for put options and redemption options of ECB issued by the Corporation. Hence, the fair values of options are determined using the binomial option pricing model where the unobservable input is historical volatility. An increase in historical volatility used in isolation would result in an increase in the fair value. As of December 31, 2018, the historical volatility used was 29.22%.

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.

	December 31, 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:

	December 31, 2018
Comprehensive discount for lack of marketability and non-controlling interests	
1% increase	$ (20,260)
1% decrease	$ 20,260

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.

	December 31, 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:

	December 31, 2018
Discount for lack of marketability	
1% increase	$ (4,810)
1% decrease	$ 4,810

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

	December 31, 2018
Discount rate	7.9%
Dividend growth rate	1.7%
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:

	December 31, 2018
Discount for lack of marketability	
1% increase	$ (39,745)
1% decrease	$ 39,745

c. Categories of financial instruments

	December 31	
	2018	2017
Financial assets		
Financial assets at FVTPL		
Held for trade	$ -	$ 147,049
Mandatorily classified financial assets at FVTPL	549,838	-
Loans and receivables (1)	-	88,120,239
Available-for-sale financial assets (2)	-	29,139,977
Financial asset measured at amortized cost (3)	121,340,092	
Financial assets at FVTOCI		
Equity instrument investment	32,126,428	-
Financial liabilities		
Financial liabilities at FVTPL		
Held for trade	139,460	-
Financial liabilities measured at amortized cost (3)	124,930,847	102,339,326

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 equiualents, notes and accounts receivable, other receivable and long-term finance lease receivables.

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

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

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

The carrying amounts of the significant monetary assets and liabilities not denominated in functional currency (including those eliminated on consolidation) at the end of the reporting period are set out in Note 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 NTD/RMB/HKD strengthening 1% against the relevant currency.

	USD Impact		**HKD Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2018	**2017**	**2018**	**2017**
NTD	$(22,798)	$ 1,370		
RMB	$ (4,403)	$ (9,741)	$ (3,857)	$ (3,864)
HKD	$ 75,681	$ 366,295		

b) Interest rate risk

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

	December 31	
	2018	**2017**
Cash flow interest rate risk		
Financial assets	$ 21,245,130	$ 15,092,905
Financial liabilities	52,781,969	77,719,322

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

For the Group's position of floating interest rate financial assets, if interest rates had been 50 basis points higher/lower, the cash inflows from floating interest rate financial assets for the years ended December 31, 2018 and 2017 would increase/decrease by $84,981 thousand and $62,636 thousand, respectively.

For the Group's position of floating interest rate financial liabilities, if interest rates had been 50 basis points higher/lower, the cash outflows from floating interest rate financial liabilities for the years ended December 31, 2018 and 2017 would increase/decrease by $211,128 thousand and $322,535 thousand, respectively.

c) Other price risk

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

The 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 year ended December 31, 2018 would increase/decrease by $15,328 thousand. If equity prices of financial assets at FVTOCI had been 5% higher/lower, other comprehensive income (loss) for the year ended December 31, 2018 would increase/decrease by $1,606,321 thousand.

If equity price of available-for-sale financial assets had been 5% higher/lower, other comprehensive income (loss) for the year ended December 31, 2017 would increase/decrease by $1,423,634 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 Group continuously assesses the operations and financial positions of customers and monitors the collectability of accounts receivable. The Group also required credit enhancements by bank guarantees or collateral for certain customers or in certain geographical locations.

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

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank facilities and ensures compliance with loan covenants. As of December 31, 2018 and 2017, the amount of unused financing facilities was $86,267,583 thousand and $53,787,990 thousand, respectively.

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

December 31, 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	$ 1,766,327	$ 14,583,921	$ 1,925,461	$ 44,177	$ 21,504
Variable interest rate liabilities	13,576,888	11,553,847	3,755,077	25,393,791	724,696
Fixed interest rate liabilities	2,100,000	5,310,000	204,000	22,850,000	27,169,477
	$ 17,443,215	$ 31,447,768	$ 5,884,538	$ 48,287,968	$ 27,915,677

December 31, 2017

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

31. TRANSACTIONS WITH RELATED PARTIES

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

a. Name of the related parties and relationship

Related Party	Relationship with the Group
Onyx Ta-Ho Waste Clearance Co., Ltd.	Associates' subsidiary
ONYX Ta-Ho Environmental Services Co., Ltd.	Associates
Shih Hsin Storage & Transportation Co., Ltd.	Associates
Quon Hing Concrete Co., Ltd.(Quon Hing)	Associates
Yinde Conch Cement Co., Ltd.	Associates
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Associates
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Associates
CCC USA Corp.	Associates
Hong Kong Concrete Co., Ltd.	Associates
E-ONE Moli Energy Corporation	Associates (same key management personnel in 2017)
International CSRC Investment Holdings Co., Ltd.	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-Sun Moon Lake	Management personnel in substance
Jiangsu Lianhe Cement Co., Ltd.	Management personnel in substance
Goldsun Development & Construction Co., Ltd.	Investors with significant influence over the Group
China Hi-Ment Corporation	The Group acts as key management personnel
Rong Gong Enterprise Co.	The Group acts as key management personnel
O-Bank Co., Ltd.	The Group acts as key management personnel
Pan Asia Corporation	The Group acts as key management personnel
Sole Energy Tech Corp. (dissolved and closed on June 30, 2017)	same key management personnel
Synpac-Kingdom Pharmaceutical Co., Ltd., (Internation CSRC Investment Holdings Co., Ltd.'s subsidiary, disposed of in November 2017)	same key management personnel
Chinatrust Investment Co., Ltd.	same key management personnel
Consolidated Resource Company	same key management personnel
CSRC China (Ma Anshan) Corporation	same key management personnel
CSRC China (Anshan) Corporation	same key management personnel
Chienten Temple	same key management personnel
He Feng Investment Co., Ltd.	same key management personnel
China (Chongqing) Synthetic Rubber Corporation	same key management personnel
Dr. Cecilla Koo Botanic Conservation and Environmental Protection Foundation	same key management personnel
Continental Carbon India Ltd.	same key management personnel
Linyuan Advanced Materials Technology Co., Ltd.	same key management personnel

b. Operating transactions

	For the Year Ended December 31	
	2018	2017
Sales		
Management personnel in substance	$ 516,859	$ 452,153
Associates	437,139	507,116
The Group acts as key management personnel	197,581	150,536
Investors with significant influence over the Group	81,973	81,598
Same key management personnel	51,032	178,727
	$ 1,284,584	$ 1,370,130
Purchases of goods and operating expenses		
The Group acts as key management personnel	$ 523,764	$ 441,550
Associates	200,084	105,648
Management personnel in substance	87,234	29,624
Same key management personnel	40,552	62,777
Investors with significant influence over the Group	31	57
	$ 851,665	$ 639,656

Notes receivable and accounts receivable from related parties as of December 31, 2018 and 2017 were as follows:

	December 31	
	2018	2017
Management personnel in substance		
Chia Hsin Cement Corporation	$ 112,833	$ 45,551
Others	8,577	19,941
	121,410	65,492
Associates		
Quon Hing Concrete Co., Ltd.	34,651	69,518
Others	18,406	19,901
	53,057	89,419
The Group acts as key management personnel		
China Hi-Ment Corporation	42,627	46,407
Others	515	-
	43,142	46,407
Investors with significant influence over the Group	40,887	17,771
Same key management personnel	13,122	10,613
	$ 271,618	$ 229,702

Accounts payables from related parties (included in notes and accounts payable) as of December 31, 2018 and 2017 were as follows:

	December 31	
	2018	2017
The Group acts as key management personnel	$ 164,614	$ 127,997
Same key management personnel	13,949	4,023
Associates	10,720	11,370
Management personnel in substance	5,833	2,413
Others	4	10
	$ 195,120	$ 145,813

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. Other receivables from related parties (included in other current assets)

	December 31	
	2018	2017
Associates	$ 20,633	$ 1,868
Management personnel in substance	3,231	274
Same key management personnel	236	950
	$ 24,100	$ 3,092

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

d. Acquisitions of property, plant and equipment

	Purchase Price For the Year Ended December 31	
	2018	2017
Management personnel in substance		
Chia Hsin R.M.C. Corp.	$ 25,000	$ -

e. Compensation of key management personnel

The compensation of directors and other key management personnel for the years ended December 31, 2018 and 2017 were as follows:

	For the Year Ended December 31	
	2018	2017
Short-term employee benefits	$ 398,430	$ 240,149
Post-employment benefits	14,765	4,576
Other long-term employee benefits	-	25,329
	$ 413,195	$ 270,054

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2018	2017
Available-for-sale financial assets (including current and non-current portion)	$ -	$ 365,369
Financial assets at FVTOCI (including current and non-current portion)	326,422	-
Property, plant and equipment	4,146,933	2,552,170
Investment properties	876,670	1,142,268
Finance lease receivables (including current and non-current portion)	14,623,834	16,019,540
Pledged bank deposits		
- current (included in other financial assets)	-	385,436
- current (included in financial assets measured at amortized cost)	281,690	-
- non-current (included in other non-current assets)	470,199	273,977
	$ 20,725,748	$ 20,738,760

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

	December 31	
Name	2018	2017
The Corporation	$ 388,405	$ 235,248
Taiwan Prosperity Chemical Corporation	1,452,453	1,413,476
Ho-Ping Power Company	921,843	495,020

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

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

	December 31	
Name	2018	2017
The Corporation	$ 22,120	$ 45,990
Ho-Ping Power Company	1,148,000	1,148,000
Taiwan Prosperity Chemical Corporation	249,490	94,000
TCCI (Group)	248,924	362,561
Taiwan Transport & Storage Corporation	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 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 enforcement for the payment awarded by the arbitration and, thus far, has received the principal together with the interest in the amount of about $3,540,000 thousand (tax included). As for the dispute over the interest of about $270,000 thousand between Ta-Ho Onyx RSEA Environment Co., Ltd and Yunlin County Government, it is now in the process of the re-appeal procedure. If the court eventually rules in favor of Ta-Ho Onyx RSEA Environment Co., Ltd, it may continue the compulsory enforcement.

e. Ho-Ping Power Company

Company Name	Ho-Ping Power Company
Factual Background	The Fair Trade Commission fined Ho-Ping Power Company $1.35 billion for an alleged violation of Article 14 of the Fair Trade Act.
Amount in Dispute (NT$)	$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 on November 2013, which reduced the amount of the fine imposed on Ho-Ping Power Company to $1,320,000 thousand. On June 30, 2015, the Supreme Administrative Court overruled the original judgment in favor of Ho-Ping Power Company and remanded the case for retrial to the Taipei High Administrative Court. On May 25, 2017, the Taipei High Administrative Court ruled in favor of Ho-Ping Power Company by holding that "the original disposition and decision of administrative appeal, which determined that Ho-Ping Power Company committed concerted action, shall be dismissed." On the appeal part of the participant Taiwan Power Company, the Supreme Administrative Court made the ruling of "Appeal Rejection" on September 6, 2018 (Ref. No. 107 Nian-Du-Cai-Zi-Di 1380). In the case of another appellant (the Fair Trade Commission), the Supreme Administrative Court overruled the original judgment by rendering the judgment (Ref. No. 107 Nian-Du-Pan-Zi 550) on the same day, and remanded the case to the Taipei High Administrative Court for retrial. The case is currently under review by the Taipei High Administrative Court (Ref. No. 107 Nian-Du-Su-Geng-Er-Zi 116). In accordance with the accounting conservatism principle, Ho-Ping Power Company recognized relevant losses in 2012 and paid a fine of $1,188,000 thousand as of December 31, 2018. The outstanding fine was recognized by Ho-Ping Power Company under (i) other payables of $132,000 thousand as of December 31, 2018 and (ii) other payables of $264,000 thousand and other non-current liabilities of $132,000 thousand as of December 31, 2017.

Company Name	Ho-Ping Power Company
Factual Background	Taiwan Power Company filed a lawsuit against Ho-Ping Power Company at the Taipei High Administrative Court claiming for its losses of at least $5.2 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 Taiwan Taipei District Court in February 2017, and Taiwan Power Company expanded the claim amount to $10.76 billion. The case is now under review by the Taiwan Taipei District Court after Taiwan Power Company paid court fees in November 2017. b) In November 2015, Ho-Ping Power Company received a complaint of civil litigation brought by Taiwan Power Company at the Taiwan Taipei District Court based on the same ground of the aforementioned administrative litigation. The case is currently under review by the Taipei District Court. 2) Taiwan Power Company filed a lawsuit against other independent power producers based on the same ground, which was overruled by the Taipei District Court on February 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 is remote and, therefore, it did not recognize relevant losses.

f. To execute the cement barge replacement plan, Da-Ho Maritime Corporation, based on its board of directors' resolution dated December 20, 2013, entered into an agreement with Supero Seiki Co., Ltd. for the purchase of two sets of bulk cement handling equipment in the aggregate amount of US$7,600 thousand, among which US$6,132 thousand was paid as of the date that this report was approved.

Based on another board of directors' resolutions dated July 31, 2015, Da-Ho Maritime Corporation entered into an agreement with Cardinal Maritime S.A. for the purchase of two new cement barges in the aggregate amount of JPY7,036,000 thousand, among which JPY3,342,100 thousand was paid as of the date that this report was approved. The board of directors adopted another resolution dated October 15, 2015 to enter into an agreement with Sumitomo Corporation for the purchase of six bulk carriers in the aggregate amount of US$107,680 thousand. Four bulk carrier purchase agreements have been executed, and US$75,966 thousand has been paid as of the date that this report was authorized.

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:

December 31, 2018

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 124,083	30.715 (USD:NTD)	$ 3,811,209
USD	17,928	6.868 (USD:RMB)	550,421
USD	20,572	7.83 (USD:HKD)	631,584
HKD	254,650	0.877 (HKD:RMB)	998,483
			$ 5,991,697
Non-monetary items			
EUR	825,888	35.20 (EUR:NTD)	$ 29,071,244
Financial liabilities			
Monetary items			
USD	31,302	30.715 (USD:NTD)	$ 961,432
USD	328,705	7.830 (USD:HKD)	10,091,720
HKD	131,678	0.877 (HKD:RMB)	516,308
			$ 11,569,460

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

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
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

(Concluded)

The realized and unrealized foreign exchange gains and losses were net gains of $48,764 thousand and net losses of $241,360 thousand for the years ended December 31, 2018 and 2017, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of foreign currency transactions and functional currencies of the group entities.

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) Acquisitions of individual real estate at costs of at least NT$300 million or 20% of the share capital (Table 5)

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

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the share capital (Table 6)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the share capital (Table 7)

9) Trading in derivative instruments (Notes 7, 20 and 30)

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

11) Information on investees (Table 8)

b. Information on investments in mainland China (Table 9)

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area.

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

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.

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

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

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

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

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

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

a. Segments revenue and results

	Segment Revenue		Segment Income	
	For the Year Ended December 31		For the Year Ended December 31	
	2018	2017	2018	2017
Cement segment	$ 92,541,640	$ 71,905,276	$ 23,061,797	$ 9,608,840
Chemical engineering segment	15,280,144	13,192,984	471,534	(162,677)
Electricity segment	12,784,465	10,353,637	4,420,459	4,326,424
Other segments	3,988,353	2,859,879	442,199	256,603
	$ 124,594,602	$ 98,311,776	28,395,989	14,029,190
Share of profits of associates and joint ventures			2,263,413	1,271,111
Dividend income			1,326,142	799,137
Interest income			584,482	244,041
Impairment loss recognized on financial assets			-	(110,507)
Impairment loss recognized on non-financial assets			(31,032)	(250,622)
Administrative costs and director's remuneration			(215,088)	(66,305)
Finance costs			(2,460,302)	(1,923,309)
Foreign exchange losses, net			48,764	(241,360)
Other income			632,053	73,283
Income before income tax			$ 30,544,421	$ 13,824,659

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

b. Geographical information

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

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2018	2017	2018	2017
Taiwan	$ 49,982,370	$ 43,396,202	$ 57,185,401	$ 56,115,398
Asia	74,612,232	54,915,574	71,818,823	77,590,957
	$ 124,594,602	$ 98,311,776	$ 129,004,224	$ 133,706,355

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

c. Information about major customers

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

	For the Year Ended December 31	
	2018	**2017**
Taiwan Power Company	$ 12,777,360	$ 10,353,637

37. SIGNIFICANT SUBSEQUENT EVENTS

For the layout of environmental enterprise, the board of director of TCC Yingde Cement Co., Ltd. approved to setup wholly-owned TCC (Hangzhou) Environment Co., Ltd. investing in RMB700,000 thousand on March 18, 2019.

TABLE 1

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 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)	Aggregate Financing Limit (Note)	Note
													Item	Value			
1	Taiwan Transport & Storage Corporation	TCC Chemical Corporation	Other receivables - related parties	Yes	$ 300,000	$ 300,000	$ 300,000	1.54	The need for short-term financing	$ -	Operating capital	$ -		$ -	$ 866,327	$ 866,327	
		Ta-Ho RSEA Environment Co., Ltd.	Other receivables - related parties	Yes	10,000	-	-	-	The need for short-term financing	-	Operating capital	-		-	866,327	866,327	
2	Ta-Ho Taitung Environment Co., Ltd.	Onyx Ta-Ho Energy Recovery Co., Ltd.	Other receivables - related parties	Yes	110,000	-	-	-	The need for short-term financing	-	Operating capital	-		-	118,875	118,875	
3	Taiwan Cement Engineering Corporation	TCC Chemical Corporation	Other receivables - related parties	Yes	200,000	200,000	200,000	1.54	The need for short-term financing	-	Operating capital	-		-	291,726	291,726	
4	TCC Green Energy Corporation	TCC Kao-Cheng Green Energy Corporation	Other receivables - related parties	Yes	5,000	5,000	2,000	1.54	The need for short-term financing	-	Operating capital	-		-	591,272	591,272	
		TCC LIEN-HSIN Green Energy Corporation	Other receivables - related parties	Yes	5,000	5,000	2,000	1.54	The need for short-term financing	-	Operating capital	-		-	591,272	591,272	
5	TCC (Guigang) Cement Ltd.	TCC Huaying Cement Company Limited	Other receivables - related parties	Yes	1,373,760	1,287,343	715,190	3.48	The need for short-term financing	-	Operating capital	-		-	22,406,521	44,813,042	
		TCC Huaihua Cement Company Limited	Other receivables - related parties	Yes	954,000	893,988	422,856	3.48	The need for short-term financing	-	Operating capital	-		-	22,406,521	44,813,042	
		TCC Jingzhou Cement Company Limited	Other receivables - related parties	Yes	715,500	670,491	581,092	3.48	The need for short-term financing	-	Operating capital	-		-	22,406,521	44,813,042	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	1,335,600	1,251,583	-	-	The need for short-term financing	-	Operating capital	-		-	22,406,521	44,813,042	
		TCC Anshun Cement Company Limited	Other receivables - related parties	Yes	477,000	446,994	-	-	The need for short-term financing	-	Operating capital	-		-	22,406,521	44,813,042	
		Scitus Naxi Cement Co., Ltd.	Other receivables - related parties	Yes	477,000	446,994	-	-	The need for short-term financing	-	Operating capital	-		-	22,406,521	44,813,042	
		TCC Yingde Cement Co., Ltd.	Other receivables - related parties	Yes	477,000	446,994	-	-	The need for short-term financing	-	Operating capital	-		-	22,406,521	44,813,042	
		Scitus Luzhou Concrete Co., Ltd.	Other receivables - related parties	Yes	95,400	89,399	-	-	The need for short-term financing	-	Operating capital	-		-	22,406,521	44,813,042	
		Guizhou Kong On Cement Company Limited	Other receivables - related parties	Yes	310,050	290,546	-	-	The need for short-term financing	-	Operating capital	-		-	22,406,521	44,813,042	
		Guigang TCC DongYuan Environmental Technology Company Limited	Other receivables - related parties	Yes	854,991	-	-	-	The need for short-term financing	-	Operating capital	-		-	22,406,521	44,813,042	
6	Yingde Dragon Mountain Cement Co., Ltd.	TCC Yingde Cement Co., Ltd.	Other receivables - related parties	Yes	954,000	893,988	-	-	The need for short-term financing	-	Operating capital	-		-	13,222,157	26,444,314	
		TCC Liaoning Cement Company Limited	Other receivables - related parties	Yes	1,087,560	1,019,146	1,019,146	3.05	The need for short-term financing	-	Operating capital	-		-	13,222,157	26,444,314	
7	TCC Yingde Cement Co., Ltd.	TCC Guangan Cement Co., Ltd.	Other receivables - related parties	Yes	954,000	893,988	-	-	The need for short-term financing	-	Operating capital	-		-	21,247,365	42,494,730	
		TCC Huaihua Cement Company Limited	Other receivables - related parties	Yes	954,000	893,988	748,715	3.48	The need for short-term financing	-	Operating capital	-		-	21,247,365	42,494,730	
		Scitus Naxi Cement Co., Ltd.	Other receivables - related parties	Yes	238,500	223,497	67,049	3.48	The need for short-term financing	-	Operating capital	-		-	21,247,365	42,494,730	
		TCC Shaoguan Cement Co., Ltd.	Other receivables - related parties	Yes	353,411	331,179	331,179	3.68	The need for short-term financing	-	Operating capital	-		-	21,247,365	42,494,730	
		TCC Jingzhou Cement Company Limited	Other receivables - related parties	Yes	238,500	223,497	-	-	The need for short-term financing	-	Operating capital	-		-	21,247,365	42,494,730	
		TCC Anshun Cement Company Limited	Other receivables - related parties	Yes	954,000	893,988	-	-	The need for short-term financing	-	Operating capital	-		-	21,247,365	42,494,730	

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note)	Aggregate Financing Limit (Note)	Note
													Item	Value			
		TCC (Dong Guan) Cement Company Limited.	Other receivables - related parties	Yes	$ 477,000	$ 446,994	$ -	-	The need for short-term financing	$ -	Operating capital	$ -		$ -	$ 21,247,365	$ 42,494,730	
		TCC Chongqing Cement Company Limited	Other receivables - related parties	Yes	477,000	446,994	178,798	3.48	The need for short-term financing	-	Operating capital	-		-	21,247,365	42,494,730	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	715,500	670,491	-	-	The need for short-term financing	-	Operating capital	-		-	21,247,365	42,494,730	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	858,600	804,589	-	-	The need for short-term financing	-	Operating capital	-		-	21,247,365	42,494,730	
		TCC Liaoning Cement Company Limited.	Other receivables - related parties	Yes	224,865	223,497	89,399	3.48	The need for short-term financing	-	Operating capital	-		-	21,247,365	42,494,730	
		Guizhou Kong On Cement Company Limited.	Other receivables - related parties	Yes	477,000	446,994	138,568	3.48	The need for short-term financing	-	Operating capital	-		-	21,247,365	42,494,730	
8	TCC Fuzhou Cement Co., Ltd.	TCC New (Hangzhou) Management Company Limited.	Other receivables - related parties	Yes	477,000	446,994	-	-	The need for short-term financing	-	Operating capital	-		-	912,786	2,738,358	
		TCC Liaoning Cement Company Limited.	Other receivables - related parties	Yes	333,900	312,896	134,098	3.48	The need for short-term financing	-	Operating capital	-		-	912,786	2,738,358	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	238,500	223,497	-	-	The need for short-term financing	-	Operating capital	-		-	912,786	2,738,358	
9	TCCIH	TCC Yingde Cement Co., Ltd.	Other receivables - related parties	Yes	249,093	232,798	232,798	-	The need for short-term financing	-	Operating capital	-		-	115,379,289	230,758,578	
10	Prime York Ltd.	Upper Value Investment Limited	Other receivables - related parties	Yes	201,195	199,971	199,971	-	The need for short-term financing	-	Operating capital	-		-	2,741,280	5,482,560	
11	Jurong TCC Cement Co., Ltd.	TCC Huaihua Cement Company Limited	Other receivables - related parties	Yes	1,192,500	1,117,485	1,028,086	3.48	The need for short-term financing	-	Operating capital	-		-	12,552,681	25,105,362	
		TCC Liaoning Cement Company Limited.	Other receivables - related parties	Yes	333,900	312,896	290,546	3.48	The need for short-term financing	-	Operating capital	-		-	12,552,681	25,105,362	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	715,500	670,491	89,399	3.48	The need for short-term financing	-	Operating capital	-		-	12,552,681	25,105,362	
		TCC Huaihua Concrete Company Limited	Other receivables - related parties	Yes	143,100	134,098	44,699	3.48	The need for short-term financing	-	Operating capital	-		-	12,552,681	25,105,362	
		TCC Chongqing Cement Company Limited.	Other receivables - related parties	Yes	954,000	893,988	312,896	3.48	The need for short-term financing	-	Operating capital	-		-	12,552,681	25,105,362	
		TCC Anshun Cement Company Limited.	Other receivables - related parties	Yes	954,000	893,988	-	-	The need for short-term financing	-	Operating capital	-		-	12,552,681	25,105,362	
		TCC Yingde Cement Co., Ltd.	Other receivables - related parties	Yes	477,000	446,994	-	-	The need for short-term financing	-	Operating capital	-		-	12,552,681	25,105,362	
		TCC Guangan Cement Company Limited.	Other receivables - related parties	Yes	477,000	446,994	-	-	The need for short-term financing	-	Operating capital	-		-	12,552,681	25,105,362	
		Guizhou Kong On Cement Company Limited.	Other receivables - related parties	Yes	333,900	312,896	-	-	The need for short-term financing	-	Operating capital	-		-	12,552,681	25,105,362	
12	TCC Anshun Cement Company Limited.	Anshun Xin Tai Construction Materials Company Limited	Other receivables - related parties	Yes	95,400	89,399	-	-	The need for short-term financing	-	Operating capital	-		-	7,530,274	15,060,548	
		Guizhou Kong On Cement Company Limited.	Other receivables - related parties	Yes	286,200	268,196	245,847	3.48	The need for short-term financing	-	Operating capital	-		-	7,530,274	15,060,548	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	143,100	134,098	134,098	3.48	The need for short-term financing	-	Operating capital	-		-	7,530,274	15,060,548	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	143,100	134,098	-	-	The need for short-term financing	-	Operating capital	-		-	7,530,274	15,060,548	
		Scitus Luzhou Concrete Co., Ltd.	Other receivables - related parties	Yes	143,100	134,098	-	-	The need for short-term financing	-	Operating capital	-		-	7,530,274	15,060,548	
		TCC Chongqing Cement Company Limited.	Other receivables - related parties	Yes	477,000	446,994	446,994	3.48	The need for short-term financing	-	Operating capital	-		-	7,530,274	15,060,548	
13	TCC Guangan Cement Co., Ltd.	Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	143,100	134,098	134,098	3.48	The need for short-term financing	-	Operating capital	-		-	3,946,039	7,892,078	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.			95,400	89,399	-	-	The need for short-term financing	-	Operating capital	-		-	3,946,039	7,892,078	
14	Wayly Holdings Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	61,865	61,489	61,489	-	The need for short-term financing	-	Operating capital	-		-	3,796,595	7,593,190	

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note)	Aggregate Financing Limit (Note)	Note
													Item	Value			
15	TCC Chongqing Cement Company Limited.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	$ 238,500	$ 223,497	$ 44,699	3.48	The need for short-term financing	$ -	Operating capital	$ -		$ -	$ 6,857,651	$ 13,715,302	
		Scitus Naxi Cement Co., Ltd.		Yes	143,100	134,098	134,098	3.48	The need for short-term financing	-	Operating capital	-		-	6,857,651	13,715,302	
		TCC Huaihua Cement Company Limited		Yes	715,500	670,491	549,356	3.48	The need for short-term financing	-	Operating capital	-		-	6,857,651	13,715,302	
		TCC Huaying Cement Company Limited		Yes	119,250	111,749	-	-	The need for short-term financing	-	Operating capital	-		-	6,857,651	13,715,302	
		TCC Guangan Cement Company Limited.		Yes	477,000	446,994	-	-	The need for short-term financing	-	Operating capital	-		-	6,857,651	13,715,302	
		Scitus Luzhou Cement Co., Ltd.		Yes	238,500	223,497	-	-	The need for short-term financing	-	Operating capital	-		-	6,857,651	13,715,302	
		TCC Jingzhou Cement Company Limited		Yes	95,400	89,399	-	-	The need for short-term financing	-	Operating capital	-		-	6,857,651	13,715,302	
		Guizhou Kong On Cement Company Limited.	Other receivables - related parties	Yes	143,100	134,098	-	-	The need for short-term financing	-	Operating capital	-		-	6,857,651	13,715,302	
16	TCC New (Hangzhou) Management Company Limited.	Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	295,740	277,136	232,437	3.48	The need for short-term financing	-	Operating capital	-		-	603,048	1,206,096	
		Scitus Naxi Cement Co., Ltd.		Yes	262,350	245,847	196,677	3.48	The need for short-term financing	-	Operating capital	-		-	603,048	1,206,096	
		Scitus Luzhou Concrete Co., Ltd.		Yes	38,160	35,760	-	-	The need for short-term financing	-	Operating capital	-		-	603,048	1,206,096	
17	Prosperity Minerals (China) Limited	TCC New (Hangzhou) Management Company Limited.	Other receivables - related parties	Yes	380,392	356,463	356,463	-	The need for short-term financing	-	Operating capital	-		-	976,080	1,952,160	
18	Da Tong (Guigang) International Logistics Co., Ltd.	Guigang Da-Ho Shipping Co., Ltd.	Other receivables - related parties	Yes	143,100	134,098	-	-	The need for short-term financing	-	Operating capital	-		-	636,691	1,273,382	
19	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Scitus Naxi Cement Co., Ltd.	Other receivables - related parties	Yes	143,100	134,098	134,098	3.48	The need for short-term financing	-	Operating capital	-		-	3,747,453	7,494,906	
20	TCC Huaihua Cement Company Limited	TCC Jingzhou Cement Company Limited	Other receivables - related parties	Yes	95,400	89,399	-	-	The need for short-term financing	-	Operating capital	-		-	2,697,458	5,394,916	
21	Scitus Luzhou Cement Co., Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	95,400	89,399	44,699	3.48	The need for short-term financing	-	Operating capital	-		-	2,508,011	5,016,022	

Note 1: "Financing Limits for Each Borrower" and "Aggregate Financing Limits":

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

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

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

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

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

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 3)											
0	Taiwan Cement Corporation	TCCI	b	$ 90,770,755	$ 28,902,815	$ 27,981,365	$ 1,474,320	$ -	15.41	$ 181,541,510	Y	N	N	
		TCC Investment Corporation	b	90,770,755	2,600,000	2,570,000	1,470,000	-	1.42	181,541,510	Y	N	N	
		TCC Chemical Corporation	b	90,770,755	1,913,000	1,493,000	760,000	-	0.82	181,541,510	Y	N	N	
		Union Cement Traders Inc.	c	90,770,755	1,450,000	1,420,000	690,000	-	0.78	181,541,510	Y	N	N	
		Jin Chang Minerals Corporation	b	90,770,755	68,848	68,848	39,814	39,814	0.04	181,541,510	Y	N	N	
		Ho Sheng Mining Co., Ltd.	b	90,770,755	99,884	99,884	-	99,884	0.06	181,541,510	Y	N	N	
		OYAK CEMENT PORTUGAL S.A.	e	90,770,755	3,083,000	3,071,500	-	-	1.69	181,541,510	N	N	N	
1	TCCIH	TCC (Guigang) Cement Ltd.	c	57,689,644	11,418,475	11,418,475	844,091	-	9.90	115,379,289	Y	N	Y	
		TCC Yingde Cement Co., Ltd.	c	57,689,644	2,657,542	2,644,802	294,180	-	2.29	115,379,289	Y	N	Y	
		Jurong TCC Cement Co., Ltd.	c	57,689,644	3,045,684	3,022,483	-	-	2.62	115,379,289	Y	N	Y	
		TCC Chongqing Cement Company Limited	c	57,689,644	1,847,678	1,835,042	-	-	1.59	115,379,289	Y	N	Y	
		TCC Fuzhou Cement Co., Ltd.	c	57,689,644	1,242,630	1,188,303	44,699	-	1.03	115,379,289	Y	N	Y	
		Scitus Luzhou Cement Co., Ltd.	c	57,689,644	928,650	921,450	-	-	0.80	115,379,289	Y	N	Y	
		TCC Liaoning Cement Company Limited	c	57,689,644	1,265,580	900,854	-	-	0.78	115,379,289	Y	N	Y	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	c	57,689,644	619,100	614,300	-	-	0.53	115,379,289	Y	N	Y	
		Guizhou Kong On Cement Company Limited	c	57,689,644	360,096	310,222	-	-	0.27	115,379,289	Y	N	Y	
		Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	e	57,689,644	-	-	-	-	-	115,379,289	N	N	Y	
		TCC Anshun Cement Company Limited	c	57,689,644	674,595	670,491	-	-	0.58	115,379,289	Y	N	Y	
2	TCC (Guigang) Cement Ltd.	TCCI (HK)	d	11,203,260	685,260	-	-	-	-	22,406,521	N	Y	N	
3	Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	d	375,351	137,462	137,462	137,462	-	109.87	375,351	N	Y	N	

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

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

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

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

a. Having a business relationship.
b. The endorser/guarantor owns directly more than 50% of the ordinary shares of the endorsee/guarantee.
c. The endorser/guarantor and its subsidiaries jointly own more than 50% of the ordinary shares of the endorsee/guarantee.
d. The endorsee/guarantee directly or indirectly owns more than 90% of the ordinary shares of the endorser/guarantor.
e. Due to joint venture, each shareholder provides endorsements/guarantees to the endorsee/guarantee in proportion to its ownership.

TABLE 3

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taiwan Cement Corporation	Ordinary shares							
	Chien Kuo Construction Co., Ltd.	-	FVTPL - current	9,403	$ 91,583	-	$ 91,583	
	Taiwan Television Enterprise, Ltd.	The Corporation serves as supervisor	FVTPL - current	13,573	85,780	-	85,780	
	Chinatrust Financial Holding Co., Ltd.	-	FVTPL - current	3,576	72,227	-	72,227	
	China Hi-Ment Corporation	The Corporation serves as director	FVTOCI - current	30,196	1,512,828	-	1,512,,828	
	Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	61,149	797,993	-	797.993	
	CTCI Corporation	-	FVTOCI - current	9,054	402,013	-	402,013	
	Chia Hsin Cement Corporation	Directors	FVTOCI - current	27,419	372,904	-	372,904	
	O-Bank	The Corporation serves as director	FVTOCI - current	29,719	237,752	-	237,752	
	IBT II Venture Capital Corporation	-	FVTOCI - non-current	2,626	19,093	8.3	19,093	
	Rong Gong Enterprise Co.	The Corporation serves as supervisor	FVTOCI - non-current	3,390	12,306	4.0	12,306	
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	29,553	972,871	9.4	972,871	
	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	3,371,909	6.6	3,371,909	
	Excel Corporation	-	FVTOCI - non-current	600	-	9.5	-	
	Preference shares							
	O-Bank	The Corporation serves as director	FVTOCI - current	2,956	29,559	-	29,559	
Taiwan Transport & Storage Corporation	Ordinary shares							
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	8,632	117,389	-	117,389	
TCC Investment Corporation	Ordinary shares							
	O-Bank	The Corporation serves as director	FVTOCI - current	21,934	174,471	-	174,471	21,000 thousand shares were pledged
	Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	11,697	152,650	-	152,650	
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	8,334	113,341	-	113,341	7,000 thousand shares were pledged
	China Conch Venture Holdings Limited	-	FVTOCI - non-current	28,000	2,558,060	-	2,558,060	
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	10,884	358,297	3.5	358,297	
	Pan Asia Corporation	The Corporation serves as supervisor	FVTOCI - non-current	1	14	-	14	
TCC Investment Corporation	Preference shares							
	O-Bank	The Corporation serves as director	FVTOCI -current	2,182	21,816	-	21,816	
Ta-Ho Maritime Corporation	Ordinary shares							
	Prosperity Dielectrics Co., Ltd.	-	FVTPL - current	951	56,977	-	56,977	
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	25,761	350,353	-	350,353	
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	6,612	217,656	2.1	217,656	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taiwan Cement Engineering Corporation	Beneficiary certificates							
	Capital Money Market Fund	-	FVTPL - current	2,930	$ 47,203	-	$ 47,203	
TCC Chemical Corporation	Ordinary shares							
	Taiwan Stock Exchange Corporation	The Corporation serves as director	FVTOCI - non-current	2,626	192,538	-	192,538	
TCC Information Systems Corporation	Beneficiary certificates							
	Yuanta De- Bao Money Market Fund	-	FVTPL - current	2,575	30,897	-	30,897	
	Fuh Hwa You Li Money Market	-	FVTPL - current	2,288	30,897	-	30,897	
Taiwan Prosperity Chemical Corporation	Ordinary shares							
	Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	76,863	1,003,067	-	1,003,067	
Hoping Industrial Port Corporation	Shares							
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	10,444	343,807	3.3	343,807	
E.G.C. Cement Corporation	Beneficiary certificates							
	Nomura Global Short Duration Bond Fund	-	FVTPL - current	2,367	24,095	-	24,095	
	Nomura Taiwan Money Market	-	FVTPL - current	2,467	40,201	-	40,201	
	UPAMC James Bond Money Market Fund	-	FVTPL - current	1,205	20,107	-	20,107	
	Tai Shin 1699 Money Market Fund	-	FVTPL - current	742	10,026	-	10,026	
	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	352,506	-	352,506	
	CTCI Corporation	-	FVTOCI - current	13,365	593,420	-	593,420	
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	7,441	101,197	-	101,197	
	Videoland Inc.	-	FVTOCI - non-current	6,437	368,223	5.6	368,223	
TCCI (Group)	Beneficiary certificates							
	Mega Diamond Money Market Fund	-	FVTPL - current	3,130	39,955	-	39,955	
	Shares							
	Anhui Conch Cement Co., Ltd.	-	FVTOCI - non-current	116,568	17,368,399	-	17,368,399	
	Yargoon Co., Ltd.	-	FVTOCI - non-current	19	-	12.5	-	

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: See Tables 8 and 9 for the information of investments in subsidiaries, associates and joint ventures.

(Concluded)

TABLE 4

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE SHARE CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 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/Loss on Disposal (Note 4)		Shares/Units (In Thousands)	Amount
Taiwan Cement Corporation	Shares														
	E-ONE Moli Energy Corporation	Investments accounted for using the equity method (Note 3)	-	Associates	983	$ 1,670	47,535	$ 475,352	391 (Note 2)	$ -	$ -	$ -	$ 46,175	48,127	$ 523,197
	Taiwan Prosperity Chemical Corporation	Investments accounted for using the equity method	-	Subsidiaries	145,988	1,608,901	-	-	29,197	787,369	321,659	465,710	126,067	116,791	1,413,309
	TCC Green Energy Corporation	Investments accounted for using the equity method	-	Subsidiaries	10,000	179,619	140,899	1,400,000	-	-	-	-	(50,286)	150,899	1,529,333
	International CSRC Investment Holdings Co., Ltd.	Investments accounted for using the equity method (Note 3)	-	Associates	55,180	2,419,650	80,640	2,854,637	-	-	-	-	(234,001)	135,820	5,040,286
	TCCI	Investments accounted for using the equity method	-	Subsidiaries	600,876	60,108,134	500,000	15,430,125	-	-	-	-	10,329,268	1,100,876	85,867,527
	TCCIH	Investments accounted for using the equity method	-	Subsidiaries	1,319,841	19,054,259	1,261,991	21,576,350	-	-	-	-	3,536,583	2,581,832	44,167,192
	CCC USA Corp.	Investments accounted for using the equity method	-	Associates	39	694,072	40	802,438	-	-	-	-	128,934	79	1,625,444
	Taiwan Cement Dutch	Investments accounted for using the equity method	-	Subsidiaries	-	-	831	29,470,972	-	-	-	-	509	831	29,471,481

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.

TABLE 5

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Taiwan Cement Corporation	Ready mixed concrete plant and its land in Hsinchu	2018.12.14	$ 541,621	By negotiation and paid in progress	Land:Individual Plant construction: Jia-Yu Industrial Corporation Limited, Liang-Bang Construction Material Corporation	Nethier of related-party	-	-	-	$ -	Negotiate according to the appraised result made by Visionary Real Estate Appraiser Office	Expand operating position	None

TABLE 6

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE SHARE CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 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)	
Taiwan Cement Corporation	Chia Hsin Cement Corporation	Director of the Corporation	Sales	$ (429,044)	(3)	65 days after the day delivery was made	$ -	-	$ 112,833	24	
	HKCCL	Subsidiary	Sales	(157,211)	(1)	65 days after the day shipment was made	-	-	21,744	5	(Note 2)
	Feng Shang Enterprise Company Limited	Subsidiary	Sales	(353,749)	(2)	30 days	-	-	96,635	20	(Note 2)
			Purchases	296,517	2	30 days	-	-	(22,564)	(3)	(Note 2)
	TCCIH	Subsidiary	Service revenue	(505,401)	(3)	By contract	-	-	41,849	9	(Note 2)
	Taiwan Transport & Storage Corporation	Subsidiary	Purchases	525,587	3	30 days	-	-	(106,040)	(12)	(Note 2)
	China Hi-Ment Corporation	The Corporation serves as director	Purchases	523,764	3	60 days	-	-	(164,614)	(19)	
			Sales	(137,273)	(1)	60 days	-	-	32,481	7	
	Hoping Industrial Port Corporation	Subsidiary	Purchases	447,052	3	20 days	-	-	(8,299)	(1)	(Note 2)
	Ta-Ho Maritime Corporation	Subsidiary	Purchases	1,042,947	7	30 days	-	-	(372,490)	(42)	(Note 2)
	Kuan-Ho Refractories Industry Corporation	Subsidiary	Purchases	231,370	1	By contract	-	-	(111,417)	(13)	(Note 2)
	E.G.C. Cement Corporation	Subsidiary	Sales	(401,471)	(2)	50 days after the day delivery was made	-	-	106,653	23	(Note 2)
	Jin Chang Minerals Corporation	Subsidiary	Purchases	589,037	4	30 days	-	-	(147,517)	(17)	(Note 2)
	Ho Sheng Mining Co., Ltd.	Subsidiary	Purchases	407,375	3	30 days	-	-	(32,292)	(4)	(Note 2)
Jin Chang Minerals Corporation	Taiwan Cement Corporation	Parent company	Sales	(589,037)	(100)	30 days	-	-	147,517	100	(Note 2)
Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	Parent company	Sales	(407,375)	(87)	30 days	-	-	32,292	72	(Note 2)
Kuan-Ho Refractories Industry Corporation	Taiwan Cement Corporation	Parent company	Sales	(231,370)	(17)	By contract	-	-	111,417	89	(Note 2)
E.G.C. Cement Corporation	Taiwan Cement Corporation	Parent company	Purchases	401,471	100	50 days after the day delivery was made	-	-	(106,653)	(99)	(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)	
Ho-Ping Power Company	Hoping Industrial Port Corporation	The same parent company	Purchases	$ 1,083,627	12	20 days	$ -	-	$ (56,617)	(26)	(Note 2)
	HPC Power Service Corporation	The same parent company	Purchases	417,256	5	By contract	-	-	(112,126)	(52)	(Note 2)
Hoping Industrial Port Corporation	Ho-Ping Power Company	The same parent company	Sales	(1,083,627)	(70)	20 days	-	-	56,617	63	(Note 2)
	Taiwan Cement Corporation	Parent company	Sales	(447,052)	(29)	20 days	-	-	8,299	9	(Note 2)
	Taiwan Transport & Storage Corporation	The same parent company	Purchases	190,256	79	30 days	-	-	(16,333)	(84)	(Note 2)
Feng Shang Enterprise Company Limited	Taiwan Cement Corporation	Parent company	Sales	(296,517)	(13)	30 days	-	-	22,564	100	(Note 2)
			Purchases	353,749	16	30 days	-	-	(96,635)	(100)	(Note 2)
							-				
Taiwan Transport & Storage Corporation	Taiwan Cement Corporation	Parent company	Sales	(525,587)	(42)	30 days	-	-	106,040	62	(Note 2)
	Taiwan Prosperity Chemical Corporation	The same parent company	Sales	(199,170)	(16)	By contract	-	-	32,623	19	(Note 2)
	Hoping Industrial Port Corporation	The same parent company	Sales	(190,256)	(15)	30 days	-	-	16,333	10	(Note 2)
	International CSRC Investment Holdings Co., Ltd.	The same chairman	Sales	(85,651)	(7)	30 days		-	-	-	
							-				
Taiwan Prosperity Chemical Corporation	Taiwan Transport & Storage Corporation	The same parent company	Purchases	199,170	1	By contract		-	(32,623)	(29)	(Note 2)
HPC Power Service Corporation	Ho-Ping Power Company	The same parent company	Sales	(417,256)	(100)	By contract	-	-	112,126	100	(Note 2)
Ta-Ho Maritime Corporation	Taiwan Cement Corporation	Parent company	Freight revenue	(1,042,947)	(35)	30 days	-	-	372,490	100	(Note 2)
	THC International S.A	Subsidiary	Rental expense	228,345	9	By negotiation	-	-	(45,842)	(57)	(Note 2)
THC International S.A	Ta-Ho Maritime Corporation	Parent company	Rental revenue	(228,345)	(100)	By negotiation	-	-	45,842	100	(Note 2)
HKCCL	Quon Hing Concrete. Ltd.	Associates	Sales	(199,579)	(37)	By negotiation	-	-	34,651	43	(Note 2)
	Taiwan Cement Corporation	Parent company	Purchases	157,211	37	65 days after the day shipment was made	-	-	(21,744)	(59)	(Note 2)
											(Note 2)
TCC (Guigang) Cement Ltd.	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	305,348	4	By negotiation	-	-	(51,517)	(17)	(Note 2)
	Da Tong (Guigang) International Logistics Co., Ltd.	The same ultimate parent company	Purchases	353,012	4	By negotiation		-	(86,978)	(29)	(Note 2)
TCC Yingde Cement Co., Ltd.	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	252,008	3	By negotiation	-	-	(57,548)	(19)	(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)	
Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Guigang) Cement Limited	The same ultimate parent company	Freight revenue	$ (353,012)	(94)	By negotiation	$ -	-	$ 86,978	100	(Note 2)
Guigang Da-Ho Shipping Co., Ltd.	TCC (Guigang) Cement Ltd.	The same ultimate parent company	Freight revenue	(305,348)	(30)	By negotiation	-	-	51,517	44	(Note 2)
	TCC Yingde Cement Co., Ltd.	The same ultimate parent company	Freight revenue	(252,008)	(25)	By negotiation	-	-	57,548	49	(Note 2)
TCCIH	Taiwan Cement Corporation	Parent company	Service expense	505,401	100	By contract	-	-	(41,849)	(100)	(Note 2)
Yingde Dragon Mountain Cement Co., Ltd.	Prosperity Conch Cement Company Limited	Associates	Purchases	128,951	3	By negotiation	-	-	(10,590)	(5)	(Note 2)

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

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

(Concluded)

TABLE 7

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE SHARE CAPITAL
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (%)	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Ta-Ho Maritime Corporation	Taiwan Cement Corporation (Note)	Parent company	$ 372,490	3.9	$ -	-	$ 266,949	$ -
Jin Chang Minerals Corporation	Taiwan Cement Corporation (Note)	Parent company	147,517	4.3	-	-	137,476	-
Taiwan Cement Corporation	Chia Hsin Cement Corporation (Note)	Substantial relationship between management	112,833	1.3	-	-	122,833	-
HPC Power Service Corporation	Ho-Ping Power Company (Note)	The same parent company	112,126	3.8	-	-	112,126	-
Kuan-Ho Refractories Industry Corporation	Taiwan Cement Corporation (Note)	Parent company	111,417	1.9	20,726	Expect withdraw in April	55,986	-
Taiwan Cement Corporation	E.G.C. Cement Corporation (Note)	Parent company	106,653	4.2	-	-	106,653	-
Taiwan Transport & Storage Corporation	Taiwan Cement Corporation (Note)	Parent company	106,040	5.4	-	-	61,847	-

Note: All intercompany transactions have been eliminated upon consolidation.

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2018	December 31, 2017	Shares/Units (In Thousands)	%	Carrying Amount			
Taiwan Cement Corporation	TCCI	British Virgin Islands	Investment holding	$ 33,774,761	$ 18,344,635	1,100,876	100.00	$ 85,867,527	$ 12,153,185	$ 12,153,185	Note
	Ho-Ping Power Company	Taiwan	Thermal power generation	6,037,720	6,037,720	805,940	59.50	17,059,967	2,390,778	1,422,513	Note
	Hoping Industrial Port Corporation	Taiwan	Hoping Industrial Port management	3,198,500	3,198,500	319,990	100.00	5,658,439	740,169	740,147	Note
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	528,506	528,506	118,649	64.79	2,296,422	336,164	217,792	Note
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	992,173	1,284,143	116,791	40.00	1,413,309	332,064	153,298	Note
	Taiwan Transport & Storage Corporation	Taiwan	Warehousing, transportation and sale of sand and gravel	90,862	90,862	32,668	83.85	1,815,949	161,612	135,505	Note
	TCC Investment Corporation	Taiwan	Investment	190,000	190,000	63,150	100.00	3,099,705	207,697	207,697	Note
	Ho Sheng Mining Co., Ltd.	Taiwan	Mining excavation	1,414,358	1,414,358	30,100	100.00	1,069,417	55,392	55,392	Note
	CCC USA Corp.	U.S.A.	Rubber raw materials	1,284,421	481,983	79	33.33	1,625,444	310,116	103,372	
	Taiwan Cement Engineering Corporation	Taiwan	Engineering services	319,439	319,439	59,593	99.05	710,129	11,506	12,778	Note
	Kuan-Ho Construction & Development Corporation	Taiwan	Construction and lease services	-	248,963	-	-	-	-	-	Note
	ONYX Ta-Ho Environmental Services Co., Ltd.	Taiwan	Waste collection and treatment	72,000	72,000	30,176	50.00	786,226	658,855	329,427	
	Kuan-Ho Refractories Industry Corporation	Taiwan	Production and sale of refractory materials	181,050	181,050	18,105	95.29	453,906	123,697	117,870	Note
	Feng Sheng Enterprise Company Limited	Taiwan	Sale of ready-mixed concrete	250,000	250,000	27,261	45.43	348,471	36,546	16,604	Note
	TCC Chemical Corporation	Taiwan	Leasing property and energy technology services	1,510,842	1,510,842	240,000	100.00	942,433	41,272	75,555	Note
	Ta-Ho Taitung Environment Co., Ltd.	Taiwan	Waste collection and treatment	313,187	313,187	37,100	100.00	297,188	859	859	Note
	TCC Information Systems Corporation	Taiwan	Information software design	71,000	71,000	14,904	99.36	251,946	9,042	8,985	Note
	Ta-Ho RSEA Environment Co., Ltd.	Taiwan	Waste collection and treatment	666,000	666,000	66,600	66.60	200,431	(10,004)	(6,663)	Note
	HKCMCL	Hong Kong	Investment holding	72,005	72,005	38	84.65	323,022	42,622	36,081	Note
	TCC Green Energy Corporation	Taiwan	Renewable energy generation	1,446,046	46,046	150,899	100.00	1,529,333	(50,286)	(50,286)	Note
	Jin Chang Minerals Corporation	Taiwan	Afforestation and sale of limestone	18,042	18,042	1,800	100.00	220,012	90,475	90,475	Note
	HPC Power Service Corporation	Taiwan	Business consulting	1,861	1,861	6	60.00	114,457	185,738	111,443	Note
	E.G.C. Cement Corporation	Taiwan	Sale of cement	184,359	184,359	8,063	50.64	103,579	10,872	5,506	Note
	Synpac Ltd.	British Virgin Islands	Investment	70,367	70,367	2,700	25.00	6,991	311	78	
	Tung Chen Mineral Corporation	Taiwan	Afforestation and sale of limestone	1,989	1,989	20	99.45	1,352	(42)	(42)	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	40,701,671	19,125,321	2,581,832	38.28	44,167,192	18,488,071	5,090,948	Note
	E-ONE Moli Energy Corporation	Taiwan	Manufacture and sale of lithium battery	481,811	10,728	48,127	15.97	523,197	325,906	51,909	
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	3,563,397	708,760	135,820	15.59	5,040,286	2,994,196	56,168	
	Taiwan Cement Dutch	Netherlands	Investment holding	29,470,972	-	831	100.00	29,471,481	(2,754)	(2,754)	Note
											Note
Taiwan Transport & Storage Corporation	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	300,507	247,229	53,438	29.18	1,034,271	336,164	98,664	Note
	E.G.C. Cement Corporation	Taiwan	Sale of cement	136,476	126,518	7,857	49.36	130,324	10,872	4,993	Note
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	87,463	97,181	8,746	12.74	16,855	(62,793)	(8,001)	
	Ho Swen Construction Material Co., Ltd.	Taiwan	Sand and gravel filtering and sale	10,200	10,200	1,020	51.00	-	(101)	(52)	Note
TCC Investment Corporation	Union Cement Traders Inc.	Taiwan	Import and export trading	219,450	219,450	21,945	100.00	938,965	85,616	85,616	Note
	Ho-Ping Power Company	Taiwan	Thermal power generation	68,911	68,911	5,067	0.50	139,894	2,390,778	11,954	Note
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	10,528	11,168	658	0.23	7,963	332,064	752	Note
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	343	343	34	0.02	664	336,164	63	Note
	E-ONE Moli Energy Corporation	Taiwan	Manufacture and sale of lithium battery	172,648	145,253	18,068	6.00	48,180	325,906	19,488	
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	387,920	260,552	19,461	2.23	716,260	2,994,196	8,048	
Ta-Ho Maritime Corporation	Ta-Ho Maritime Holdings Ltd.	Samoa	Investment	325,995	325,995	10,300	100.00	4,199,003	188,957	188,957	Note
	Shih Hsin Storage & Transportation Co., Ltd.	Taiwan	Warehousing, transportation and sale of cement	30,952	30,952	3,114	3.34	8,196	(88,106)	(2,942)	
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	7,943	8,825	794	1.16	1,534	(62,793)	(731)	
											Note

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2018	December 31, 2017	Shares/Units (In Thousands)	%	Carrying Amount			
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	49,070	2,388	2,388	Note
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	49,882	37,968	1,819	0.21	66,949	2,994,196	752	Note
Hoping Industrial Port Corporation	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	104,929	104,929	6,675	2.29	80,775	332,064	7,591	Note
	E-ONE Moli Energy Corporation	Taiwan	Manufacture and sale of lithium battery	60,862	49,142	6,633	2.20	17,687	325,906	7,154	Note
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	29,126	(88,106)	(10,458)	
Feng Sheng Enterprise Company limited	Ho Swen Construction Material Co., Ltd.	Taiwan	Sand and gravel filtering and sale	-	1,800	-	-	-	-	-	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	9,047	(88,106)	(3,249)	Note
	Taiwan Transport & Storage Corporation	Taiwan	Warehousing, transportation and sale of sand and gravel	2,612	2,612	261	0.67	14,523	161,612	1,084	Note
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	2,552	2,835	255	0.37	492	(62,793)	(233)	
	E-ONE Moli Energy Corporation	Taiwan	Manufacture and sale of lithium battery	161,605	132,049	17,412	5.78	46,431	325,906	18,780	
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	281,806	215,360	10,145	1.16	373,381	2,994,196	4,195	
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 Chia-Chien Green Energy Corporation	Taiwan	Renewable energy generation	202,000	-	20,200	100.00	174,017	(28,183)	(28,183)	Note
	TCC Yun-Kai Green Energy Corporation	Taiwan	Renewable energy generation	25,000	-	2,500	100.00	22,912	(2,118)	(2,118)	Note
	TCC Lien-Shen Green Energy Corporation	Taiwan	Renewable energy generation	12,000	-	1,200	100.00	11,402	(2,633)	(2,633)	Note
	TCC Chang-Ho Green Energy Corporation	Taiwan	Renewable energy generation	5,000	-	500	100.00	2,983	(2,512)	(2,512)	Note
	TCC Kao Cheng Green Energy Corporation	Taiwan	Renewable energy generation	12,000	-	1,200	100.00	11,981	(2,054)	(2,054)	Note
	TCC Nan chung Green Energy Corporation	Taiwan	Renewable energy generation	20,000	-	2,000	100.00	17,983	(2,047)	(2,047)	Note
	Chang-Wang Wind Power Co., Ltd.	Taiwan	Renewable energy generation	120,000	-	12,000	100.00	150,011	(330)	(330)	Note
Ta-Ho Maritime Holdings Ltd.	THC International S.A.	Panama	Marine transportation	61,737	59,818	2	100.00	2,638,664	98,316	98,316	Note
	Sheng Ho Maritime S.A.	Panama	Marine transportation	61,737	59,818	2	100.00	465,117	(8,743)	(8,743)	Note
	Ta-Ho Maritime (Hong Kong) Limited	Hong Kong	Marine transportation	156,647	151,776	5,100	100.00	653,369	94,366	94,366	Note
	Chi Ho Maritime S.A.	Panama	Marine transportation	199,955	193,738	7	100.00	356,448	4,372	4,372	Note
	Ta-Ho Maritime (Singapore) Pte. Ltd.	Singapore	Marine transportation	3,072	2,976	100	100.00	74,177	543	543	Note
TCC International Ltd. (Group)	Quon Hing Concrete Co., Ltd.	Hong Kong	Investment holding	174,449	169,377	100	50.00	283,508	135,756	67,878	
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	148,554	148,554	14,855	19.48	25,765	(62,793)	(12,231)	
	Hong Kong Concrete Co., Ltd.	Hong Kong	Cement processing services	26,749	25,971	129	31.50	217,105	34,823	10,969	
Taiwan Cement Dutch	Dutch OYAK TCC Holdings B.V.	Netherlands	Holding company	29,152,614	-	100	40.00	29,071,244	(167,984)	(67,194)	

Note: All intercompany transactions have been eliminated upon consolidation.

(Concluded)

TABLE 9

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 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 December 31, 2018 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amoun as of December 31, 2018 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2018	Note
					Outflow	Inflow							
Anhui King Bridge Cement Co., Ltd.	Manufacturing and sale of cement	$ 460,725	(a)	$ 156,647	$ -	$ -	$ 156,647	$ (4,020)	60.00	$ (2,412)	$ 228,180	$ -	Note 7
TCC Fuzhou Cement Co., Ltd.	Manufacturing and sale of cement	499,119	(a)	282,002	-	-	282,002	30,746	100.00	30,746	912,786	-	Note 7
TCC Fuzhou Yangyu Port Co., Ltd.	Service of port facility	153,575	(a)	86,770	-	-	86,770	(521)	100.00	(521)	286,187	-	Note 7
TCC Liuzhou Construction Materials Co., Ltd.	Manufacturing and sale of slag powder	414,653	(a)	99,517	-	-	99,517	181,963	42.00	76,425	441,397	-	Note 7
TCC Yingde Cement Co., Ltd.	Manufacturing and sale of cement	7,813,896	(a)	4,882,487	-	-	4,882,487	3,670,277	100.00	3,670,277	21,247,365	-	Note 7
Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	7,156,595	(a)	4,177,086	-	-	4,177,086	1,800,138	100.00	1,800,138	12,552,681	-	Note 7
TCC (Guigang) Cement Ltd.	Manufacturing and sale of cement	10,224,283	(a)	7,313,238	-	-	7,313,238	4,384,063	100.00	4,384,063	22,406,521	-	Note 7
Jiangsu TCC Investment Co., Ltd.	Investment	1,535,750	(a)	867,699	-	-	867,699	403,596	100.00	403,596	2,814,873	-	Note 7
Yingde Dragon Mountain Cement Co., Ltd.	Manufacturing and sale of cement	1,914,508	(a)	3,336,666	-	-	3,336,666	2,463,483	100.00	2,463,483	13,222,157	-	Note 7
TCC Liaoning Cement Company Limited	Manufacturing and sale of cement	1,659,112	(a)	1,369,321	-	-	1,369,321	(92,686)	100.00	(92,686)	1,682,160	-	Note 7
TCC Anshun Cement Company Limited	Manufacturing and sale of cement	4,714,445	(a)	3,434,735	-	-	3,434,735	1,192,321	100.00	1,192,321	7,530,274	-	Note 7
TCC Chongqing Cement Company Limited	Manufacturing and sale of cement	3,624,370	(a)	2,620,645	-	-	2,620,645	1,662,989	100.00	1,662,989	6,857,651	-	Note 7
TCC Guangan Cement Company Limited	Manufacturing and sale of cement	2,364,748	(a)	1,716,826	-	-	1,716,826	946,719	100.00	946,719	3,946,039	-	Note 7
TCC (Dong Guan) Cement Company Limited	Manufacturing and sale of cement	614,300	(a)	347,080	-	-	347,080	17,273	100.00	17,273	323,485	-	Note 7
Guizhou Kong On Cement Company Limited	Manufacturing and sale of cement	623,515	(a)	281,048	-	-	281,048	169,450	65.00	110,143	536,821	-	Note 7
TCC New (Hangzhou) Management Company Limited.	Operation management	245,720	(a)	138,832	-	-	138,832	26,980	100.00	26,980	201,016	-	Note 7
Guizhou Kaili Rui An Jian Cai Co., Ltd.	Manufacturing and sale of cement	1,742,562	(a)	1,098,811	-	-	1,098,811	853,585	100.00	853,585	3,747,453	-	Note 7
TCC Shaoguan Cement Co., Ltd.	Manufacturing and sale of cement	1,228,600	(a)	1,094,990	-	-	1,094,990	(19,337)	100.00	(19,337)	1,159,388	-	Note 7
TCC Huaying Cement Company Limited	Manufacturing and sale of cement	4,247,863	(a)	3,139,325	-	-	3,139,325	907,332	100.00	907,332	3,082,623	-	Note 7
TCC Huaihua Cement Company Limited (Note 4)	Manufacturing and sale of cement	415,896	(a)	5,746,822	-	-	5,746,822	738,143	100.00	738,143	2,697,458	-	Note 7
TCC Jingzhou Cement Company Limited (Note 4)	Manufacturing and sale of cement	44,720	(a)	-	-	-	-	232,419	100.00	232,419	1,334,332	-	Note 7
TCC Huaihua Concrete Company Limited (Note 4)	Sale of ready-mixed concrete	44,720	(a)	-	-	-	-	(17,232)	100.00	(17,232)	51,809	-	Note 7
TCC Jiangsu Mining Industrial Company Limited	Mining excavation	122,860	(a)	384,149	-	-	384,149	(20,188)	100.00	(20,188)	273,293	-	Note 7
TCC Yingde Mining Industrial Company Limited	Mining excavation	353,223	(a)	277,899	-	-	277,899	21,677	100.00	21,677	454,947	-	Note 7
TCC Guigang Mining Industrial Company Limited	Mining excavation	153,575	(a)	132,647	-	-	132,647	10,472	100.00	10,472	380,383	-	Note 7
Scitus Naxi Cement Co., Ltd. (Note 5)	Manufacturing and sale of cement	655,193	(a)	-	-	-	-	194,076	100.00	194,076	324,632	-	Note 7
Scitus Luzhou Cement Co., Ltd. (Note 5)	Manufacturing and sale of cement	1,766,440	(a)	-	-	-	-	520,933	100.00	520,933	2,508,011	-	Note 7
Scitus Hejiang Cement Co., Ltd. (Note 5)	Manufacturing and sale of cement	103,974	(a)	-	-	-	-	(8,205)	100.00	(8,205)	4,279	-	Note 7
Scitus Luzhou Concrete Co., Ltd. (Note 5)	Sale of ready-mixed concrete	111,800	(a)	-	-	-	-	9,187	100.00	9,187	146,173	-	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	60,113	100.00	60,113	154,805	-	Note 7
Anshun Xin Tai Construction Materials Company Limited	Filtering of sand and gravel and sale of ready-mixed concrete	67,080	(a)	93,437	-	-	93,437	2,377	100.00	2,377	66,675	-	Note 7
Fuzhou TCC Information Technology Co., Ltd. (Note 6)	Software product and equipment maintenance	3,072	(a)	3,072	-	-	3,072	2,210	100.00	2,210	42,323	-	Note 7
Da Tong (Guigang) International Logistics Co., Ltd (Note 6)	Logistics and transportation	153,575	(a)	153,575	-	-	153,575	95,455	100.00	95,455	636,691	-	Note 7

(Continued)

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) Outflow	Investment Flow (Note 2) Inflow	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2018 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2018	Note
Da Tong (Ying De) Logistics Co., Ltd. (Note 6)	Logistics and transportation	$ 22,360	(a)	$ 22,360	$ -	$ -	$ 22,360	$ 15,344	100.00	$ 15,344	$ 97,646	$ -	Note 7
Guigang Da-Ho Shipping Co., Ltd. (Note 6)	Marine transportation	17,888	(a)	17,888	-	-	17,888	63,530	100.00	63,530	334,528	-	Note 7
Prosperity Conch Cement Company Limited	Manufacturing and sale of cement	2,593,760	(a)	2,238,447	-	-	2,238,447	4,870,859	25.00	1,217,715	4,744,772	-	
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Manufacturing and sale of cement	3,689,400	(a)	1,459,370	-	-	1,459,370	697,402	30.00	209,220	1,664,695	-	
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Manufacturing and sale of cement	1,845,058	(a)	706,693	-	-	706,693	717,201	30.00	215,160	876,910	-	
Sichuan Taichang Building Material Group Company Limited	Manufacturing and sale of cement	894,400	(a)	353,270	-	-	353,270	160,459	30.00	48,138	47,692	-	
Guangan Xin Tai Construction Materials Company Limited	Manufacturing and sale of concrete aggregate	69,316	(a)	48,228	-	-	48,228	-	50.00	-	-	-	
Guigang TCC DongYuan Environmental Technology Company Limited	Dangerous waste treatment	523,224	(a)	-	523,224	-	523,224	(1,280)	95.20	(1,218)	534,988	-	Note 7

Accumulated Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$72,144,649	$73,433,132	(Note 8)

Note 1: The method of investments were as two follows:

a. investments in mainland China companies were through a company invested and established in a third region.
b. Direct investment in mainland companies.

Note 2: Including outward remittance from offshore subsidiaries.

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

Note 4: As of December 31, 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 December 31, 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., the other companies were disposed of in March 2013. The investment amounts authorized to be withdrawn are currently being processed by the Investment Commission, MOEA.

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

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

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

B. See Tables 1, 2, 4, 6 and 10 for the information about significant transactions with investees in the mainland China, either directly or indirectly through a third area.

(Concluded)

TABLE 10

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 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	E.G.C. Cement Corporation	1	Operating revenue	$ 401,471	50 days after the day delivery was made	0.3
				Accounts receivable from related parties	106,653	50 days after the day delivery was made	-
		HKCCL	1	Operating revenue	157,211	65 days after the day delivery was made	0.1
		Feng Sheng Enterprise Company Limited	1	Operating revenue	353,749	30 days	0.3
				Operating costs and expenses	296,517	30 days	0.2
		Ta-Ho Maritime Corporation	1	Operating costs and expenses	1,042,947	30 days	0.8
				Payables to related parties	372,490	30 days	0.1
		Taiwan Transport & Storage Corporation	1	Operating costs and expenses	525,587	30 days	0.4
				Payables to related parties	106,040	30 days	-
		Hoping Industrial Port Corporation	1	Operating costs and expenses	447,052	20 days	0.4
		Kuan-Ho Refractories Industry Corporation	1	Operating costs and expenses	231,370	By contract	0.2
				Payables to related parties	111,417	By contract	-
		TCCIH	1	Operating revenue	505,401	By contract	0.4
		Jin Chang Minerals Corporation	1	Operating costs and expenses	589,037	30 days	0.5
				Payables to related parties	147,517	30 days	-
		Ho Sheng Mining Co., Ltd.	1	Operating costs and expenses	407,375	30 days	0.3
1	Ho-Ping Power Company	Hoping Industrial Port Corporation	3	Operating costs and expenses	1,083,627	20 days	0.9
		HPC Power Service Corporation	3	Operating costs and expenses	417,256	By contract	0.3
				Payables to related parties	112,126	By contract	-
2	THC International S.A.	Ta-Ho Maritime Corporation	3	Rent revenue	228,345	By negotiation	0.2
3	TCC Chemical Corporation	Taiwan Prosperity Chemical Corporation	3	Finance lease receivables	151,920	By contract	-
				Long-term finance lease receivables	1,245,982	By contract	0.4
4	Taiwan Transport & Storage Corporation	Taiwan Prosperity Chemical Corporation	3	Operating revenue	199,170	By contract	0.2
		Hoping Industrial Port Corporation	3	Operating revenue	190,256	30 days	0.2
5	Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Guigang) Cement Limited	3	Operating revenue	353,012	By negotiation	0.3
6	Guigang Da-Ho Shipping Co., Ltd.	TCC (Guigang) Cement Limited	3	Operating revenue	305,348	By negotiation	0.2
		TCC Yingde Cement Co., Ltd.	3	Operating revenue	252,008	By negotiation	0.2

(Continued)

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.

(Concluded)