Taiwan Cement Corporation

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

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan Cement Corporation

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

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

Acquisition of Investments Accounted for by Using the Equity Method

As disclosed in Notes 4 and 14 to the financial statements, the Corporation 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 Corporation'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 transaction voucher, equity agreement and equity registration documents to verify that of the transaction object and conditions were consistent with the approved proposal.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 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 financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

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

TAIWAN CEMENT CORPORATION

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

	2018		2017	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 11,643,685	4	$ 759,845	1
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 25)	249,590	-	-	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 25)	3,353,049	1	-	-
Available-for-sale financial assets (Notes 4 and 9)	-	-	3,740,687	2
Accounts and notes receivable (Notes 4 and 10)	3,882,406	2	3,174,220	2
Accounts and notes receivable from related parties (Notes 4 and 26)	474,862	-	425,326	-
Inventories (Notes 4, 11 and 28)	1,376,273	1	1,655,298	1
Other current assets (Note 26)	191,053	-	156,652	-
Total current assets	21,170,918	8	9,912,028	6
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 25)	4,385,175	2	-	-
Available-for-sale financial assets (Notes 4 and 9)	-	-	2,419,650	1
Financial assets measured at cost (Note 4)	-	-	85,159	-
Investments accounted for by using the equity method (Notes 4, 5, 12 and 23)	205,397,811	78	118,108,972	73
Property, plant and equipment (Notes 4, 13, 20 and 27)	27,007,306	10	27,577,177	17
Investment properties (Notes 4, 14 and 20)	3,352,677	1	3,352,908	2
Intangible assets (Notes 4 and 20)	10,711	-	21,394	-
Net defined benefit asset (Notes 4 and 18)	991,103	-	889,179	1
Other non-current assets (Notes 4, 21 and 27)	1,144,282	1	322,261	-
Total non-current assets	242,289,065	92	152,776,700	94
TOTAL	$ 263,459,983	100	$ 162,688,728	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Note 15)	$ 12,969,000	5	$ 8,522,150	5
Short-term bills payable (Note 15)	1,499,674	1	1,899,014	1
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 25)	139,460	-	-	-
Accounts payable	938,007	-	797,820	1
Accounts payable to related parties (Note 26)	987,658	-	748,977	-
Other payables (Note 17)	1,863,564	1	1,443,197	1
Current income tax liabilities (Notes 4 and 21)	-	-	132,708	-
Long-term loans - current portion (Note 15)	-	-	7,276,733	5
Other current liabilities (Note 26)	86,532	-	108,619	-
Total current liabilities	18,483,895	7	20,929,218	13
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 26)	22,777,693	9	-	-
Long-term loans (Note 15)	13,510,417	5	-	-
Notes payable (Note 15)	21,478,716	8	-	-
Deferred income tax liabilities (Notes 4 and 21)	5,239,334	2	5,164,505	3
Other non-current liabilities	428,418	-	246,801	-
Total non-current liabilities	63,434,578	24	5,411,306	3
Total liabilities	81,918,473	31	26,340,524	16
EQUITY (Notes 4, 19 and 23)				
Share capital	53,080,599	20	42,465,090	26
Capital surplus	47,836,241	18	25,739,065	16
Retained earnings	61,588,761	24	49,019,510	30
Others	19,038,454	7	19,124,539	12
Treasury shares	(2,545)	-	-	-
Total equity	181,541,510	69	136,348,204	84
TOTAL	$ 263,459,983	100	$ 162,688,728	100

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

TAIWAN CEMENT CORPORATION

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

	2018		2017	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4 and 26)	$ 17,057,945	100	$ 16,274,654	100
LESS: SALES RETURNS AND ALLOWANCES	78,500	-	58,777	-
OPERATING REVENUE, NET	16,979,445	100	16,215,877	100
OPERATING COSTS (Notes 4, 11, 20 and 26)	15,600,509	92	14,500,652	90
GROSS PROFIT	1,378,936	8	1,715,225	10
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	1,228	-	1,228	-
REALIZED GROSS PROFIT	1,380,164	8	1,716,453	10
OPERATING EXPENSES (Notes 20 and 26)				
Marketing	230,176	1	180,458	1
General and administrative	957,120	6	640,703	4
Total operating expenses	1,187,296	7	821,161	5
INCOME FROM OPERATIONS	192,868	1	895,292	5
NON-OPERATING INCOME AND EXPENSES				
Share of profit of subsidiaries and associates (Note 12)	21,133,842	125	6,950,116	43
Dividend income (Note 4)	381,051	2	323,812	2
Other income (Note 20)	346,278	2	163,379	1
Finance costs (Note 20)	(481,032)	(3)	(211,840)	(1)
Other expenses (Note 20)	(275,608)	(2)	(161,461)	(1)
Impairment loss (Note 13)	(37,524)	-	(156,000)	(1)
Total non-operating income and expenses	21,067,007	124	6,908,006	43
INCOME BEFORE INCOME TAX	21,259,875	125	7,803,298	48
INCOME TAX EXPENSE (Notes 4 and 21)	79,054	-	209,051	1
NET INCOME	21,180,821	125	7,594,247	47

(Continued)

TAIWAN CEMENT CORPORATION

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)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 18)	$ 98,819	-	$ 70,524	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	98,784	-	-	-
Share of other comprehensive income (loss) of subsidiaries and associates	1,143,130	7	(26,903)	-
Income tax expense related to items that will not be reclassified subsequently to profit or loss (Note 21)	(29,629)	-	(11,989)	-
	1,311,104	7	31,632	-
Items that may be reclassified subsequently to profit or loss:				
Unrealized gain on available-for-sale financial assets	-	-	1,370,286	9
Share of other comprehensive income (loss) of subsidiaries and associates	(4,246,746)	(25)	8,779,647	54
	(4,246,746)	(25)	10,149,933	63
Other comprehensive income (loss) for the year, net of income tax	(2,935,642)	(18)	10,181,565	63
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 18,245,179	107	$ 17,775,812	110
EARNINGS PER SHARE (Note 22)				
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 financial statements. (Concluded)

TAIWAN CEMENT CORPORATION

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 Differences on Translating Foreign Operations	Unrealized Gain/Loss from Available-for-sale Financial Assets	Unrealized Gain/Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Cash Flow Hedges Reserve	Treasury Shares	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
Appropriation of 2016 earnings													
Legal reserve	-	-	-	635,845	-	(635,845)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(5,353,655)	(5,353,655)	-	-	-	-	-	(5,353,655)
Net income for the year ended December 31, 2017	-	-	-	-	-	7,594,247	7,594,247	-	-	-	-	-	7,594,247
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	31,632	31,632	1,443,142	8,714,691	-	(7,900)	-	10,181,565
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	7,625,879	7,625,879	1,443,142	8,714,691	-	(7,900)	-	17,775,812
Difference between consideration received/paid and the carrying amount of subsidiaries' net assets during actual acquisitions and disposals	-	-	(1,224,547)	-	-	(590,238)	(590,238)	-	-	-	-	-	(1,814,785)
Changes in ownership interests of subsidiaries	-	-	2,120	-	-	-	-	-	-	-	-	-	2,120
Issuance of new shares for the acquisition of shares in subsidiaries	5,543,331	-	13,427,330	-	-	-	-	-	-	-	-	-	18,970,661
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
Adjustments on initial application of IFRS 9	-	-	-	-	-	654,005	654,005	-	(19,915,014)	24,158,871	-	-	4,897,862
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
Appropriation of 2017 earnings													
Legal reserve	-	-	-	759,425	-	(759,425)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(6,360,764)	(6,360,764)	-	-	-	-	-	(6,360,764)
Stock dividend	4,240,509	-	-	-	-	(4,240,509)	(4,240,509)	-	-	-	-	-	-
Net income for the year ended December 31, 2018	-	-	-	-	-	21,180,821	21,180,821	-	-	-	-	-	21,180,821
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)
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
Issuance of global depositary shares	4,375,000	-	12,339,355	-	-	-	-	-	-	-	-	-	16,714,355
Issuance of preference shares	-	2,000,000	7,973,907	-	-	-	-	-	-	-	-	-	9,973,907
Organization restructuring	-	-	-	-	-	(58,513)	(58,513)	-	-	-	-	-	(58,513)
Difference between consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	466,755	-	-	-	-	-	-	-	-	-	466,755
Changes in ownership interests of subsidiaries	-	-	41	-	-	-	-	-	-	-	-	-	41
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	(459)	-	-	(89)	(89)	-	-	-	-	-	(548)
Disposal of investments in equity instrument 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
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	-	-	(218,166)	(218,166)
Compensation costs of treasury shares transferred to employees	-	-	45,448	-	-	-	-	-	-	-	-	-	45,448
Treasury shares transfer to employees	-	-	(35,941)	-	-	-	-	-	-	-	-	215,621	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

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

TAIWAN CEMENT CORPORATION

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	$ 21,259,875	$ 7,803,298
Adjustments for:		
Depreciation expense	518,572	537,065
Amortization expense	10,683	36,553
Net loss on fair value changes of financial assets designated as at fair value through profit or loss	1,117	-
Finance costs	481,032	211,840
Interest income	(98,520)	(6,102)
Dividend income	(381,051)	(323,812)
Compensation costs	45,448	-
Share of profit of subsidiaries and associates	(21,133,842)	(6,950,116)
Loss (gain) on disposal of property, plant and equipment, net	140,615	(142)
Inventory write-downs	6,401	19,519
Impairment losses on non-financial assets	37,524	156,000
Loss on disposal of investment	-	745
Unrealized loss (gain) on foreign exchange, net	7,189	(4,067)
Changes in operating assets and liabilities:		
Notes receivable and accounts receivable	(705,416)	(3,116)
Notes receivable and accounts receivable from related parties	(49,150)	101,352
Inventories	272,624	(185,122)
Other current assets	(1,291)	27,302
Net defined benefit asset	(3,104)	(827)
Accounts payable	140,208	(217,514)
Accounts payable to related parties	238,681	40,173
Other payables	271,773	(202,465)
Other payables to related parties	(21,409)	(16,332)
Other current liabilities	(678)	(4,118)
Cash generated from operations	1,037,281	1,020,114
Income tax paid	(214,394)	(125,525)
Net cash generated from operating activities	822,887	894,589
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of financial assets at fair value through other comprehensive income	(72,086)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,333	-
Disposals of available-for-sale financial assets	-	1,961
Proceeds from the return of capital upon investees' capital reduction of financial assets measured at cost	-	5,833
Acquisitions of investments accounted for by using the equity method	(4,127,150)	(1,329,584)
Net cash out flow on acquisition of subsidiaries	(67,877,447)	-
Payments for property, plant and equipment	(612,055)	(32,268)
Proceeds from disposal of property, plant and equipment	14,533	6,992

(Continued)

TAIWAN CEMENT CORPORATION

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

	2018	2017
Payments for intangible assets	$ -	$ -
Decrease in other receivables from related parties	-	20,000
Increase in other non-current assets	(290,041)	(98,012)
Interest received	73,789	6,003
Dividends received	4,604,367	4,624,633
Net cash generated from (used in) investing activities	(68,284,757)	3,205,558
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	4,443,260	2,691,523
Increase (decrease) in short-term bills payable	(399,340)	1,599,156
Issuance of corporate bonds	24,223,847	-
Increase in long-term loans	13,402,917	-
Repayments of long-term loans	(7,276,733)	(3,360,000)
Increase in other non-current liabilities	226,435	6,237
Dividends paid	(6,360,764)	(5,353,655)
Issuance of shares for cash	26,688,262	-
Treasury shares transferred to employees	179,680	-
Payment for buyback of treasury shares	(218,166)	-
Partial disposal of interests in subsidiaries without a loss of control	2,189,786	-
Interest paid	(232,190)	(202,220)
Increase in long-term bills payable	21,478,716	-
Net cash generated from (used in) financing activities	78,345,710	(4,618,959)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,883,840	(518,812)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	759,845	1,278,657
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 11,643,685	$ 759,845

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

TAIWAN CEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 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, land-to-the-tiller policy. The Corporation engages in the manufacture and marketing of cement, cement-related products and ready-mixed concrete. The Corporation's shares have been listed on the Taiwan Stock Exchange since February 1962.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Corporation's board of directors on March 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 Financial Supervisory Commission (FSC)

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

   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 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 Corporation 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 amount under IAS 39 and the new measurement categories and carrying amount under IFRS 9 for each class of the Corporation's financial assets and financial liabilities as of January 1, 2018.

Financial Assets	Measurement Category IAS 39	Measurement Category IFRS 9	Carrying Amount IAS 39	Carrying Amount IFRS 9	Remark
Equity securities	Available-for-sale	Mandatorily at FVTPL	$ 270,469	$ 270,469	a)
	Available-for-sale	Fair value through other comprehensive income (FVTOCI) - equity instruments	5,889,868	5,889,868	a)
	Available-for-sale (financial assets measured at cost)	Fair value through other comprehensive income (FVTOCI) - equity instruments	85,159	3,982,858	a)
Cash and cash equivalents, accounts and notes receivable (from related parties), and other receivables (from related parties)	Loans and receivables	Amortized cost	4,423,406	4,423,406	b)

Financial Assets	IAS 39 Carrying Amount as of January 1, 2018	Reclassifi-cations	Remeasure-ments	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	$ -	$ -	$ -	$ -	$ -	$ -	
Add: Reclassification from available-for-sale (IAS 39)							
Required reclassification	-	270,469	-	270,469	133,934	(133,934)	a)
Fair value option elected at January 1, 2018							
	-	270,469	-	270,469	133,934	(133,934)	
FVTOCI							
Equity instruments							
Add: Reclassification from available-for-sale (IAS 39)	-	5,889,868	-	5,889,868	-	-	a)
Add: Reclassification from financial assets measured at cost (IAS 39)	-	85,159	3,897,699	3,982,858	53,877	3,843,822	a)
	-	5,975,027	3,897,699	9,872,726	53,877	3,843,822	
Amortized cost							
Add: Reclassification from loans and receivables (IAS 39)	-	4,423,406	-	4,423,406	-	-	b)
	$ -	$ 10,668,902	$ 3,897,699	$ 14,566,601	$ 187,811	$ 3,709,888	

	IAS 39 Carrying Amount as of January 1, 2018	Adjustments Arising from Initial Application	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
Investments accounted for using the equity method	$ 118,108,972	$ 1,000,163	$ 119,109,135	$ 466,194	$ 533,969	c)

a) The Corporation elected to designate all its investments in equity securities previously classified as available-for-sale under IAS 39 as at FVTOCI under IFRS 9. As a result, the related other equity - unrealized gain (loss) on available-for-sale financial assets of $19,915,014 thousand was reclassified to retained earnings of $133,934 thousand and other equity - unrealized gain (loss) on financial assets at FVTOCI of $19,781,080 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 $3,843,822 thousand was recognized in both financial assets at FVTOCI and other equity - unrealized gain (loss) on financial assets at FVTOCI on January 1, 2018.

   The Corporation 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 $53,877 thousand in other equity - unrealized gain (loss) on financial assets at FVTOCI and an increase of $53,877 thousand in retained earnings on January 1, 2018.

b) Notes and account receivable and other receivables (including related party transactions) 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.

c) As a result of the retrospective application of IFRS 9 by associates, there was an increase in investments accounted for using the equity method in the amount $1,000,163 thousand, an increase in other equity - unrealized gain (loss) on financial assets at FVTOCI in the amount of $533,969 thousand, and an increase in retained earnings in the amount of $466,194 thousand on January 1, 2018.

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 Corporation.

b. 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 by the FSC for application starting from 2019

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

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

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

Note 3: The Corporation shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

1) IFRS 16 "Leases"

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

Definition of a lease

Upon initial application of IFRS 16, the Corporation 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 Corporation as lessee

Upon initial application of IFRS 16, the Corporation will recognize right-of-use assets, or investment properties if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases will be recognized as expenses on a straight-line basis. On the statements of comprehensive income, the Corporation will present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the statements of cash flows, cash payments for the principal portion of lease liabilities will be classified within financing activities; cash payments for the interest portion will be classified within financing activities. Currently, payments under operating lease contracts, including property interest qualified as investment properties, are recognized as expenses on a straight-line basis. Cash flows for operating leases are classified within operating activities on the statements of cash flows. Leased assets and finance lease payables are recognized for contracts classified as finance leases.

The Corporation 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 discounted using the aforementioned incremental borrowing rate as if IFRS 16 had been applied since the commencement date, the Company will apply IAS 36 to all right-of-use assets.

The Corporation expects to apply the following practical expedients:

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

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

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

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

The Corporation as lessor

The Corporation 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 and liabilities on January 1, 2019

	Carrying Amount as of December 31, 2018	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2019
Other current assets	$ 191,053	$ (2,077)	$ 188,976
Right-of-use assets	-	1,659,486	1,659,486
Total effect on assets	$ 191,053	$ 1,657,409	$ 1,848,462
Lease liabilities - current	$ -	$ 294,215	$ 294,215
Lease liabilities - non-current	-	1,363,194	1,363,194
Total effect on liabilities	$ -	$ 1,657,409	$ 1,657,409

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

c. The New IFRSs issued by IASB but not yet endorsed and issued into effect by the 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 Corporation shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Foreign currencies

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

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

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

For the purpose of presenting financial statements, the functional currencies of the Corporation and entities under its control (including subsidiaries and associates in other countries that use currencies that are different from the currency of the Corporation) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e. a disposal of the Corporation's entire interest in a foreign operation or a disposal involving the loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Corporation losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculations involved in the equity-method transaction but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

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

f. Investments in subsidiaries

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

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

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

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

When the Corporation's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for by using the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the subsidiary), the Corporation continues recognizing its share of further losses.

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

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

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

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

g. Investments in associates

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

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

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

When the Corporation subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Corporation's proportionate interest in that associate. The Corporation records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus - changes in the Corporation's share of equity of associates. If the Corporation's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required 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 Corporation's share of losses of an associate equals or exceeds its interest in that associate, the Corporation discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Corporation has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any assets, including goodwill, that form part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

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

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

h. Property, plant and equipment

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

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

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

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

i. Investment properties

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

k. Impairment of tangible and intangible assets

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

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

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

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

l. Financial instruments

Financial assets and financial liabilities are recognized when an 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 such 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 remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 25.

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 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 Corporation 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 Corporation's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2017

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

i. Financial assets at FVTPL

Financial assets at FVTPL are subsequently measured 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 25.

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 are determined to be impaired.

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

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

iii. Loans and receivables

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

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

b) Impairment of financial assets and contract assets

2018

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

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

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

2017

Financial assets, other than those at 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, such as trade receivables, 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 Company's past experience with collecting payments, an increase in the number of delayed payments in the portfolio, as well as observable changes in national or local economic conditions that correlate with defaults on receivables.

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

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

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

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

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to impairment 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 a 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 the impairment loss directly for all financial assets, with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When accounts receivable are considered uncollectable, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectable accounts receivable that are written off against the allowance account.

c) Derecognition of financial assets

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

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 the Corporation are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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

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

3) Financial liabilities

a) Subsequent measurement

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

Financial liabilities are classified as at fair value through profit or loss when any such financial liability is held for trading. Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

b) Derecognition of financial liabilities

The difference between the carrying amount of 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 Corporation are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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

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

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the 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 Corporation 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 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 financial assets at FVTPL.

m. Revenue recognition

<u>2018</u>

The Corporation 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.

<u>2017</u>

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

1) Sale of goods

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

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

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

c) The amount of revenue can be measured reliably;

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

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

2) Dividend and interest income

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

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

n. Leasing

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

1) The Corporation as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Corporation'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 Corporation'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 Corporation as lessee

Assets held under finance leases are initially recognized as assets of the Corporation 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 sheets 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; in which case, they are capitalized.

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

o. Borrowing costs

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

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

The net defined benefit asset represents the actual surplus in the Corporation’s defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plan or reductions in future contributions to the plan.

3) Other long-term employee benefits

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

q. 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 Corporation’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

r. Taxation

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

1) Current tax

According to the Income Tax Law of the Republic of China, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Equity-method Investments

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2018	2017
Cash on hand	$ 1,276	$ 986
Checking accounts and demand deposits	4,808,221	595,152
Cash equivalents		
Time deposits with original maturities of less than 3 months	6,834,188	-
Bonds with repurchase agreements	-	163,707
	$ 11,643,685	$ 759,845

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	0.01-2.83%	0.01%-0.08%
Time deposits with original maturities of less than 3 months	0.13-3.05%	-
Bonds with repurchase agreements	-	2%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2018
Financial assets at FVTPL - current	
Financial assets mandatorily classified as at FVTPL	
Non-derivative financial assets	
Domestics listed shares	$ 163,810
Domestics emerging market shares	85,780
	$ 249,590
Financial liabilities at FVTPL - current	
Financial liabilities held for trading	
Derivative financial liabilities (not under hedge accounting)	
Convertible options	$ 139,460

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - 2018

	December 31, 2018
Current	
Domestic investments	
Listed shares	$ 3,323,490
Preference shares	29,559
	$ 3,353,049
Non-current	
Domestic investments	
Unlisted shares	$ 4,385,175

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 Note 9 for information relating to their reclassification and comparative information for 2017.

During 2018, the Corporation paid $475,352 thousand and $2,854,637 thousand to acquire shares of E-ONE Moli Energy Corporation and International CSRC Investment Holdings Co., Ltd., respectively. The investments increased the Corporation's percentage of ownership from 0.4% to 16.0% and 8.8% to 15.6%. 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.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS - 2017

	December 31, 2017
Domestic investments	
Listed shares	$ 6,071,300
Emerging market shares	89,037
	$ 6,160,337
Current	$ 3,740,687
Non-current	2,419,650
	$ 6,160,337

10. NOTES AND ACCOUNTS RECEIVABLE

	December 31	
	2018	**2017**
Measured at amortized cost		
Notes receivable	$ 1,068,694	$ 993,082
Accounts receivable	2,856,883	2,222,804
Less: Allowance for impairment loss	(43,171)	(41,666)
	$ 3,882,406	$ 3,174,220

2018

The Corporation recognizes allowance for impairment loss on account receivable on the basis of individual customers for which credit losses have actually taken place. Moreover, the Corporation 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 Corporation 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 Corporation 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	$ 3,809,004
91-180 days	51,950
181-365 days	11,147
Over 365 days	10,305
	$ 3,882,406

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	$ 41,666
Adjustment on initial application of IFRS 9	-
Balance at January 1, 2018 per IFRS 9	41,666
Less: Impairment losses	2,524
Less: Amounts written off	(1,019)
Balance at December 31, 2018	$ 43,171

2017

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

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

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

The aging analysis of receivables was as follows:

	December 31, 2017
Up to 90 days	$ 3,076,458
91-180 days	64,741
181-365 days	10,012
Over 365 days	23,009
	$ 3,174,220

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	$ 10,648	$ 32,046	$ 42,694
(Reversal of) allowances	(2,822)	3,465	643
Write-offs	(1,114)	(557)	(1,671)
Balance at December 31, 2017	$ 6,712	$ 34,954	$ 41,666

11. INVENTORIES

	December 31	
	2018	2017
Finished goods	$ 462,208	$ 482,742
Work in process	459,491	494,038
Raw materials	181,644	408,942
Supplies	272,930	269,576
	$ 1,376,273	$ 1,655,298

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2018 and 2017 was $15,549,793 thousand and $14,440,950 thousand, respectively. The cost of goods sold included inventory write-downs of $6,401 thousand and $19,519 thousand for 2018 and 2017, respectively.

12. INVESTMENTS ACCOUNTED FOR BY USING THE EQUITY METHOD

	December 31	
	2018	2017
Investments in subsidiaries	$ 197,415,667	$ 116,926,940
Investments in associates	7,982,144	1,182,032
	$ 205,397,811	$ 118,108,972

a. Investments in subsidiaries

	December 31	
	2018	2017
Listed company		
Taiwan Prosperity Chemical Corporation	$ 1,413,309	$ 1,608,901
Unlisted companies		
TCC International Ltd. (“TCCI”)	85,867,527	60,108,134
TCC International Holdings Ltd. (“TCCIH”)	44,167,192	19,054,259
Taiwan Cement (Dutch) Holdings B.V. (Taiwan Cement Dutch)	29,471,481	-
Ho-Ping Power Company	17,059,967	18,612,533
Hoping Industrial Port Corporation	5,658,439	5,525,572
TCC Investment Corporation	3,099,705	2,056,607
Ta-Ho Maritime Corporation	2,296,422	2,029,315
Taiwan Transport & Storage Corporation	1,815,949	1,698,943
TCC Green Energy Corporation	1,529,333	179,619
Ho Sheng Mining Co., Ltd.	1,069,417	1,014,025
TCC Chemical Corporation	942,433	1,539,861
Taiwan Cement Engineering Corporation	710,129	698,982
Kuan-Ho Refractories Industry Corporation	453,906	394,925
Feng Sheng Enterprise Company	348,471	347,734
Hong Kong Cement Manufacturing Co., Ltd. (“HKCMCL”)	323,022	277,915
Ta-Ho Onyx Taitung Environment Co., Ltd.	297,188	296,329
TCC Information Systems Corporation	251,946	272,046
Jin Chang Minerals Corporation	220,012	157,214
Ta-Ho Onyx RSEA Environment Co., Ltd.	200,431	207,094
HPC Power Service Corporation	114,457	107,200
E.G.C. Cement Corporation	103,579	98,110
Tung Chen Mineral Corporation	1,352	1,394
Kuan-Ho Construction & Development Corporation	-	640,228
	$ 197,415,667	$ 116,926,940

	Proportion of Ownership and Voting Rights	
	December 31	
	2018	2017
Listed company		
Taiwan Prosperity Chemical Corporation (Note 1)	40.0%	50.0%
Unlisted companies		
TCCI (Note 2)	100.0%	100.0%
TCCIH (Note 2)	38.3%	24.1%
Taiwan Cement Dutch (Note 3)	100.0%	-
Ho-Ping Power Company	59.5%	59.5%
Hoping Industrial Port Corporation	100.0%	100.0%
TCC Investment Corporation	100.0%	100.0%
Ta-Ho Maritime Corporation	64.8%	64.8%
Taiwan Transport & Storage Corporation	83.9%	83.9%
TCC Green Energy Corporation (Note 4)	100.0%	100.0%
Ho Sheng Mining Co., Ltd.	100.0%	100.0%
TCC Chemical Corporation (Note 5)	100.0%	100.0%
Taiwan Cement Engineering Corporation	99.0%	99.0%
Kuan-Ho Refractories Industry Corporation	95.3%	95.3%
Feng Sheng Enterprise Company (Note 6)	45.4%	45.4%
HKCMCL	84.7%	84.7%
Ta-Ho Onyx Taitung Environment Co., Ltd.	100.0%	100.0%
TCC Information Systems Corporation	99.4%	99.4%
Jin Chang Minerals Corporation	100.0%	100.0%
Ta-Ho Onyx RSEA Environment Co., Ltd.	66.6%	66.6%
HPC Power Service Corporation	60.0%	60.0%
E.G.C. Cement Corporation	50.6%	50.6%
Tung Chen Mineral Corporation	99.5%	99.5%
Kuan-Ho Construction & Development Corporation (Note 5)	-	92.9%
TMC (Note 7)	72.7%	72.7%
TPMC (Note 6 and 7)	40.0%	40.0%

Note 1: The Corporation adjusted the structure of the its's internal investment. The Corporation successively disposed of a portion of its interest in Taiwan Prosperity Chemical Corporation in 2018, but the Corporation still have the control on it after disposal.

Note 2: Refer to Note 23 and Notes of the consolidated financial report of 2018 for disclosure on the Corporation and TCCI's arrangement to privatize TCCIH. In addition, the Corporation increased its investment in the capital of TCCI and TCCIH by $15,340,125 thousand and $21,576,350 thousand, but TCCI did not simultaneously increase its investment in the capital of TCCIH. Thus, the Corporation's percentage of ownership in TCCIH increased from 24.1% to 33.8%.

Note 3: Dutch OYAK TCC Holdings B.V., a joint venture, by cooperating with Taiwan Cement Dutch and Ordu Yardimlasma Kurumu in November 2018. The Group obtained 40% of interests of joint venture investing in cash and indirectly acquired the cement investment projects in areas such as Turkey. The Corporation invested $29,470,972 thousand to establish Taiwan Cement Dutch in 2018.

Note 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. The Corporation increased its capital in the amount of $1,400,000 thousand in TCC Green Energy Corporation in July 2018.

Note 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 change 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.

Note 6: Although the Corporation’s percentages of ownership in Taiwan Prosperity Chemical Corporation, Feng Sheng Enterprise Company and TPMC were less than 50% for the years ended December 31, 2018 and 2017, the Corporation still has control over those entities. Thus, Taiwan Prosperity Chemical Corporation, Feng Sheng Enterprise Company and TPMC are considered as subsidiaries of the Corporation.

Note 7: Due to investment losses incurred, the investments in TMC and TPMC had credit balances of $20,149 thousand and $20,691 thousand as of December 31, 2018 and 2017, respectively, which were recorded in other non-current liabilities.

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

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

b. Investments in associates

	December 31	
	2018	**2017**
Material associates		
International CSRC Investment Holdings Co., Ltd.	$ 5,040,286	$ -
Associates that are not individually material		
CCC USA Corporation	1,625,444	694,072
ONYX Ta-Ho Environmental Services Co., Ltd.	786,226	481,263
E-ONE Moli Energy Corporation	523,197	-
Synpac Ltd.	6,991	6,697
	$ 7,982,144	$ 1,182,032

c. Material associates

	Proportion of Ownership	
	December 31	
	2018	2017
International CSRC Investment Holdings Co., Ltd.	15.6%	8.8%

Refer to Table 8 "Information on investees" following the Notes to Financial Statements for the nature of activities, principal place of business and country of incorporation of 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 was based on the associate's financial statements audited by the auditors for the years then ended.

Summarized financial information in respect of International CSRC Investment Holdings Co., Ltd. was as follows:

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 Corporation's ownership	15.6%
Equity attributable to the Corporation	$ 4,611,955
Difference between cost of investment and holding equity	428,331
Carrying amount	$ 5,040,286

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

Fair value (level 1) of International CSRC Investment Holdings Co., Ltd. with available published price quotations is $5,290,198 thousand.

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

	Proportion of Ownership and Voting Rights December 31	
	2018	2017
CCC USA Corporation	33.30%	33.30%
ONYX Ta-Ho Environmental Services Co., Ltd.	50.00%	50.00%
E-ONE Moli Energy Corporation	16.00%	0.4%
Synpac Ltd.	25.00%	25.00%

	For the Year Ended December 31	
	2018	2017
The Corporation's share of:		
Net profit for the year	$ 484,786	$ 272,421
Other comprehensive income (loss)	25,378	(55,906)
Total comprehensive income for the year	$ 510,164	$ 216,515

For the year ended December 31, 2018, the Corporation paid $475,352 thousand and $2,854,637 thousand to acquire shares of E-ONE Moli Energy Corporation and International CSRC Investment Holdings Co., Ltd., respectively. The Corporation increased its percentage of ownership from 0.4% to 16% and 8.8% to 15.6%. With a significant impact on the investee, the original investments previously recognized as financial assets at FVTOCI were reclassified to investments accounted for by using the equity method.

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

The investments accounted for by using the equity method and the share of profit or loss and other comprehensive income of the investments for the years ended December 31, 2018 and 2017 were based on the associates' audited financial statements for the years ended.

13. PROPERTY, PLANT AND EQUIPMENT

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

(Continued)

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Total
Cost					
Balance at January 1, 2018	$ 18,117,555	$ 16,138,604	$ 23,714,277	$ 3,920,102	$ 61,890,538
Additions	-	9,080	58,896	63,036	131,012
Disposals	-	(276,997)	(3,686,465)	(369,784)	(4,333,246)
Reclassification	-	-	10,130	-	10,130
Balance at December 31, 2018	$ 18,117,555	$ 15,870,687	$ 20,096,838	$ 3,613,354	$ 57,698,434
Accumulated depreciation and impairment					
Balance at January 1, 2018	$ 274,188	$ 7,645,426	$ 22,672,943	$ 3,720,804	$ 34,313,361
Depreciation expenses	-	319,226	159,703	39,412	518,341
Impairment losses	-	27,340	10,184	-	37,524
Disposals	-	(161,615)	(3,652,620)	(363,863)	(4,178,098)
Balance at December 31, 2018	$ 274,188	$ 7,830,377	$ 19,190,210	$ 3,396,353	$ 30,691,128
Carrying amounts at December 31, 2018	$ 17,843,367	$ 8,040,310	$ 906,628	$ 217,001	$ 27,007,306

(Concluded)

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

In response to adjustment of operational strategies, the Corporation disposed of old equipment in some of its factories in 2018., recognizing a net loss of disposal of property, plant and equipment of $140,615 thousand.

The Corporation evaluated partial of idle property, plant and equipments which without any remaining value in 2018. Therefore, the Corporation recognized impairment losses of $37,524 thousand.

Property, plant and equipment pledged as collateral for performance bonds are set out in Note 27.

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	$ 131,012	$ 32,268
Increase in prepayments for equipment	509,429	-
Increase payables for equipment	(28,386)	-
	$ 612,055	$ 32,268

14. INVESTMENT PROPERTIES

	December 31	
	2018	2017
Land	$ 3,342,795	$ 3,342,795
Buildings	9,882	10,113
	$ 3,352,677	$ 3,352,908

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 Corporation's management using market prices of similar properties. As of December 31, 2018 and 2017, the fair values of investment properties were $8,736,723 thousand.

15. BORROWINGS

a. Short-term loans

	December 31	
	2018	2017
Unsecured borrowings		
Bank loans - unsecured	$ 12,969,000	$ 8,170,000
Bank loans - letters of credit	-	352,150
	$ 12,969,000	$ 8,522,150
Interest rate	0.80-1.11%	0.81%-2.26%

b. Short-term bills payable

	December 31	
	2018	2017
Commercial paper	$ 1,500,000	$ 1,900,000
Less: Unamortized discount on bills payable	326	986
	$ 1,499,674	$ 1,899,014
Interest rate	0.90-1.04%	0.90%

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

	December 31	
	2018	2017
Syndicated loans	$ 13,510,417	$ 7,276,733
Long-term bills payables	21,500,000	-
Less: Discount of long-term bills payables	21,284	-
Subtotal	21,478,716	-
	34,989,133	7,276,733
Less: Current portions	-	7,276,733
	$ 34,989,133	$ -
Interest rate - syndicated loan	1.79%	1.58%
Interest rate - long-term bills payables	1.25%	-

The Corporation entered into a 5-year syndicated loan agreement with a bank consortium with a credit line of $43 billion in March 2018, which was divided into two tranches, A and B. The key terms and conditions are set forth below:

1) The credit facility of Tranche A is $21.5 billion non-revolving credit line. The Corporation has used $13.6 billion in December 2018. Starting from March 2021, its principle shall be repaid equally in 5 semi-annual installments and shall mature in March 2023; interest shall be paid quarterly.

2) The credit facility of Tranche B which is the nature of long-term bills payable is $21.5 billion and shall be fully drawn down on a revolving basis in December 2018. The period of each actual drawdown can be at least 30 but not over 180 days, and the maturity date of each drawdown period shall not exceed the credit period. The final maturity date shall be in March 2023.

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

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

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

There were several financial limited terms of long-term loans and long-term bills payables as mentioned above.

The Corporation had not violated them for the year ended December 31, 2018.

16. BONDS PAYABLE

	December 31, 2018
Domestic unsecured bonds	$ 12,000,000
Less: Discounts on bonds payable	23,156
	11,976,844
Overseas unsecured convertible bonds	12,663,477
Less: Discounts on bonds 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

17. OTHER PAYABLES

	December 31	
	2018	2017
Salaries and bonuses payable	$ 621,318	$ 513,866
Payable for repairs	350,256	273,966
Payable for dividends	145,338	148,152
Payable for rentals	126,053	94,701
Payable for interests	125,088	4,874
Taxes payable	96,078	95,974
Freight payables	92,554	61,224
Payables for electricity	80,149	88,786
Others	226,730	161,654
	$ 1,863,564	$ 1,443,197

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plan

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

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

	December 31	
	2018	2017
Present value of defined benefit obligation	$ (683,569)	$ (699,029)
Fair value of plan assets	1,674,672	1,588,208
Net defined benefit assets	$ 991,103	$ 889,179

Movements in net defined benefit assets were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Asset
Balance at January 1, 2017	$ (819,907)	$ 1,637,735	$ 817,828
Service costs			
Current service costs	(9,396)	-	(9,396)
Net interest income (expense)	(10,249)	20,472	10,223
Recognized in profit or loss	(19,645)	20,472	827
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	58,127	58,127
Actuarial loss - changes in demographic assumptions	(160)	-	(160)
Actuarial loss - changes in financial assumptions	(7,497)	-	(7,497)
Actuarial gain - experience adjustments	20,054	-	20,054
Recognized in other comprehensive income	12,397	58,127	70,524
Benefits paid	128,126	(128,126)	-
Balance at December 31, 2017	(699,029)	1,588,208	889,179
Service costs			
Current service costs	(6,926)	-	(6,926)
Net interest income (expense)	(7,852)	17,883	10,031
Recognized in profit or loss	(14,778)	17,883	3,105
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	116,198	116,198
Actuarial loss - changes in demographic assumptions	(111)	-	(111)
Actuarial loss - changes in financial assumptions	(7,050)	-	(7,050)
Actuarial gain - experience adjustments	(10,218)	-	(10,218)
Recognized in other comprehensive income	(17,379)	116,198	98,819
Benefits paid	47,617	(47,617)	-
Balance at December 31, 2018	$ (683,569)	$ 1,674,672	$ 991,103

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

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

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

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

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

	December 31	
	2018	2017
Discount rates	1.00%	1.125%
Expected rates of salary increase	2.25%	2.25%

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

	December 31	
	2018	2017
Discount rates		
0.25% increase	$ (13,989)	$ (14,871)
0.25% decrease	$ 14,440	$ 15,371
Expected rates of salary increase		
0.25% increase	$ 14,014	$ 14,916
0.25% decrease	$ (13,684)	$ (14,506)

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	$ 4,672	$ 4,850
The average duration of the defined benefit obligation	8.8 years	9.2 years

19. 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 cash 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 bonds payable	1,308,070	-
Changes in interests in associates accounted for by using 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 20.

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 2018 and June 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 preferences 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 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)
Share of exchange differences of subsidiaries and associates accounted for by using the equity method	(4,246,746)	1,443,142
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 (IAS 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	98,784
Share of associates accounted for by using the equity method	1,137,943
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	$ -

5) Treasury shares

	Total (In Thousands of Shares)
Number of shares at January 1, 2018	-
Increase for 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 subscription 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.

20. NET INCOME

a. Depreciation and amortization

	For the Year Ended December 31	
	2018	2017
Property, plant and equipment	$ 518,341	$ 536,814
Investment properties	231	251
Intangible assets	10,683	36,553
	$ 529,255	$ 573,618
An analysis of depreciation by function		
Operating costs	$ 458,735	$ 480,792
Operating expenses	59,239	55,626
Non-operating expenses	598	647
	$ 518,572	$ 537,065
An analysis of amortization by function		
Operating costs	$ 10,683	$ 36,553

b. Employee benefits expense

	For the Year Ended December 31, 2018		
	Classified as Operating Costs	Classified as Operating Expenses	Total
Retirement benefit plans			
Defined contribution plan	$ 15,462	$ 9,069	$ 24,531
Defined benefit plan	(2,214)	(891)	(3,105)
	13,248	8,178	21,426
Share-based payment			
Equity-settled	-	45,448	45,448
Other employee benefits			
Salary	429,656	239,797	669,453
Labor and health insurance	38,752	21,064	59,816
Remuneration of directors	-	240,250	240,250
Others	17,201	7,291	24,492
	485,609	508,402	994,011
Total employee benefits expense	$ 498,857	$ 562,028	$1,060,885

	For the Year Ended December 31, 2017		
	Classified as Operating Costs	Classified as Operating Expenses	Total
Retirement benefit plans			
Defined contribution plan	$ 13,736	$ 7,317	$ 21,053
Defined benefit plan	(605)	(222)	(827)
	13,131	7,095	20,226
Share-based payment			
Equity-settled	-	-	-
Other employee benefits			
Salary	375,037	220,320	595,357
Labor and health insurance	36,697	17,408	54,105
Remuneration of directors	-	84,533	84,533
Others	14,504	5,549	20,053
	426,238	327,810	754,048
Total employee benefits expense	$ 439,369	$ 334,905	$ 774,274

As of December 31, 2018 and 2017, the Corporation had 922 and 837 employees, and among the directors that do not adjunct as employees were 16 and 17 people in average, respectively, and the calculation of which is consistent with the employee benefits expense.

c. Employees' compensation and remuneration of directors

The Corporation accrued employees' compensation and remuneration of directors at the rates of 0.01%-3% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. 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 financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

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

	For the Year Ended December 31	
	2018	2017
Interest income	$ 98,520	$ 6,102
Foreign exchange gains, net	94,912	-
Financial income	77,952	81,653
Others	74,894	75,624
	$ 346,278	$ 163,379

e. Finance costs

	For the Year Ended December 31	
	2018	2017
Interest on bank borrowings	$ 435,694	$ 201,194
Other finance costs	45,338	10,646
	$ 481,032	$ 211,840

f. Other expenses

	For the Year Ended December 31	
	2018	2017
Loss of disposal of property, plant and equipment	$ 140,615	$ -
Loss on work stoppage	133,251	129,862
Others	1,742	31,599
	$ 275,608	$ 161,461

21. 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	$ 68,309	$ 151,407
Income tax on unappropriated earnings	-	68,556
Adjustments for prior years	(1,774)	(1,356)
	66,535	218,607
Deferred tax		
In respect of the current year	(10,048)	(7,194)
Effect of change of tax rate	22,567	-
Others	-	(2,362)
	12,519	(9,556)
Income tax expense recognized in profit or loss	$ 79,054	$ 209,051

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%, respectively in 2018 and 2017)	$ 21,259,875	$ 7,803,298
Income tax expense at the statutory rate	$ 4,251,975	$ 1,326,561
Tax-exempt income	(804,285)	(617,889)
Unrecognized deductible temporary differences	(3,444,238)	(564,826)
Effect of change of tax rate	22,567	-
Adjustments for prior years	(1,774)	(1,356)
Income tax on unappropriated earnings	-	68,556
Differences on payable of basic tax	53,640	-
Others	(1,969)	(1,995)
Income tax expense recognized in profit or loss	$ 75,916	$ 209,051

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

In February 2018, it was announced by the President of the ROC that the Income Tax Act in the ROC was amended and, starting from 2018, the corporate income tax rate will be adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%.

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

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2018	2017
Effect of change of tax rate	$ 9,865	$ -
Deferred tax in the current year		
Remeasurement on defined benefit plan	19,764	11,989
Income tax expense recognized in other comprehensive profit or loss	$ 29,629	$ 11,989

c. Current tax assets and liabilities

	December 31	
	2018	2017
Current income tax assets	$ 15,151	$ -
Current income tax liabilities	$ -	$ 132,708

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 Comprehen-sive Income	Closing Balance
Deferred income tax assets				
Inventories	$ 38,963	$ 8,155	$ -	$ 47,118
Property, plant and equipment	13,916	9,040	-	22,956
Long-term employee benefits plan	7,083	3,512	-	10,595
Deferred revenue	4,371	526	-	4,897
Investment properties	2,376	360	-	2,736
Others	21,004	11,088	-	32,092
	$ 87,713	$ 32,681	$ -	$ 120,394
Deferred income tax liabilities				
Land value increment tax	$ 4,893,010	$ -	$ -	$ 4,893,010
Defined benefit plan	132,904	14,210	29,629	176,743
Unappropriated earnings from foreign subsidiaries	138,591	30,990	-	169,581
	$ 5,164,505	$ 45,200	$ 29,629	$ 5,239,334

For the year ended December 31, 2017

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

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

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 $40,229,415 thousand and $28,258,399 thousand, respectively.

f. Income tax assessments

The tax returns of the Corporation through 2016 have been assessed by the tax authorities.

22. 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.

23. PARTIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES WITHOUT CHANGE OF CONTROL

2018

From January 1, 2018 to July 31, 2018, the Corporation disposed of a portion of the shares of Taiwan Prosperity Chemical Corporation, and decreased its proportionate ownership interests from 50% to 40%. The above transactions were accounted for as equity transactions, since there was no change in the Corporation's control over these subsidiaries.

For the propose of streamlining its investment structure, the TCC Chemical Corporation's board of directors approved the merger with Kuan-Ho Construction & Development Corporation and TCC Chemical Corporation with TCC Chemical Corporation as the surviving company on January 1, 2018. Since the merger is considered as a group reorganization, it is accounted for at the carrying amounts.

Refer to Notes of the consolidated financial statements for related disclosures in 2018.

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

The above transactions were accounted for as equity transactions, since there was no change in the Corporation's control over these subsidiaries. Refer to Notes of the consolidated financial statements for related disclosures in 2017.

24. CAPITAL MANAGEMENT

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

25. FINANCIAL INSTRUMENTS

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

December 31, 2018

	Carrying Amount	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Fair Value 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
Financial assets at FVTPL				
Domestic listed shares	$ 163,810	$ -	$ -	$ 163,810
Domestic emerging market shares	85,780	-	-	85,780
	$ 249,590	$ -	$ -	$ 249,590
Financial assets at FVTOCI				
Equity instrument investment				
Domestic listed shares	$ 3,323,490	$ -	$ -	$ 3,323,490
Domestic unlisted shares	-	-	4,385,175	4,385,175
Domestic preference shares	-	-	29,559	29,559
	$ 3,323,490	$ -	$ 4,414,734	$ 7,738,224
Financial liabilities at FVTPL				
Derivatives	$ -	$ -	$ 139,460	$ 139,460

December 31, 2017

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

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	$ 3,982,858
Additional	72,086
Recognized in other comprehensive income	367,973
Disposal	(1,333)
	(6,850)
Reclassification	$ 4,414,734
Financial assets at FVTPL	
Derivative instrument investment	
Balance at January 1, 2018	$ -
Additional	159,222
Recognized in 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 Corporation measures the fair value of its investments on domestic 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	$ (10,827)
1% decrease	$ 10,827

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	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	$ (188)
1% decrease	$ 188

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	$ (37,599)
1% decrease	$ 37,599

c. Categories of financial instruments

	December 31	
	2018	2017
Financial assets		
Mandatorily classified as at FVTPL	$ 249,590	$ -
Loans and receivables (1)	-	4,423,406
Available-for-sale financial assets (2)	-	6,245,496
Financial asset at amortized cost (3)	16,069,455	-
Financial assets at FVTOCI	7,738,224	-
Equity instruments		
Financial liabilities		
Financial liabilities at FVTPL		
Held for trading	139,460	-
Financial liabilities at amortized cost (4)	76,028,035	20,712,606

1) The balances include loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable and other receivables (account for current assets).

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

3) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable and other receivables (account for current assets).

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

d. Financial risk management objectives and policies

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

1) Market risk

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

a) Foreign currency risk

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

The carrying amounts of the significant monetary assets and liabilities not denominated in functional currency at the end of the reporting period are set out in Note 29.

The Corporation was mainly exposed to the USD. Regarding outstanding foreign monetary items, if there is a 1% increase or decrease in the NTD against the USD net income and equity for the years ended December 31, 2018 and 2017 would increase/decrease by $17,818 thousand and $580 thousand, respectively.

b) Interest rate risk

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

	December 31	
	2018	**2017**
Cash flow interest rate risk		
Financial assets	$ 4,808,221	$ 595,152
Financial liabilities	26,479,417	15,798,883

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

For the Corporation's floating interest rate financial assets, if interest rates had been 50 basis points higher/lower, the cash inflows from floating interest rate financial assets for the years ended December 31, 2018 and 2017 would increase/decrease by $19,233 thousand and $2,470 thousand, respectively.

For the Corporation's floating interest rate financial liabilities, if interest rates had been 50 basis points higher/lower, the cash outflows from floating interest rate financial liabilities for the years ended December 31, 2018 and 2017 would increase/decrease by $105,918 thousand and $65,565 thousand, respectively.

c) Other price risk

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

The sensitivity analyses were based on the exposure of equity instruments at the end of the reporting period. If equity prices had been 5% higher/lower, other comprehensive income for the years ended December 31, 2018 and 2017 would increase/decrease by $386,911 thousand and $308,017 thousand, respectively.

2) Credit risk

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

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

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

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

3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Corporation's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank facilities and ensures compliance with loan covenants. As of December 31, 2018 and 2017, the amount of unused financing facilities was $16,971,290 thousand and $6,328,212 thousand, respectively.

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

December 31, 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	$ 1,698,464	$ 1,654,819	$ 744,935	$ 7,207	$ 3,112
Variable interest rate liabilities	12,573,672	461,417	182,529	14,257,104	-
Fixed interest rate liabilities	1,500,000	-	204,000	22,316,000	26,703,477
	$ 15,772,136	$ 2,116,236	$ 1,131,464	$ 36,580,311	$ 26,706,589

December 31, 2017

	On Demand or Less than 1 Month	**1-3 Months**	**3 Months to 1 Year**	**1-5 Years**	**5+ Years**
Non-derivative financial liabilities					
Non-interest bearing	$ 841,767	$ 2,107,724	$ 150,665	$ 11,399	$ -
Variable interest rate liabilities	4,289,085	4,278,175	7,308,736	-	-
Fixed interest rate liabilities	1,900,000	-	-	-	-
	$ 7,030,852	$ 6,385,899	$ 7,459,401	$ 11,399	$ -

26. TRANSACTIONS WITH RELATED PARTIES

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

a. Name of the related parties and relationship

Related Party	Relationship with the Corporation
Ta-Ho Maritime Corporation	Subsidiaries
Taiwan Transport & Storage Corporation	Subsidiaries
Taiwan Cement Engineering Corporation	Subsidiaries
Kuan-Ho Refractories Industry Corporation	Subsidiaries
Kuan-Ho Construction & Development Corporation (merged with TCC Chemical Corporation on January 1, 2018. Refer to Note 12)	Subsidiaries
TCC Investment Corporation	Subsidiaries
TCC Chemical Corporation	Subsidiaries
TCC Information Systems Corporation	Subsidiaries
Taiwan Prosperity Chemical Corporation	Subsidiaries
Tung Chen Mineral Corporation	Subsidiaries
Jin Chang Minerals Corporation	Subsidiaries
Hoping Industrial Port Corporation	Subsidiaries
Ho-Ping Power Company	Subsidiaries
Feng Sheng Enterprise Company	Subsidiaries
E.G.C. Cement Corporation	Subsidiaries
Union Cement Traders Inc.	Subsidiaries
Jurong TCC Cement Co., Ltd.	Subsidiaries
TCC Fuzhou Cement Co., Ltd.	Subsidiaries
Hong Kong Cement Company Ltd. ("HKCCL")	Subsidiaries
TCC International Ltd. ("TCCI")	Subsidiaries
TCC International Holdings Ltd. ("TCCIH")	Subsidiaries
Ta-Ho Onyx RSEA Environment Co., Ltd.	Subsidiaries
TCC Green Energy Corporation	Subsidiaries
Ho Sheng Mining Co., Ltd.	Subsidiaries
Synpac-Kingdom Pharmaceutical Co., Ltd. (International CSRC Investment Holdings Co., Ltd. 's subsidiary, disposed of in November 2017)	Same key management personnel
Sole Energy Tech Corp. (dissolved and closed on June 30, 2017)	Same key management personnel
Dr. Cecilia Koo Botanic Conservation and Environmental Protection Foundation	Same key management personnel
Chienten Temple	Same key management personnel
He Feng Investment Co., Ltd.	Same key management personnel
Chinatrust Investment Co., Ltd.	Same key management personnel
Linyuan Advanced Materials Technology Co., Ltd.	Same key management personnel
Pan Asia Corporation	The Corporation acts as key management personnel
China Hi-Ment Corporation	The Corporation acts as key management personnel
O-Bank Co., Ltd.	The Corporation acts as key management personnel
Rong Gong Enterprise Co.	The Corporation acts as key management personnel

(Continued)

Related Party	Relationship with the Corporation
Goldsun Development & Construction Co., Ltd.	Investors with significant influence over the Corporation
Chia Hsin Cement Corporation	Management personnel in substance
Chia Hsin R.M.C. Corp.	Management personnel in substance
The Koo Foundation	Management personnel in substance
L'Hotel de Chine Corporation	Management personnel in substance
FDC International Hotels Corporation-Sun Moon Lake	Management personnel in substance
International CSRC Investment Holdings Co., Ltd.	Associates (same key management personnel in 2017)
E-ONE Moli Energy Corporation	Associates (same key management personnel in 2017)
ONYX Ta-Ho Environmental Services Co., Ltd.	Associates
Onyx Ta-Ho Waste Clearance Co., Ltd.	Associates
Shih Hsin Storage & Transportation Co., Ltd.	Associates

(Concluded)

b. Operating transactions

	Operating Revenue	
	For the Year Ended December 31	
	2018	2017
Subsidiaries	$ 1,523,558	$ 1,577,315
Management personnel in substance	516,859	452,152
The Corporation acts as key management personnel	137,473	117,141
Investors with significant influence over the Corporation	81,973	112,952
Associates	26,016	81,598
Same key management personnel	2,183	18,503
	$ 2,288,062	$ 2,359,661

	Operating Costs and Expenses	
	For the Year Ended December 31	
	2018	2017
Subsidiaries	$ 3,607,992	$ 3,347,277
The Corporation acts as key management personnel	523,764	441,550
Management personnel in substance	48,580	21,624
Associates	302	7,000
Investors with significant influence over the Corporation	31	213
Same key management personnel	-	57
	$ 4,180,669	$ 3,817,721

Receivables from related parties

	December 31	
	2018	2017
Subsidiaries		
E.G.C. Cement Corporation	$ 106,653	$ 83,933
Feng Sheng Enterprise Company	96,635	79,755
TCCIH	41,849	42,545
HKCCL	21,744	39,872
TCC Fuzhou Cement Co., Ltd.	-	35,489
Others	11,820	22,317
	278,701	303,911
Management personnel in substance		
Chia Hsin Cement Corporation	112,833	45,551
Others	8,578	19,942
	121,411	65,493
Associates	718	911
The Corporation acts as key management personnel	32,995	37,211
Investors with significant influence over the Corporation	40,887	17,771
Same key management personnel	150	29
	$ 474,862	$ 425,326

Payables to related parties

	December 31	
	2018	2017
Subsidiaries		
Ta-Ho Maritime Corporation	$ 372,490	$ 160,915
Kuan-Ho Refractories Industry Corporation	111,417	137,116
Jin Chang Minerals Corporation	147,517	125,895
Taiwan Transport & Storage Corporation	106,040	87,091
Ho Sheng Mining Co., Ltd.	32,292	41,473
Feng Sheng Enterprise Company	22,564	46,330
Others	24,777	19,681
	817,097	618,501
The Corporation acts as key management personnel		
China Hi-Ment Corporation	164,614	127,997
Management personnel in substance	5,833	2,413
Others	114	66
	$ 987,658	$ 748,977

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 general condition.

c. Other receivables from related parties (account for other current assets)

	December 31	
	2018	2017
Subsidiaries		
TCCI	$ 21,022	$ 29,475
Ta-Ho Onyx RSEA Environment Co., Ltd.	-	16,469
Others	18,013	16,914
	39,035	62,858
Others	7,168	1,157
	$ 46,203	$ 64,015

Other receivables from related parties included interest and fees receivable.

d. Other payables to related parties (account for other current liabilities)

	December 31	
	2018	2017
Subsidiaries	$ 487	$ 22,178
Others	2,819	2,537
	$ 3,306	$ 24,715

e. Acquisitions of property, plant and equipment

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

f. Endorsements and guarantees

	2018	2017
Subsidiaries		
TCCI	$ 1,474,320	$ 16,308,480
Others	2,959,814	3,047,814
	$ 4,434,134	$ 19,356,294

g. Compensation of key management personnel

	For the Year Ended December 31	
	2018	2017
Short-term employee benefits	$ 346,198	$ 118,245
Post-employment benefits	-	1,848
Other long-term employee benefits	14,225	25,329
	$ 360,423	$ 145,422

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2018	2017
Property, plant and equipment	$ 57,569	$ 57,569
Pledged bank deposits (included in other non-current assets)	329,059	126,659
	$ 386,628	$ 184,228

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. As of December 31, 2018 and 2017, the balances of letters of credit for the purchase of raw materials were $388,405 thousand and $235,248 thousand, respectively.

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

c. As of December 31, 2018 and 2017, the amounts of letters of guarantee issued by banks for the Corporation were $22,120 thousand and $45,990 thousand, respectively.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the Corporation's functional currency and the exchange rates between such foreign currencies and the Corporation's functional currency were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2018

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 73,822	30.715 (USD:NTD)	$ 2,267,443
Non-monetary items			
USD	53,148	30.715 (USD:NTD)	$ 1,632,435
HKD	29,064,612	3.921 (HKD:NTD)	113,962,344
EUR	837,258	35.2 (EUR:NTD)	29,471,481
			$ 145,066,260
Financial liabilities			
Monetary items			
USD	1,310	30.715 (USD:NTD)	$ 40,248
EUR	86	35.2 (EUR:NTD)	3,022
			$ 43,270

December 31, 2017

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 14,439	29.760 (USD:NTD)	$ 429,705
Non-monetary items			
USD	23,547	29.760 (USD:NTD)	$ 700,769
HKD	20,866,905	3.807 (HKD:NTD)	79,440,308
			$ 80,141,077
Financial liabilities			
Monetary items			
USD	12,090	29.760 (USD:NTD)	$ 359,791

30. 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, 16 and 25)

10) 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 period, repatriations of investment income, and limit on the amount of investment in the mainland China area.

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

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

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

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

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

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

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

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 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	
		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 Co., Ltd.	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 Co., Ltd.	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 Cemen 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 Co., Ltd.	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 Company Limited	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 Item	Collateral Value	Financing Limit for Each Borrower (Note)	Aggregate Financing Limit (Note)	Note
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)

TABLE 2

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 Name	Endorsee/Guarantee Relationship (Note 3)	Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
0	Taiwan Cement Corporation	TCCI	b	$ 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.	f	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 for Ho Sheng Mining Co., Ltd., 300% of its net equity as stated in its latest financial statements and others were 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	175,471	-	175,471	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	30,787	-	30,787	
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.	-	Financial assets measured at FVTOCI - non-current	116,568	17,368,399	-	17,368,399	
	Yargoon Co., Ltd.	-	Financial assets measured at 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 IAS 9 “Financial Instruments”.

Note 2: See Tables 8 and 9 for 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 and International CSRC Investment Holdings Co., Ltd.

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 it 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	
	Feng Shang Enterprise Company Limited	Subsidiary	Sales	(353,749)	(2)	30 days	-	-	96,635	20	
			Purchases	296,517	2	30 days	-	-	(22,564)	(3)	
	TCCIH	Subsidiary	Service revenue	(505,401)	(3)	By contract	-	-	41,849	9	
	Taiwan Transport & Storage Corporation	Subsidiary	Purchases	525,587	3	30 days	-	-	(106,040)	(12)	
	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)	
	Ta-Ho Maritime Corporation	Subsidiary	Purchases	1,042,947	7	30 days	-	-	(372,490)	(42)	
	Kuan-Ho Refractories Industry Corporation	Subsidiary	Purchases	231,370	1	By contract	-	-	(111,417)	(13)	
	E.G.C. Cement Corporation	Subsidiary	Sales	(401,471)	(2)	50 days after the day delivery was made	-	-	106,653	23	
	Jin Chang Minerals Corporation	Subsidiary	Purchases	589,037	4	30 days	-	-	(147,517)	(17)	
	Ho Sheng Mining Co., Ltd.	Subsidiary	Purchases	407,375	3	30 days	-	-	(32,292)	(4)	
Jin Chang Minerals Corporation	Taiwan Cement Corporation	Parent company	Sales	(589,037)	(100)	30 days	-	-	147,517	100	
Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	Parent company	Sales	(407,375)	(87)	30 days	-	-	32,292	72	
Kuan-Ho Refractories Industry Corporation	Taiwan Cement Corporation	Parent company	Sales	(231,370)	(17)	By contract	-	-	111,417	89	
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)	

(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)	
	HPC Power Service Corporation	The same parent company	Purchases	417,256	5	By contract	-	-	(112,126)	(52)	
Hoping Industrial Port Corporation	Ho-Ping Power Company	The same parent company	Sales	(1,083,627)	(70)	20 days	-	-	56,617	63	
	Taiwan Cement Corporation	Parent company	Sales	(447,052)	(29)	20 days	-	-	8,299	9	
	Taiwan Transport & Storage Corporation	The same parent company	Purchases	190,256	79	30 days	-	-	(16,333)	(84)	
Feng Shang Enterprise Company Limited	Taiwan Cement Corporation	Parent company	Sales	(296,517)	(13)	30 days	-	-	22,564	100	
			Purchases	353,749	16	30 days	-	-	(96,635)	(100)	
Taiwan Transport & Storage Corporation	Taiwan Cement Corporation	Parent company	Sales	(525,587)	(42)	30 days	-	-	106,040	62	
	Taiwan Prosperity Chemical Corporation	The same parent company	Sales	(199,170)	(16)	By contract	-	-	32,623	19	
	Hoping Industrial Port Corporation	The same parent company	Sales	(190,256)	(15)	30 days	-	-	16,333	10	
	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)	
HPC Power Service Corporation	Ho-Ping Power Company	The same parent company	Sales	(417,256)	(100)	By contract	-	-	112,126	100	
Ta-Ho Maritime Corporation	Taiwan Cement Corporation	Parent company	Freight revenue	(1,042,947)	(35)	30 days	-	-	372,490	100	
	THC International S.A	Subsidiary	Rental expense	228,345	9	By negotiation	-	-	(45,842)	(57)	
THC International S.A	Ta-Ho Maritime Corporation	Parent company	Rental revenue	(228,345)	(100)	By negotiation	-	-	45,842	100	
HKCCL	Quon Hing Concrete. Ltd.	Associates	Sales	(199,579)	(37)	By negotiation	-	-	34,651	43	
	Taiwan Cement Corporation	Parent company	Purchases	157,211	37	65 days after the day shipment was made	-	-	(21,744)	(59)	
TCC (Guigang) Cement Ltd.	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	305,348	4	By negotiation	-	-	(51,517)	(17)	
	Da Tong (Guigang) International Logistics Co., Ltd.	The same ultimate parent company	Purchases	353,012	4	By negotiation	-	-	(86,978)	(29)	
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)	

(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	
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	
	TCC Yingde Cement Co., Ltd.	The same ultimate parent company	Freight revenue	(252,008)	(25)	By negotiation	-	-	57,548	49	
TCCIH	Taiwan Cement Corporation	Parent company	Service expense	505,401	100	By contract	-	-	(41,849)	(100)	
Yingde Dragon Mountain Cement Co., Ltd.	Prosperity Conch Cement Company Limited	Associates	Purchases	128,951	3	By negotiation	-	-	(10,590)	(5)	

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

(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	Parent company	$ 372,490	3.9	$ -	-	$ 266,949	$ -
Jin Chang Minerals Corporation	Taiwan Cement Corporation	Parent company	147,517	4.3	-	-	137,476	-
Taiwan Cement Corporation	Chia Hsin Cement Corporation	Substantial relationship between management	112,833	1.3	-	-	122,833	-
HPC Power Service Corporation	Ho-Ping Power Company	The same parent company	112,126	3.8	-	-	112,126	-
Kuan-Ho Refractories Industry Corporation	Taiwan Cement Corporation	Parent company	111,417	1.9	20,726	Expect withdraw in April	55,986	-
Taiwan Cement Corporation	E.G.C. Cement Corporation	Parent company	106,653	4.2	-	-	106,653	-
Taiwan Transport & Storage Corporation	Taiwan Cement Corporation	Parent company	106,040	5.4	-	-	61,847	-

TABLE 8

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	
	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	
	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	
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	528,506	528,506	118,649	64.79	2,296,422	336,164	217,792	
	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	
	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	
	TCC Investment Corporation	Taiwan	Investment	190,000	190,000	63,150	100.00	3,099,705	207,697	207,697	
	Ho Sheng Mining Co., Ltd.	Taiwan	Mining and trading	1,414,358	1,414,358	30,100	100.00	1,069,417	55,392	55,392	
	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	
	Kuan-Ho Construction & Development Corporation	Taiwan	Construction and lease services	-	248,963	-	-	-	-	-	
	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	
	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	
	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	
	Ta-Ho Taitung Environment Co., Ltd.	Taiwan	Waste collection and treatment	313,187	313,187	37,100	100.00	297,188	859	859	
	TCC Information Systems Corporation	Taiwan	Information software design	71,000	71,000	14,904	99.36	251,946	9,042	8,985	
	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)	
	HKCMCL	Hong Kong	Investment holding	72,005	72,005	38	84.65	323,022	42,622	36,081	
	TCC Green Energy Corporation	Taiwan	Renewable energy generation	1,446,046	46,046	150,899	100.00	1,529,333	(50,286)	(50,286)	
	Jin Chang Minerals Corporation	Taiwan	Afforestation and sale of limestone	18,042	18,042	1,800	100.00	220,012	90,475	90,475	
	HPC Power Service Corporation	Taiwan	Business consulting	1,861	1,861	6	60.00	114,457	185,738	111,443	
	E.G.C. Cement Corporation	Taiwan	Sale of cement	184,359	184,359	8,063	50.64	103,579	10,872	5,506	
	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)	
	TMC	Philippines	Mining excavation	11,880	11,880	120	72.70	-	-	-	
	TPMC	Philippines	Mining excavation	2,105	2,105	20	40.00	-	-	-	
	TCCIH	Cayman Islands	Investment holding	40,701,671	19,125,321	2,581,832	38.28	44,167,192	18,488,071	5,090,948	
	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)	
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	
	E.G.C. Cement Corporation	Taiwan	Sale of cement	136,476	126,518	7,857	49.36	130,324	10,872	4,993	
	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)	
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	
	Ho-Ping Power Company	Taiwan	Thermal power generation	68,911	68,911	5,067	0.50	139,894	2,390,778	11,954	
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	10,528	11,168	658	0.23	7,963	332,064	752	
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	343	343	34	0.02	664	336,164	63	
	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	

(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			
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	
	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)	
Taiwan Cement Engineering Corporation	TCEC Corporation	Brunei Darussalam	Investment	-	16,295	-	-	-	94	94	
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	
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	49,882	37,968	1,819	0.21	66,949	2,994,196	752	
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	
	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	
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	-	-	-	-	-	
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)	
	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	
	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	-	-	
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)	
	TCC Yun-Kai Green Energy Corporation	Taiwan	Renewable energy generation	25,000	-	2,500	100.00	22,912	(2,118)	(2,118)	
	TCC Lien-Hsin Green Energy Corporation	Taiwan	Renewable energy generation	12,000	-	1,200	100.00	11,402	(2,633)	(2,633)	
	TCC Chang-Ho Green Energy Corporation	Taiwan	Renewable energy generation	5,000	-	500	100.00	2,983	(2,512)	(2,512)	
	TCC Kao-Cheng Green Energy Corporation	Taiwan	Renewable energy generation	12,000	-	1,200	100.00	11,981	(2,054)	(2,054)	
	TCC Nan-chung Green Energy Corporation	Taiwan	Renewable energy generation	20,000	-	2,000	100.00	17,983	(2,047)	(2,047)	
	Chang-Wang Wind Power Co., Ltd.	Taiwan	Renewable energy generation	120,000	-	12,000	100.00	150,011	(330)	(330)	
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	
	Sheng Ho Maritime S.A.	Panama	Marine transportation	61,737	59,818	2	100.00	465,117	(8,743)	(8,743)	
	Ta-Ho Maritime (Hong Kong) Limited	Hong Kong	Marine transportation	156,647	151,776	5,100	100.00	653,369	94,366	94,366	
	Chi Ho Maritime S.A.	Panama	Marine transportation	199,955	193,738	7	100.00	356,448	4,372	4,372	
	Ta-Ho Maritime (Singapore) Pte. Ltd.	Singapore	Marine transportation	3,072	2,976	100	100.00	74,177	543	543	
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)	

(Concluded)

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) 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
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	$ -	
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	-	
TCC Fuzhou Yangyu Port Co., Ltd.	Port for cement transportation	153,575	(a)	86,770	-	-	86,770	(521)	100.00	(521)	286,187	-	
TCC Liuzhou Construction Materials Co., Ltd.	Sale of building material	414,653	(a)	99,517	-	-	99,517	181,963	42.00	76,425	441,397	-	
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	-	
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	-	
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	-	
Jiangsu TCC Investment Co., Ltd.	Investment	1,535,750	(a)	867,699	-	-	867,699	403,596	100.00	403,596	2,814,873	-	
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	-	
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	-	
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	-	
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	-	
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	-	
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	-	
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	-	
TCC New (Hangzhou) Management Company Limited	Operation management	245,720	(a)	138,832	-	-	138,832	26,980	100.00	26,980	201,016	-	
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	-	
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	-	
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	-	
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	-	
TCC Jingzhou Cement Company Limited (Note 4)	Manufacturing and sale of cement	44,720	(a)	-	-	-	-	232,419	100.00	232,419	1,334,332	-	
TCC Huaihua Concrete Company Limited (Note 4)	Sale of ready-mixed concrete	44,720	(a)	-	-	-	-	(17,232)	100.00	(17,232)	51,809	-	
TCC Jiangsu Mining Industrial Company Limited	Mining of limestone	122,860	(a)	384,149	-	-	384,149	(20,188)	100.00	(20,188)	273,293	-	
TCC Yingde Mining Industrial Company Limited	Mining of limestone	353,223	(a)	277,899	-	-	277,899	21,677	100.00	21,677	454,947	-	
TCC Guigang Mining Industrial Company Limited	Mining of limestone	153,575	(a)	132,647	-	-	132,647	10,472	100.00	10,472	380,383	-	
Scitus Naxi Cement Co., Ltd. (Note 5)	Manufacturing and sale of cement	655,193	(a)	-	-	-	-	194,076	100.00	194,076	324,632	-	
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	-	
Scitus Hejiang Cement Co., Ltd. (Note 5)	Manufacturing and sale of cement	103,974	(a)	-	-	-	-	(8,205)	100.00	(8,205)	4,279	-	
Scitus Luzhou Concrete Co., Ltd. (Note 5)	Sale of ready-mixed concrete	111,800	(a)	-	-	-	-	9,187	100.00	9,187	146,173	-	
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	-	
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	-	
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	-	
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	-	

(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	$ -	
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	-	
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	-	

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

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

(Concluded)

TAIWAN CEMENT CORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

TAIWAN CEMENT CORPORATION

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Period	Annual Rate of Return	Amount
Cash			
Cash on hand			$ 1,276
Checking accounts and demand deposits (Note)			4,808,221
			4,809,497
Cash equivalents			
Time deposit with original maturity date within 3 months (Note)	2018.10.01-2019.01.30	0.13%-3.05%	6,834,188
			$ 11,643,685

Note: Including US$63,978 thousand, the rates of exchange US$1=$30.715.

TAIWAN CEMENT CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FVTOCI - CURRENT
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Unit Price is New Taiwan Dollars)

Name of Financial Instruments	Shares (In Thousand)	Cost of Acquisition	Fair Value (Note) Unit Price	Fair Value (Note) Total Amount
Taishin Financial Holding Co., Ltd.	61,149	$ 646,575	$13.05	$ 797,993
CTCI Corporation	9,054	200,438	44.40	402,013
Chia Hsin Cement Corporation	27,419	305,388	13.60	372,904
China Hi-Ment Corporation	30,196	261,546	50.10	1,512,828
O-Bank				
Ordinary shares	29,719	286,179	8.00	237,752
Preference shares	2,956	29,559	10	29,559
		$ 1,729,685		$ 3,353,049

Note: The Corporation’s caculation was calculated based on the closing price and the last strike price on December 31, 2018.

TAIWAN CEMENT CORPORATION

STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Client A	$ 201,915
Client B	194,198
Client C	187,975
Client D	183,184
Others (Note)	3,158,305
	3,925,577
Less: Allowance for doubtful accounts	43,171
	$ 3,882,406

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

TAIWAN CEMENT CORPORATION

STATEMENT OF INVENTORIES
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net Realizable Value
Finished goods	$ 480,037	$ 515,980
Work in process	468,804	504,175
Raw materials	663,026	472,675
	1,611,867	$ 1,492,830
Less: Allowance for write-downs (Note)	235,594	
	$ 1,376,273	

Note: Included provision for obsolete inventory loss.

TAIWAN CEMENT CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FVTPL - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Unit Price is New Taiwan Dollars)

Name of Securities	Balance at January 1, 2018		Adjustment on Initial Application of IFRS 9	Addition		Unrealized Gain (Loss) on Financial Instruments	Reclassified	Fair Value on December 31, 2018 (Note)		
	Shares (In Thousands)	Amount		Shares (In Thousands)	Amount			Shares (In Thousands)	Unit Price	Balance, December 31, 2018
Unlisted shares										
Taiwan Stock Exchange	45,983	$ 8,011	$ 3,047,671	-	$ -	$ 316,227	$ -	45,983	73.33	$ 3,371,909
Chinatrust Investment Co., Ltd.	27,361	12,156	867,788	2,192	37,249	55,678	-	29,553	32.92	972,871
IBT II Venture Capital Corporation	2,626	20,426	-	-	(1,333)	-	-	2,626	7.27	19,093
Rong Gong Enterprise Co.	3,390	33,900	(17,662)	-	-	(3,932)	-	3,390	3.63	12,306
Pan Asia Corporation	6,204	8,996	-	-	-	-	-	6,204	1.45	8,996
E-ONE Moli Energy Corporation (Note 2)	983	1,670	(98)	(983)	5,278	-	(6,850)	-	-	-
Excel Corporation	600	-	-	-	-	-	-	600	-	-
		$ 85,159	$ 3,897,699		$ 41,194	$ 367,973	$ (6,850)			$ 4,385,175

Note 1: Reported as financial assets measured at cost on December 31, 2017.

Note 2: The Corporation's percentage of ownership in E-ONE Moli Energy Corporation increased from 0.4% to 16% during 2018. With a significant impact on the investee, the investments were reclassified to investments accounted for by using the equity method.

TAIWAN CEMENT CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Unit Price is New Taiwan Dollars)

Name	Balance, January 1, 2018 Shares (In Thousands)	Balance, January 1, 2018 Amount	Changes for the Year Shares (In Thousands)	Changes for the Year Amount	Investee Company Distributed as Cash Dividends	Investment Income or Loss for Using the Equity Method	Equity Adjustments (Note 1)	Balance, December 31, 2018 Shares (In Thousands)	Balance, December 31, 2018 Ownership	Balance, December 31, 2018 Amount	Market Price (Note 8) Unit Price	Market Price (Note 8) Total Amount
Listed company												
International CSRC Investment Holdings Co., Ltd. (Note 2)	-	$ -	135,820	$ 5,112,610	$ -	$ 56,168	$ (128,492)	135,820	15.6	$ 5,040,286	$ 38.95	$ 5,290,198
Taiwan Prosperity Chemical Corporation (Note 3)	145,988	1,608,901	(24,640)	(787,369)	-	153,298	438,479	116,791	40.0	1,413,309	22.65	2,645,316
		1,608,901		4,325,241	-	209,466	309,987			6,453,595	-	-
Unlisted company											-	-
TCCI	600,876	60,108,134	500,000	15,430,125	-	12,153,185	(1,823,917)	1,100,876	100.0	85,867,527	-	-
TCCIH	1,319,841	19,054,259	1,261,991	21,576,350	-	5,090,948	(1,554,365)	2,581,832	38.3	44,167,192	-	-
Taiwan Cement Dutch	-	-	831	29,470,972	-	(2,754)	3,263	831	100.0	29,471,481	-	-
Ho-Ping Power Company (Note 4)	602,973	18,612,533	202,967	-	(2,975,000)	1,422,513	(79)	805,940	59.5	17,059,967	-	-
Hoping Industrial Port Corporation	319,990	5,525,572	-	-	(799,975)	740,147	192,695	319,990	100.0	5,658,439	-	-
TCC Investment Corporation (Note 4)	54,150	2,056,607	9,000	-	(3,673)	207,697	839,074	63,150	100.0	3,099,705	-	-
Ta-Ho Maritime Corporation	118,649	2,029,315	-	-	(110,344)	217,792	159,659	118,649	64.8	2,296,422	-	-
Taiwan Transport & Storage Corporation	32,668	1,698,943	-	-	(80,363)	135,505	61,864	32,668	83.9	1,815,949	-	-
CCC USA Corp.	39	694,072	40	802,438	-	103,372	25,562	79	33.3	1,625,444	-	-
TCC Green Energy Corporation	10,000	179,619	140,899	1,400,000	-	(50,286)	-	150,899	100.0	1,529,333	-	-
Ho Sheng Mining Co., Ltd.	30,100	1,014,025	-	-	-	55,392	-	30,100	100.0	1,069,417	-	-
TCC Chemical Corporation (Note 6)	240,000	1,539,861	-	-	-	75,555	(672,983)	240,000	100.0	942,433	-	-
ONYX Ta-Ho Environmental Services Co., Ltd. (Note 4)	8,000	481,263	22,176	-	(24,640)	329,427	176	30,176	50.0	786,226	-	-
Taiwan Cement Engineering Corporation	59,593	698,982	-	-	-	12,778	(1,631)	59,593	99.0	710,129	-	-
E-ONE Moli Energy Corporation (Note 5)	-	-	48,127	471,864	-	51,909	(576)	48,127	16.0	523,197	-	-
Kuan-Ho Refractories Industry Corporation	18,105	394,925	-	-	(60,471)	117,870	1,582	18,105	95.3	453,906	-	-
Feng Sheng Enterprise Company	27,261	347,734	-	-	(13,630)	16,604	(2,237)	27,261	45.4	348,471	-	-
HKCMCL	38	277,915	-	-	-	36,081	9,026	38	84.7	323,022	-	-
Ta-Ho Onyx Taitung Environment Co., Ltd.	37,100	296,329	-	-	-	859	-	37,100	100.0	297,188	-	-
TCC Information Systems Corporation	14,904	272,046	-	-	(22,207)	8,985	(6,878)	14,904	99.4	251,946	-	-
Jin Chang Minerals Corporation	1,800	157,214	-	-	(27,677)	90,475	-	1,800	100.0	220,012	-	-
Ta-Ho Onyx RSEA Environment Co., Ltd.	66,600	207,094	-	-	-	(6,663)	-	66,600	66.6	200,431	-	-
HPC Power Service Corporation	6	107,200	-	-	(105,336)	111,443	1,150	6	60.0	114,457	-	-
E.G.C. Cement Corporation	8,063	98,110	-	-		5,506	(37)	8,063	50.6	103,579	-	-
Synpac Ltd.	2,700	6,697	-	-	-	78	216	2,700	25.0	6,991	-	-
Tung Chen Mineral Corporation	20	1,394	-	-	-	(42)	-	20	99.5	1,352	-	-
Kuan-Ho Construction & Development Corporation (Note 6)	35,959	640,228	(35,959)	(640,228)	-	-	-	-	-	-	-	-
TMC (Note 7)	120	-	-	-	-	-	-	120	72.7	-	-	-
TPMC (Note 7)	20	-	-	-	-	-	-	20	40.0	-	-	-
		116,500,071		68,511,521	(4,223,316)	20,924,376	(2,768,436)			198,944,216	-	-
		$ 118,108,972		$ 72,836,762	$ (4,223,316)	$ 21,133,842	$ (2,458,449)			$ 205,397,811	$ -	$ -

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

Note 2: During 2018, the Corporation’s percentage of ownership in International CSRC Investment Holdings Co., Ltd. increased from 8.8% to 15.6%. With a significant impact on the investee, the original investments previously recognized as financial assets at FVTOCI were reclassified to investments accounted for by using the equity method.

Note 3: The Corporation adjusted the structure of the its’s internal investment. The Corporation successively disposed of a portion of its interest in Taiwan Prosperity Chemical Corporation in 2018, but the Corporation still have the control on it after disposal.

Note 4: The increase of quantity of share is caused by retaining transferred to common stock.

Note 5: During 2018, the Corporation’s percentage of ownership in of E-ONE Moli Energy Corporation increased from 0.4% to 16%. With a significant impact on the investee, the investments were reclassified to investments accounted for by using the equity method.

(Continued)

Note 6: TCC Chemical Corporation changed its Chinese-language name in December 2017. Its original main business was processing and selling chemical materials. A resolution of its board of directors changed its main business to leasing property and energy technology services in November 2017. For the propose of streamlining its investment structure, its board of directors approved to merge Kuan-Ho Construction & Development Corporation, with TCC Chemical Corporation as the surviving company. The effective date of the merger was on January 1, 2018.

Note 7: As of December 31, 2018, the deficit of TMC and TPMC were \$14,377 thousand and \$5,722 thousand, which is included in other non-current liabilities.

Note 8: It was calculated based on the closing price on December 31, 2018.

(Concluded)

TAIWAN CEMENT CORPORATION

STATEMENT OF CHANGES IN INVESTMENT PROPERTIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2018	Addition	Decrease	Balance at December 31, 2018
Cost				
Land	$ 3,996,172	$ -	$ -	$ 3,996,172
Buildings	261,132	-	-	261,132
	4,257,304	$ -	$ -	4,257,304
Accumulated depreciation				
Buildings	227,497	$ 231	$ -	227,728
Accumulated impairment				
Land	653,377	$ -	$ -	653,377
Buildings	23,522	-	-	23,522
	676,899	$ -	$ -	676,899
	$ 3,352,908			$ 3,352,677

TAIWAN CEMENT CORPORATION

STATEMENT OF SHORT-TERM LOANS
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Item	Loan Period	Amount (Note)
Bank Credit Loan		
Export-Import Bank of the Republic of China	2018/03/26-2019/03/25	$ 400,000
Citibank Taiwan (Taipei)	2018/12/26-2019/01/08	330,000
Crédit Agricole Corporate and Investment Bank	2018/12/26-2019/01/08	500,000
Hua Nan Commercial Bank (Yuanshan)	2018/12/26-2019/01/09	800,000
Fubon Commercial Bank Co., Ltd.	2018/12/26-2019/01/09	600,000
Mizuho Corporate Bank Ltd (Taipei)	2018/12/26-2019/01/09	2,460,000
Oversea-Chinese Banking Corporation Ltd.	2018/12/26-2019/01/25	900,000
Chinatrust Commercial Bank	2018/12/26-2019/01/09	1,000,000
Bank SinoPac Company Limited	2018/12/26-2019/01/09	500,000
First Commercial Bank (Jung Shan)	2018/12/26-2019/01/09	500,000
Bank of Taiwan	2018/12/26-2019/01/09	629,000
Bank of China Limited (Taipei)	2018/12/26-2019/01/09	500,000
Land Bank of Taiwan (Ren Ai)	2018/12/26-2019/01/09	1,200,000
The Bank Of Tokyo-Mitsubishi UFJ, Ltd.	2018/12/26-2019/01/09	1,000,000
Mega International Commercial Bank Co., Ltd. (Foreign department)	2018/12/26-2019/01/09	800,000
The Hongkong and Shanghai Banking Corp. Ltd	2018/12/26-2019/01/09	850,000
		$ 12,969,000

Note: The interval of rate is 0.80%-1.11%, and the total loan commitments is $14,248,640 thousands.

TAIWAN CEMENT CORPORATION

STATEMENT OF LONG-TERM LOANS
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Type of Loan and Creditor	Contract Period	Annual Interest Rates (%)	Amount	Loan Commitments	Collateral
Syndicated loan (Note)					
Type A	107.3-112.3		$ 13,600,000	$ 21,500,000	-
Type B	107.3-112.3		21,500,000	21,500,000	-
			35,100,000	$ 43,000,000	
Issue costs			(110,867)		
Current portions			-		
			$ 34,989,133		

Note: Including Oversea-Chinese Banking Corporation Ltd., BNP Paribas Euronext, Bank of Taiwan, Land Bank of Taiwan, Hua Nan Bank, E.SUN Bank, Bank SinoPac, The Shanghai Commercial & Savings Bank, Ltd., KGI Bank, The Bank of Tokyo-Mitsubishi UFJ, Entie Commercial Bank, Bank of Communications, Mega International Commercial Bank, Mizuho Corporate Bank Ltd (Taipei), Taipei Fubon Commercial Bank, Taiwan Cooperative Bank, Crédit Agricole Corporate and Investment Bank, Bank of China, E.SUN Bank, Yuanta Bank, Taichung Commercial Bank, CTBC Bank, Cathay United Bank, The Japanese Sumitomo Mitsui Banking Corporation, China Construction Bank, Standard Chartered Bank.

STATEMENT 10

TAIWAN CEMENT CORPORATION

STATEMENT OF NET REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Item	Shipments	Amount
Domestic sales		
Cement - related products	4,715 thousand cubic meters	$ 8,183,032
Cement	2,195 thousand tons	4,931,704
Clinker	853 thousand tons	1,279,236
Others		262,132
		14,656,104
Export		
Cement	1,451 thousand tons	1,817,940
Others		505,401
		2,323,341
		$ 16,979,445

STATEMENT 11

TAIWAN CEMENT CORPORATION

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Item	Amount
Balance at beginning of year	$ 875,079
Add: Raw materials purchased	7,383,713
Less: Raw materials, end of year	663,026
Raw materials used	7,595,766
Direct labor	259,525
Manufacturing expenses	3,172,939
Manufacturing costs	11,028,230
Add: Work in process, beginning of year	504,840
Work in process purchased	996,973
Less: Work in process, end of year	468,803
Work in process sold	952,533
Cost of finished goods	11,108,707
Add: Finished goods, beginning of year	504,572
Finished goods purchased	432,521
Less: Finished goods, end of year	480,037
Add: Transportation costs	2,307,409
Commodity tax	717,687
Work in process sold	952,533
Inventory write-downs	6,401
Others	50,716
Opearating Costs	$ 15,600,509

TAIWAN CEMENT CORPORATION

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Total
Payroll and pension	$ 69,700	$ 471,265	$ 540,965
General and administrative expenses	19,578	89,100	108,678
Rental expenses	30,209	48,960	79,169
Professional service fees	2,152	75,873	78,025
Shipping expenses	71,377	1,996	73,373
Depreciation expenses	369	58,870	59,239
Others (Note)	36,791	211,056	247,847
	$ 230,176	$ 957,120	$ 1,187,296

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