

The Taiwan Cement Corporation 2017 Annual Report



THE FUTURE IS WORTH IT

The Taiwan Cement Corporation

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EUDAIMONIA

THE HIGHEST HUMAN GOOD

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Chairman's Address

I was asked how I treated these two diverse roles: an inn keeper of a hotel and a chairman of a cement company? So I answered, "Running a hotel is my interest and extension of feelings in life and culture, while operating a cement company is the pursuit of ultimate 'expertise'." To me, expertise is a clean and dedicated term. In addition to the expertise for technology improvement and the expertise for business performance enhancement, it is an expertise to achieve the most harmonious relationship between industry and nature. Isn't it also the most basic expertise for the cement industry to handle the complex relationship between human beings and the environment? Practicing different types of expertise in different areas of specialization is the power to advance human civilization. Human beings need to find a comfortable and safe lifestyle and fulfill the needs for survival. We need enclosures for self-defense, roads for transport, lighthouses for navigation, and dikes and dams for flood prevention and water storage. The invention of cement enables human beings to quickly build a comfortable environment and block out threats to survival, and gives birth to the incomparably proud humanistic qualities including text, languages, thoughts, philosophy, science, art, dance, and music, which we refer to as "civilization", in a safe space.

Cement is the adhesive of civilization, and charcoal black is the dark miracle of the wheel that keeps civilization rolling.

In 1962, we became Taiwan's first public company listed with the stock code 1101. Apart from the responsibility to maintain business operations and social interest at the same time, this suggests that only the socially blessed industry can keep rolling. This is the role that TCC ever plays. If the way of thinking cannot be liberated and the vision cannot be opened, we will never foresee difficulties ahead. Therefore, it is necessary for us to re-think the complex relationships among the environment, land, and human beings. Today, when the linear economy comes to an end, an unavoidable, unprecedented challenge is drawing near. The circulatory economy is no more an abstract noun! In fact, it has already been there long before the term was invented, and human beings just discovered its significance in desperation. Apart from a believer, we are a practitioner of the circular economy. The idea of the circular economy enables Taiwan to get rid of the destiny of resources depletion and turn waste into valuable resources. Over the years, we have invested over tens of billions of dollars in environmental equipment, allowing us to fulfill the demand for assistance of regional administrative units at all ease. In the future, we will extend the valuable experience in waste treatment accumulated over time to more industries and dangerous waste fields to broaden our vision. The re-investments made by our environmental department were also rewarded. In 2015 Anshun City of Guizhou commissioned the collaborative disposal of municipal solid waste (MSW) to our cement kilns. In 2017 collaborative disposal volume of MSW was 42,600 tonnes, 10,900 tonnes more than in 2016. Furthermore, our incineration plants in Taiwan have helped Taiwan dispose of over 30% of both MSW and industrial waste. From MSW to general industrial waste and waste produced by science parks, we are never absent from the scene.

Waste produced by human civilization is a treasure in the eyes of TCC.

During 2017-18, we invested up to NT\$1.4 billion in green energy development to actively develop green energies including solar energy, wind power, and geothermal generation. Currently in Changhua Coastal Industrial Park, we are building a 14MW PV plant and a 7MW wind farm. It is expected that grid connection will begin later this year and in the middle of the next year. In addition, we have already found a number of sites for other projects, Hoping to contribute to environmental sustainability through engagement in energy transformation. Furthermore, we persistently improve our capacity in calcium looping of carbon capture in the cement manufacturing process and create new values for the captured CO₂. In fact, we only endeavor to return clean sunshine, air, and water to nature and human beings. Progress means the constant optimization and upgrading of specifications. The department has suffered a hard time in re-investments. Fortunately, the deficit has reduced from NT\$430 million in 2015 to NT\$280 million in 2016, and eventually within NT\$9 million in 2017. Such performance is really encouraging, and sheds light on the possibility of future success. In 2017, Hoping Power Plant assisted the government with the

final disposal of waste tires. In October 2017, the dioxin emissions measured were 0.015ng/Nm³. We couldn't help holding our breath for a second before taking a deep breath. It was 0.015ng/Nm³, a figure that stunned everyone who sees it! Such a perfect figure can only be measured with conscience. Given that 0.1ng/Nm³ is the dioxin emission standard set by the EU, Japan, and the USA for solid waste collaborative disposal of cement kilns, when we got the 0.015ng/Nm³ figure for the trial with waste tires, the idea came across my mind: "By Jove we did it!" From 1 to 0.1 and further to 0.015 shows our ultimate expertise and the "mission impossible" achieved by all employees through uncompromised efforts. We are grateful to all employees for their uncompromised efforts and hard endeavors. We all know that it is a tough process to change one specification to another, and only with unchanged belief and determination can we finish this long and winding journey. In fact, this is also our goal for the next three to five decades.

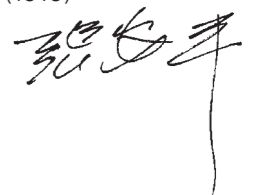
Instead of a punishment, a specification change means an opportunity of us.

The Environmental Protection Administration (EPA) launched the Cement Green Mark at the end of August 2018. Accordingly, the recycling rate of cement admixtures for the Gold and Silver green marks should be 15% and 10% respectively. In 2017 we used 186 kg of substitute materials for each tonnes of cement. In addition to a belief and determination, creation and progress represent a long-term process of creation. To an enterprise, a specification must be executable, practicable, and tolerable, and implemented step by step. After all, it takes time and experience to make it happen and mature. Instead of a follower, we are always running ahead of specifications, in order to see the horizon that followers will never see. In reality, the cement industry is a group of people who get along and dealing with the environment, in order to bring human beings better living conditions. Therefore, we have been committed to handling the long-term changes and the relations of change between human beings and the living environment. Over the past 72 years or so, we have spared no effort to find out everything about this land from geology, climatology, and cultural studies and particularly the people living in this land. We always believe that there is a hidden power in Taiwan. It is the originality and intelligence allowing people to surpass the present status. Once it glows or the opportunity comes, we believe that the potentiality accumulating constantly will explode.

In cement production, the clinker for use in production and sales has been combined to cement. The 2017 output of clinkers and cement in both Taiwan and mainland China was 57,470,000 tonnes, 1.9% less than the 58,570,000 tonnes in 2016. The 2017 output of ready-mix concrete was 4,340,000m³, 5.1% higher than the 4,130,000m³ in 2016. In cement sales, including cement, clinkers, and ready-mix concrete, the annual total sales volume of Taiwan in 2017 was NT\$17 billion, 5.1% less than the NT\$1.79 billion in 2016. Together with the annual total sales volume of mainland China, the total 2017 revenue was NT\$71.9 billion, 9.9% higher than the NT\$65.4 billion of 2016. Overall, the individual net profit after tax was NT\$7,594,250,000, achieving 88% of the budget. Compared to the amount at NT\$1,235,800,000 in 2016, it was 19% higher. The consolidated net profit after tax was NT\$10,322,800,000, achieving 86% of the budget, 17% higher or NT\$1,480,730,000 more than that of 2016. Looking out into 2018, we will continue our efforts to achieve the combined sales target of cement and clinkers (including clinkers for own ready-mixed concrete plants) at 57,330,000 for Taiwan and mainland China, and the sales target for ready-mixed concrete at 5,320,000m³. Gushan Development Project in Kaohsiung and the Original Incubator of Hualien Plant They will be developed into the based for thought development and technology R&D of cement. The future is hard to capture. We believe that true imagination is inside us. Therefore, it is necessary to initiate this potentiality from people living on this piece of land. That is why we are so devoted to "people" incubation and keep waiting with the most patience. Going back to the beginning of the story and looking out into the future... Regaining the beautiful intent to seek the harmonious co-existence between human beings and nature and pursuing the better value of life are our duty and our industry—an industry that always enchants people.

Lastly, I would like to share the last three verses in the last stanza of "The Road Not Taken" (1916) by the American poet Robert Frost:

Two roads diverged in a wood,
and I took the one less traveled by,
And that has made all the difference."



Company profile

2.1 Establishment

Date of establishment: May 1946
 Date of establishment registration: 29 December 1950
 Date of privatization: November 1954

Capital
 Authorized capital NT\$60 billion
 Paid-up capital: NT\$42,465,090,100

2.2 TCC history

(1) About TCC

After Taiwan restoration, the government established a cement industry supervisory committee in April 1946 and took over the Kaohsiung Plant of Asano Semento Kabushiki Kaisha Asano Cement Co. Ltd. (the forerunner of Kaohsiung Plant), Taiwan Chemicals Co., Ltd. (the forerunner of the Suao Cement Plant), Southern Cement Co., Ltd. (forerunner of the Zhudong Plant), and the Songshan Workshop of Taiwan Cement Co., Ltd. (the forerunner of the Taipei Cement Plant). On May 1, 1946, Taiwan Cement Corporation (TCC) was officially established as a joint-venture between the former National Resources Commission of the Ministry of Economic Affairs (MOEA) and the former Taiwan Provincial Government. On January 1, 1951, the joint-venture was re-structured as an incorporated (public limited company, PLC). After the National Resources Commission was withdrawn in 1952, TCC was co-operated by the MORA and the Taiwan Provincial Government. After the government implemented the Land-to-the Tiller Program in 1952, TCC was then transformed from a state business into a private enterprise on November 11, 1954, with jurisdiction over the Kaohsiung, Suao, and Zhudong cement plants and the Taipei and Gushan cement product plants. On February 9, 1962, we were the first to support the government's "capital securitization" policy and became the first public company listed on the Taiwan Exchange.

It has been over six decades since our privatization. Over the last 50 years, apart from actively participating in major national infrastructure projects through which we made persistent growth, we are the best witness and walking evidence of the "Taiwan experience" for our involvement in Taiwan's social changes and economic development. The paid-capital has increased from NT\$270 million at the time of privatization to over NT\$42.4 billion today, up by over 100 times. In Taiwan, capacity expanded from 0.5 million tonnes to over 10 million tonnes today, up by more than 20 times. Sales volume rose from NT\$240 million to NT\$16.3 billion in 2017. All these achievements have made us an example of success of the government's privatization of state business.

Including affiliates, our scope of business covers the manufacture and sales of chemical engineering products, coal-fire and renewable energy generation plants, surface and inland transportation, production and sales of fire-retardant materials, undertaking of environmental engineering and pollution prevention contracts, and the production, service and sales of related products and equipment, and waste disposal. In 2017, the consolidated revenue was NT\$98.3 billion.

(2) Merger and acquisition activities in the most recent years until the report publication date

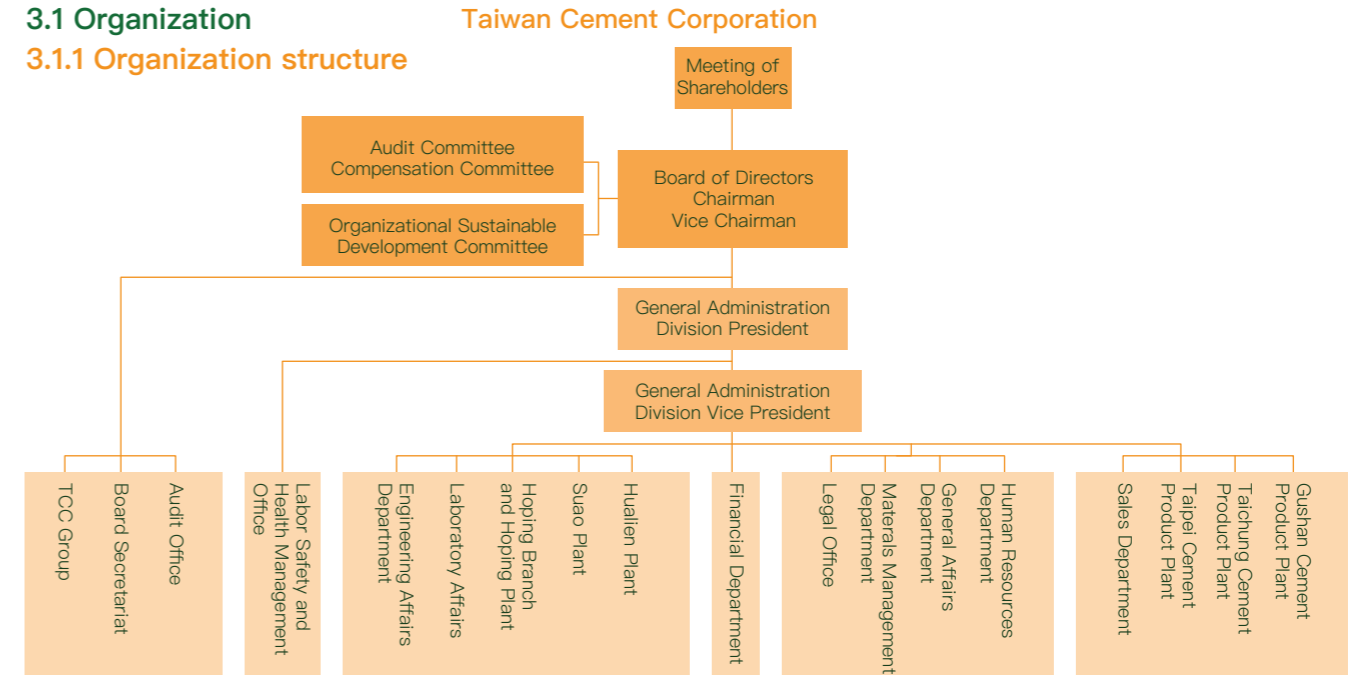
After the board meeting held on April 19, 2017, the Board of Directors (BOD) approved on April 20, 2017 the privatization of TCC International Holdings Limited (TCCIH) with the scheme of arrangement. Later on October 18, 2017, BOD agreed to issue 554,333,000 new shares to acquire part of the TCCIH shares by means of transfer. The said capital increase by issuing new shares were reported for approval by the Securities and Futures Bureau (SFB) of the Financial Supervisory Commission (FSC) on November 6, 2017 with the Letter Jin-Guan-Zheng-Fa-Zi No. 1060041014, and the business registration change was approved by the MOEA in the Letter Jing-Shou-Shang-Zi No. 10701002110 on January 31, 2018, with February 12, 2018 as the last date of trading of the ordinary shares and the certificates of entitlement to new shares.

(3) Instances in which a major quantity of shares in possession of directors or shareholders holding more than 10 per cent of stake in the company is transferred or otherwise changes hands; any change in managerial control; and any other matters of material significance that could affect organizational operations: NA. °

Governance

3.1 Organization

3.1.1 Organization structure



1 There are 22 branch plants and 2 distribution stations under the Taipei, Taichung, and Gushan cement product plants.
 2 There is a ready mixed concrete workshop in the Hualien Plant.

3.1.2 Functions and duties of departments

Under the Board of Directors (BOD) there are the Audit Committee, Compensation Committee, Organizational Sustainable Development Committee, Secretariat, TCC Group, and Audit Office. Their functions and duties are as follows:

- (1) Secretariat: Custody of the Chairman's personal seal; preparation of board meetings; handling and coordination of clerical work, general affairs, and stock affairs; and custody of the seals of the General Affairs Division and CDO.
- (2) TCC Group: Capturing and integration of group resources for sharing and demonstration of the scale of economy; standardization of regulations and systems within the group; sharing of successful experience and training; regular function audit; management consultancy and enquiry service within the group; other group-related business; improvement of management quality and reduction of costs; demonstration of group synergies and enhancement of overall competitiveness and profitability; and maximization of benefits for shareholders.
- (3) Audit Office: Implementation of all major cycles of internal audits as per the annual audit program; supervision of the implementation and amendment of internal audit system of the organization and subsidiaries; proposition of improvement recommendations; and implementation of project investigation, follow-up, and improvements of anomalies.

Under the General Administration Division there are the Engineering Affairs Department, Laboratory Affairs, Legal Office, General Affairs Department, and Labor Safety and Health Management Department. Their functions and duties are as follows:

- (1) Engineering Affairs Department: Drawing up production plans; tracking, assistance, and evaluation of operational efficiency; renewal, maintenance, and improvement of mechanical and engineering (M&E) equipment; assistance with equipment procurement; planning, guidance; and tracking of engineering projects; supervision of environmental protection, industrial safety, total quality control, and quality assurance; investigation, study, assessment, planning, implementation and tracking construction and merger/restructuring projects in mainland China.
- (2) Laboratory Affairs: Technical instructions of the manufacturing technology and quality control of cement and concrete; research and development of specialty cement, high-performance concrete, and energy-efficient technologies; development and promotion of substances from waste recycling; technical enquiries and customer affairs before and after cement and concrete sales.
- (3) Sales Department: Drawing up of product sales plans; product domestic and export sales and storage; and supervision and evaluation of cement distribution stations.

(4) Financial Department: Processing and auditing routine accounting affairs and fund dispatch; cash management and financial planning; budget control and statement operational analysis; implementation and operation of related projects; supervision of subsidiaries; and handling of investor relations.

(5) Human Resources Department: Selection, education, employment, and retention of organizational employees; management and supervision of matters relating to human resources of each unit; and employee benefits and labor-management (employer-employee) relations.

(6) Materials Management Department: Contracting of the production equipment procurement, civil engineering contracts, production ingredients and materials procurement; and management and dispatch of the materials warehouse.

(7) Legal Office: Preparation, revision and approval of legal documents; provision of legal advice; handling of litigation/non-litigation incidents; legal risk control and other legal-related matters.

(8) General Affairs Department: Administering of general and administrative affairs unrelated to production; building repair; and planning, implementation and supervision of land and other assets.

(9) Labor Safety and Health Management Office: Administering the safety and health affairs of all employees within the organization.

Major services of subordinate organizations:

(1) Hoping Branch and Hoping Plant, Suao Plant, Hualian Plant: Cement manufacture.

(2) Taichung, Taichung, and Gushan cement product plants (including 3 distribution stations):

Manufacture and sales of ready mixed concrete and management of distribution stations.

3.2 Profile of directors, presidents, vice presidents, assistant vice presidents, department heads, and branch heads

3.2.1 Profiles of directors

By April 24, 2018 (book closure date for AGM)

Title	Nationality or Registration place	Name	Gender	Elected (inaugurated) Date	Tenure	Date of initial elected office	Shareholdings at the time of elected office		Current shareholdings		Current shareholdings of spouse/minor children		Shareholdings in the name of a third party		Education and experience	Concurrent positions in this and other companies	Other officers, directors, or supervisors of the company who is a spouse or relative within the 2nd degree under the Civil Code		
							Quantity	Proportion (%)	Quantity	Proportion (%)	Quantity	Proportion (%)	Quantity	Proportion (%)			Title	Name	Relationship
Chairman	ROC	Representative of Fu Pin Investment Co., Ltd.: Chang An-Ping1	Male	2015/6/18	3 years	1994/4/21	62,688,346	1.70	62,688,346	1.48	-	-	NA	NA	M.B.A., School of Business Administration, New York University Chairman, Taiwan Cement Corporation. Chairman, Chia Hsin Cement Corporation.	Chairman, China Synthetic Rubber Corporation; Chairman, Taiwan Prosperity Chemical Corporation; Chairman, Ho-Ping Power Company; Chairman, TCC International Holdings Limited; Chairman, Taiwan Transport & Storage; Chairman, E-One Moli Energy Corporation; Chairman, Ta-Ho Maritime Corporation; Chairman, Consolidated Resources Company; Chairman, China Steel Chemical Corporation; Chairman, Chia Hsin RMC Corporation; Director, CTCI Corporation; Independent Director, Synnex Technology International Corporation; Managing Director, O-Bank	NA	NA	NA
							156,573	0.00	156,573	0.00	3,059,817	0.07	NA	NA					
Director (2)	Hong Kong	Representative of Heng Qiang Investment Co., Ltd.: Jason Koo(1)	Male	2015/6/18	3 years	1988/4/18	71,487,931	1.94	82,719,582	1.95	-	-	NA	NA	MBA, The Wharton School of University of Pennsylvania Vice President, Morgan Stanley Investment Banking Department	Director representing institutional investor China Synthetic Rubber Corporation; director representing institutional investor Taiwan Prosperity Chemical Corporation, and director representing institutional investor Ho-Ping Power Company.	NA	NA	NA
Director	ROC	Representative of China Synthetic Rubber Corporation: Kenneth C.M. Lo	Male	2015/6/18	3 years	2005/2/24	83,777,716	1.27	83,777,716	1.97	-	-	NA	NA	M.A. in Finance, The University of Alabama	Chairman, Industrial Bank of Taiwan, Director, Venture Investment II of Industrial Bank of Taiwan	NA	NA	NA
Director	ROC	Representative of Heng Qiang Investment Co., Ltd.: Representative: Tzun-yen Yu	Male	2015/6/18	3 years	2002/10/30	71,487,931	1.94	82,719,582	1.95	-	-	NA	NA	Harvard Business School, USA, BS, Electrical Engineering, National Taiwan University	Chairman, CTCI Corporation	NA	NA	NA
Director	ROC	He Feng Investment Co., Ltd. Representative: Por-yuan Wang	Male	2015/6/18	3 years	2009/6/19	36,762,616	1.00	36,762,616	0.87	-	-	NA	NA	Ph.D., Carnegie Mellon University, USA Chairman, Sercomm Corporation Chairman, Pacific Venture Partners Monte Jade Science and Technology Association of Taiwan	Chairman, Sercomm Corporation; Independent Director, Taishin Financial Holding Co., Ltd.; Director, Prosperity Dielectrics Co., Ltd.; Independent Director, UPC Technology Corporation	NA	NA	NA

By April 24, 2018 (book closure date for AGM)

Title	Nationality or Registration place	Name	Gender	Elected (inaugurated) Date	Tenure	Date of nitial elected office	Shareholdings at the time of elected office		Current shareholdings		Current shareholdings of spouse/minor children		Shareholdings in the name of a third party		Education and experience	Concurrent positions in this and other companies	Other officers, directors, or supervisors of the company who is a spouse or relative within the 2nd degree under the Civil Code		
							Quantity	Proportion (%)	Quantity	Proportion (%)	Quantity	Proportion (%)	Quantity	Proportion (%)			Quantity	Proportion (%)	Title
Director	ROC	CTCB Investments Co., Ltd. Representative: Jennifer Lin, Esq.	Female	2015/6/18	3	2006/6/9	120,047,530	3.25	125,098,870	2.95	-	-	NA	NA	LLB, National Taiwan University LLM, Harvard Law School	Managing Partner, Tsar & Tsai Law Firm; Chairman, NTU Law Foundation	NA	NA	NA
Director	ROC	Ching Yuan Investment Co., Ltd.: Representative: Jian-dong Chen	Male	2015/6/18	3	2003/6/26	2,636,402	0.07	2,636,402	0.06	-	-	NA	NA	MA, Department of Banking and Finance, Tamkang University	Director, Ching Yuan Investment Co., Ltd.; Director, Tong De Investment Co., Ltd.; Director & presidents, Hsin Kao Gas Co., Ltd.	NA	NA	NA
Director	ROC	Shinkong Synthetic Fibers Corporation Representative: Eric T. Wu	Male	2015/6/18	3	1985/4/18	9,554,654	0.26	9,554,654	0.23	-	-	NA	NA	S.J.D., Harvard Law School	Chairman, Shinkong Synthetic Fibers Corporation; Chairman, Shinkong Materials Technology Co., Ltd.; Chairman, UBright Optronics Corporation; TacBright Optronics Corporation	NA	NA	NA
Director	ROC	Chia Hsin Cement Corporation Representative: Jason Kang-lung Chang	Male	2015/6/18	3	2012/6/21	23,105,050	0.63	176,262,460	4.15	-	-	NA	NA	MS, Management Studies, Massachusetts Institute of Technology	Chairman of Chia Hsin Cement Corporation and Chia Hsin International Co.,Ltd.	NA	NA	NA
Director	ROC	Goldsun Development & Construction Co.,Ltd. Representative: Ming-sheng Lin	Male	2015/6/18	3	2009/6/19	14,078,750	0.38	14,078,750	0.33	-	-	NA	NA	SJD, Hastings College of Law, University of California, USA	Vice President, SIGMU Group; Vice Chairman, Taiwan Secom Co., Ltd.	NA	NA	NA
Director	ROC	Xin Hope Investment Co.,Ltd. Representative: Chi-wen Chang	Male	2015/6/18	3	(2016/2/1) (Re-assigned by the institutional shareholder)	10,701,572	0.29	10,701,572	0.25	-	-	NA	NA	Master's Degree in Accountancy and Master's Degree of Administration in California State University, Fresno	Director & presidents, Xin Hope Investment Co., Ltd. Lecturer/Adjunct Faculty San Jose State University, University of San Francisco, Golden Gate University	NA	NA	NA
Director	ROC	Sishan Investment Co., Ltd. Representative: Nan-dan Lin	Male	2015/6/18	3	1998/12/15	7,525,603	0.20	7,525,603	0.18	-	-	NA	NA	MBA, La Trobe University, Melbourne, Australia.	Chairman of Sishan Investment Co., Ltd	NA	NA	NA

Title	Nationality or Registration place	Name	Gender	Elected (inaugurated) Date	Tenure	Date of nitial elected office	Shareholdings at the time of elected office		Current shareholdings		Current shareholdings of spouse/minor children		Shareholdings in the name of a third party		Education and experience	Concurrent positions in this and other companies	Other officers, directors, or supervisors of the company who is a spouse or relative within the 2nd degree under the Civil Code		
							Quantity	Proportion (%)	Quantity	Proportion (%)	Quantity	Proportion (%)	Quantity	Proportion (%)			Title	Name	Relationship
Director	ROC	Representative of Fu Pin Investment Co., Ltd.: Representative: Chi-Chia Hsieh	Male	2016/6/22	1	1994/4/21	62,688,346	1.70	62,688,346	1.48	-	-	NA	NA	Ph.D. in Electrical Engineering, University of California Santa Clara, USA. Chairman, Microelectronics Technology Inc.	Chairman, Microelectronics Technology Inc.; Chairman, Jupiter Network Corporation; Chairman, Jupiter Technology (Wuxi) Co., Ltd.; Chairman, Welltop Technology Co., Ltd.; Chairman, IQE Taiwan Corporation; Director, Sasson Capital Corporation; Director, Advanced Wireless Semiconductor Company, Independent Director, AcBel Polytech Inc.; Independent Director, Innolux Corporation; Director, Asia Pacific Telecom Co., Ltd.; Director, E-One Moli Energy Corporation; Director, Bright Led Electronics Corporation; Director, KoBrite Taiwan Corporation; Director, Bright Crystal Company	NA	NA	NA
Director	ROC	Representative of Heng Qiang Investment Co., Ltd.: Representative: Chi-te Chen	Male	2016/6/22	1	2002/10/30	71,487,931	1.94	82,719,582	1.95	-	-	NA	NA	MBA, University of California Santa Clara, USA MBA, University of California Santa Clara, USA	Director, Chia Hsin Cement Corporation; Director (corporate representative), Chia Hsin Property Management and Development Corporation; Chairman, Ruihui Enterprise Limited; Chairman, Chien Hwei Investment Co., Ltd.; Chairman (corporate representative), Rock Publishing International; Director, Silver Shadow Holdings Co., Ltd.; Director, Golden Canyon Co., Ltd.; Director, Chien Kuo Asia Co., Ltd.; Shun Long (Hong Kong) Co., Ltd.; Chairman (corporate representative), Chien Kuo Building Co., Ltd.; Anping Housing Co., Ltd.; Chairman, Chien Huei Cultural & Educational Foundation; Chairman, Chien Kuo Foundation for Arts and Culture	NA	NA	NA
Director	USA	C. F. Koo Foundation Representative David Carr Michael	Male	2016/6/22	1	2009/6/22	2,308,909	0.06	2,308,909	0.05	-	-	NA	NA	BA in Economics Magna cum Laude, Harvard University MBA, Stanford University Graduate School of Business, USA Senior Partner & Managing Director, Boston Consulting Group, USA;	Senior Advisor, Boston Consulting Group, USA; Professor, University of California, San Diego, USA	NA	NA	NA

Title	Nationality or Registration place	Name	Gender	Elected (inaugurated) Date	Tenure	Date of initial elected office	Shareholdings at the time of elected office		Current shareholdings		Current shareholdings of spouse/minor children		Shareholdings in the name of a third party		Education and experience	Concurrent positions in this and other companies	Other officers, directors, or supervisors of the company who is a spouse or relative within the 2nd degree under the Civil Code			
							Quantity	Proportion (%)	Quantity	Proportion (%)	Quantity	Proportion (%)	Quantity	Proportion (%)			Title	Name	Relationship	
Independent Director	ROC	Arthur Yu-cheng Chiao	Male	2015/6/18	3 years	2012/6/21	-	-	-	-	-	-	-	NA	NA	MS, Electronic Engineering, University of Washington, USA BS, Communication Engineering Department, National Chiao Tung University, Taiwan Chairman, Walsin Lihwa Corporation	Chairman, Walsin Lihwa Corporation; Chairman, Walsin Technology Corporation; Chairman, Jin Cheng Construction Co., Ltd.; Director, Walsin Lihwa Holdings Limited; Director, Concord Industries Ltd.; Director, Walsin Specialty Steel Ltd.; Director, United Industrial Gases Co., Ltd.; Director, Song Yung Investment Co., Ltd.; Supervisor, MiTAC Holdings Corporation; Manager, Goldbond LLC; Independent Director and member of Compensation Committee, Synnex Technology International Corporation,	NA	NA	NA
Independent Director	ROC	Edward Young-do Way(2)	Male	2015/6/18	3 years	2012/6/21	-	-	-	-	-	-	-	NA	NA	MBA in Management, University of Georgia, USA. BBA, Department of Accounting, Soochow University. President, Deloitte Taiwan	Chairman, YCSY Co., Ltd.; Director, MiTAC Holdings Corporation; Director, Wowprime Corporation; Director, Vanguard International Semiconductor Corporation; Director, Iron Force Industrial Co., Ltd.; Supervisor, Sercomm Corporation; Supervisor, Chilisin Electronics Corporation; Independent Director, Synnex Technology International Corporation; Independent Director, Far Eastern Department Stores Co. Ltd.	NA	NA	NA
Independent Director	ROC	Victor Wang	Male	2015/6/18	3 years	2012/6/21	-	-	-	-	-	-	-	NA	NA	BA in Accounting, Soochow University, Taiwan EMBA, National Taiwan University, Taiwan Chief Operations Officer & Vice Chairman of Auditing Service Division, Deloitte Taiwan	Director, Chilisin Electronics Corporation; Director, Yageo Corporation; Supervisor, DIVA Laboratories. Ltd.; Independent Director, Taiwan Navigation Co., Ltd.; Independent Director, DACIN Construction Co., Ltd.	NA	NA	NA
Independent Director	ROC	Jhen-ming Yeh	Male	2016/6/22	1 year	2016/6/22	-	-	-	-	-	-	-	NA	NA	Bachelor of Commerce Major in Accounting, National Cheng-Kung University, Taiwan Independent Director, Ta-Ho Maritime Corporation Independent Director, Ho-Ping Power Company Advisor, Deloitte Taiwan	CPA, J. M. Yeh CPA Firm	NA	NA	NA

Title	Nationality or Registration place	Name	Gender	Elected (inaugurated) Date	Tenure	Date of nitial elected office	Shareholdings at the time of elected office		Current shareholdings		Current shareholdings of spouse/minor children		Shareholdings in the name of a third party		Education and experience	Concurrent positions in this and other companies	Other officers, directors, or supervisors of the company who is a spouse or relative within the 2nd degree under the Civil Code			
							Quantity	Proportion (%)	Quantity	Proportion (%)	Quantity	Proportion (%)	Quantity	Proportion (%)			Title	Name	Relationship	
Independent Director	ROC	Chih-jen Emile Sheng(2)	Male	2017/6/28	1 year	2017/6/28	-	-	-	-	-	-	-	NA	NA	Ph.D. in Political Science, Northwestern University, USA Minister, Council for Cultural Affair (now Ministry of Culture), Executive Yuan, ROC. presidents, Republic of China (Taiwan) Centenary Foundation Chairperson, Research, Development and Evaluation Commission, Taipei City Government presidents, The 21st Summer Deaflympics Professor, Department of Political Science, Soochow University, Taiwan	Independent Director, Taiwan Prosperity Chemical Corporation; President, L'Hotel de Chine Group; Chairman, FDC International Hotels Corporation	NA	NA	NA

¹Mr. Leslie Koo Cheng-yun passed away on January 23, 2017, we elected Mr. Chang An-Ping, corporate representative of Fu Pin Investment Co., Ltd., as the new Chairman at a provisional board meeting held on January 23, 2017. On the same day, Heng Qiang Investment re-assigned Mr. Kung-yi Koo to represent it.

²Independent Director Edward Yung-do Way resigned on April 1, 2017. Mr. Chih-jen Emile Sheng was elected as the new independent director in the by-election on June 28, 2017.

Table 1: Major Shareholders of Institutional shareholders

Institutional shareholders	Major Shareholders of Institutional shareholders
Representative of Fu Pin Investment Co., Ltd.:	Koo Hsuan-hui (49.9995%), Leslie Koo Cheng-yun (25%), Koo Gung-kai (25%), Heng Qiang Investment Co., Ltd. (0.0005%)
Representative of Heng Qiang Investment Co., Ltd.:	Koo Gung-kai (49.9995%), Leslie Koo Cheng-yun (25%), Koo Hsuan-hui (25%), Fu Pin Investment Co., Ltd. (0.0005%)
Representative of China Synthetic Rubber Corporation:	Taiwan Cement Engineering Corporation (8.87%); CTCB Investments Co., Ltd. (4.51%); King's Town Bank Co., Ltd. (4.51%); New Labor Pension Scheme Fund (3.24%); He Feng Investment Co., Ltd. (2.92%); Fubon Life Insurance Co., Ltd. (2.50%); TCC Investment Corporation (2.33%); He-Po Investment Co., Ltd. (2.01%); Zhong Cheng Development Investment Co., Ltd. (1.89%); Fu Pin Investment Co., Ltd. (1.79%)
Xin Hope Investment Co., Ltd.	Rong Chang (20%), Shu-chuang Chang-Lin (20%), Chi-wen Chang (20%), Chu-mei Chang (20%), Chun-chen Guo-Chang (20%)
He Feng Investment Co., Ltd.	He-Po Investment Co., Ltd. (17.53%); CTCB Investments Co., Ltd. (82.47%)
Ching Yuan Investment Co., Ltd.:	Tong De Investment Co., Ltd. (98.35%)
Shinkong Synthetic Fibers Corporation T	Shin Kong Life Insurance Co., Ltd. (5.81%); ShinKong Co., Ltd. (5.22%); Shin Sheng Investment Co., Ltd. (4.99%); Hwatai Bank Ltd. Property Trust Special Account (4.66%); Shinkong Textile Co., Ltd. (3.47%); Shinkong Insurance Co., Ltd. (3.04%); Ji Li Investment Co., Ltd. (2.37%); Toray Industries; Inc. (2.20%); Yuan Bao Co., Ltd. (2.18%); Rui Xin Industrial Co., Ltd. (1.98%)
Goldsun Development & Construction Co., Ltd.	Hsinlan Enterprise Co., Ltd. (6.70%); Taiwan Secom Co., Ltd. (6.49%); Fubon Life Insurance Co., Ltd. (4.62%); Titan-Star International Co., Ltd. (3.99%); Hsinlan Investment Co., Ltd. (2.20%); Management Board of Public Service Pension Fund (1.96%); Cheng Hsin Investment Co., Ltd. (1.92%); Zhuang-yun Wang (1.64%); Yuan Hsin Investment Co., Ltd. (1.43%); Xiao-hsin Lin (1.19%)
CTCB Investments Co., Ltd.	Heng Qiang Investment Co., Ltd. (23.38%); Fu Pin Investment Co., Ltd. (23.30%); Taiwan Cement Engineering Corporation (8.67%); China Synthetic Rubber Corporation (4.48%), TCC Investment Corporation (3.45%); Hoping Industrial Port Corporation (3.31%); Kun Qing International Development Ltd. (2.97%); Qiao Tai Investment Co., Ltd. (2.77%); Chung Ho Textile Co., Ltd. (2.31%); Ta-Ho Maritime Corporation (2.09%)
Chia Hsin Cement Corporation	Chia Hsin International Co., Ltd. (16.44%); Song Zuo Investment Co., Ltd. (8.88%); Yong-ping Chang (5.56%); Taiwan Cement Engineering Corporation (3.54%); Ta-Ho Maritime Corporation (3.32%); Kang Hao Industrial Co., Ltd. (2.48%); Jun-hua Huang (2.07%); Chia Hsin Foundation (1.92%); Zuo Yao Investment Co., Ltd. (1.89%); Guo-hui Ku (1.74%)
Sishan Investment Co., Ltd.	Nan-dan Lin (30%); Yi-qing Lin (10%); Ting-jun Lin (10%); Xiu-mei Hong (15%); Chang-ting Hong (17.5%); Chang-rong Hong (17.5%)

Note: All information disclosed in the above table has been provided by respective institutional shareholders. TCC provides such information as is.

Table 2: Major Shareholders of Institutional Shareholders in Table 1

Institutional shareholders	Major Shareholders of Institutional shareholders
Representative of Heng Qiang Investment Co., Ltd.:	Koo Gung-kai (49.9995%), Leslie Koo Cheng-yun (25%), Koo Hsuan-hui (25%), Fu Pin Investment Co., Ltd. (0.0005%)
Representative of Fu Pin Investment Co., Ltd.:	Koo Hsuan-hui (49.9995%), Leslie Koo Cheng-yun (25%), Koo Gung-kai (25%), Heng Qiang Investment Co., Ltd. (0.0005%)
CTCB Investments Co., Ltd.	Heng Qiang Investment Co., Ltd. (23.38%); Fu Pin Investment Co., Ltd. (23.30%); Taiwan Cement Engineering Corporation (8.67%); China Synthetic Rubber Corporation (4.48%), TCC Investment Corporation (3.45%); Hoping Industrial Port Corporation (3.31%); Kun Qing International Development Ltd. (2.97%); Qiao Tai Investment Co., Ltd. (2.77%); Chung Ho Textile Co., Ltd. (2.31%); Ta-Ho Maritime Corporation (2.09%)
King's Town Bank Co., Ltd.	Mercuries Life Insurance Inc. (8.23%); Cheng-zhi Dai (6.32%); Tian-zan Cai (6.32%); Jing Cheng Construction Co., Ltd. (4.05%); Tian Gang Investment Co., Ltd. (3.42%); Tian Lai Investment Co., Ltd. (3.01%); Xin Rui Investment Co., Ltd. (3.00%); Xian-cong Wang (2.54%); Yi-ying Chen (2.06%); F/EMD Account of Fidelity Funds in Taiwan Custodian Bank (1.85%)
New Labor Pension Scheme Fund	NA
He Feng Investment Co., Ltd.	He-Po Investment Co., Ltd. (17.53%); CTCB Investments Co., Ltd. (82.47%)
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd. (100%)
TCC Investment Corporation	Taiwan Cement Engineering Corporation (100%)
He-Po Investment Co., Ltd.	He Feng Investment Co., Ltd. (35.79%); CTCB Investments Co., Ltd. (64.21%)
Zhong Cheng Development Investment Co., Ltd.	China Synthetic Rubber Corporation (100%)
Tong De Investment Co., Ltd.	Jian-dong Chen (50.45 %); Shang-de Chen (10.61%); Ying-de Chen (11.59 %); Wen-wan Chang (27.34%)
Shin Kong Life Insurance Co., Ltd.	Shin Kong Financial Holding (100%)
Shinkong Co., Ltd.	Shin Sho Trading Co. Ltd. (42.65%); Lian Sui Enterprises Co., Ltd. (4.73%); Swiss Hotel (4.66%); Lin Deng Shan Social Welfare Foundation (3.93%); Xin Cheng Investment Co., Ltd. (3.51%); Ji Zhen Co., Ltd. (3.38%); Dong-xing Wu (3.38%); Hong Qi Co., Ltd. (3.38%); Jiu Bing Industrial Co. Ltd. (1.98%)
Shin Sheng Investment Co., Ltd.	Ji Li Investment Co., Ltd. (51.78%); Tong Xian Investment Co., Ltd. (28.53%); Rui Xin Industrial Co., Ltd. (19.69%)
Hwatai Bank Ltd. Property Trust Special Account	NA

Institutional shareholders	Major Shareholders of Institutional shareholders
Shinkong Textile Co., Ltd.	Shinkong Synthetic Fibers Corporation (9.46%); Ji Zhen Co., Ltd. (6.55%); Shin Kong Life Insurance Co., Ltd. (5.45%); Shin Kong Wu Ho-Su Memorial Hospital (4.05%); He Rui Industrial Co., Ltd. (4.00%); Qian Cheng Yi Co., Ltd. (3.93%); Jin Bao Co., Ltd. (3.82%); Hong Pu Co.m Ltd. (3.79%); Cheng Guang Industrial Co., Ltd. (3.54%)
Shinkong Insurance Co., Ltd.	Shinkong Textile Co., Ltd. (16.31%); Shin Kong Life Insurance Co., Ltd. (9.40%); ShinKong Co., Ltd. (5.08%); Guang Ming Enterprise Co., Ltd. (2.76%); Hong Pu Co.m Ltd. (2.35%); Qian Cheng Yi Co., Ltd. (1.73%); Hong En Co., Ltd. (1.43%); Beitou Hotel Co., Ltd. (1.29%); Cheng Guang Industrial Co., Ltd. (1.28%); Cosmos Hotel Co., Ltd. (1.27%)
Ji Li Investment Co., Ltd.	Rui Xin Industrial Co., Ltd. (23.89%); Xin Guang Development Co., Ltd. (24.14%); Yu Bang Investment Co., Ltd. (16.84%); Liang Yue Investment Co., Ltd. (16.84%); Northlaken Ltd. (7.53%); De Shi Industrial Co., Ltd. (5.38%); De Liang Co., Ltd. (5.38%)
Toray Industries, Inc.	NA
Yuan Bao Co., Ltd.	Yi Ming Co., Ltd. (100%)
RUI-XIN-XING-YE Co., Ltd.	Jin Xian Investment Co., Ltd. (20.83%); Gui Yuan Investment Co., Ltd. (20.83%); Eugene Wu (16.67%); Thomas Wu (13.28%); Dong-xian Wu (12.97%); Eric T. Wu (12.23%); Xian-xian Hsu (1.04%); Jo-nan Sun (1.04%); Hsing-hua Ho (1.04%); Ji Zhen Co., Ltd. (0.05%)
Ji Zhen Co., Ltd.	Xiao-hsin Lin (21.96%); Cheng Hsin Investment Co., Ltd. (20.58%); Shu-chu Chuang (14.75%); Zhe-xiong Chen (5.75%); Jing-yi Lin (4.58%); Shi-yi Huang (4.48%); Hong-jun Lin (4.46%); Jia-ling Lin (4.14%); Jian-han Lin (3.72%); Yuan Hsin Investment Co., Ltd. (2.60%)
Taiwan Secom Co., Ltd.	Secom Co., Ltd. (27.29%); Shin Kong Life Insurance Co., Ltd. (8.67%); Cheng Hsin Investment Co., Ltd. (4.24%); Chunghwa Post Co., Ltd. (3.66%); Hsinlan Enterprise Co., Ltd. (3.12%); Fubon Life Insurance Co., Ltd. (2.92%); Tu Wan Chuan Foundation (1.90%); FE Offshore Fund Investment Special Account of the Subsidiary of First Eagle Funds at JPMorgan Chase Bank, NA, Taipei Branch (1.89%); Yuan Hsin Investment Co., Ltd. (1.74%); Offshore Investment Fund Investment Special Account at Citi Bank (1.33%).
Hsin Lan Investment Co., Ltd.	Cheng Hsin Investment Co., Ltd. (68.33%); Xiao-hsin Lin (14.67%); Shu-chu Chuang (14.25%); Ming-sheng Lin (1.21%); Jian-han Lin (1.21%); Xiu-de Lin (0.33%)
Management Board of Public Service Pension Fund	NA
Cheng Hsin Investment Co., Ltd.	Xiao-hsin Lin (44.27%); Shu-chu Chuang (22.20%); Ming-sheng Lin (16.76%); Jian-han Lin (16.76%)
Yuan Hsin Investment Co., Ltd.	Shu-chu Chuang (27.37%) · Ming-sheng Lin (25.29%); Jian-han Lin (25.29%); Xiao-hsin Lin (22.05%)
Taiwan Cement Engineering Corporation	Cathay Life Insurance Company, Ltd. (4.29%); Chia Hsin Cement Corporation (4.15%); Nan Shan Life Insurance Company, Ltd. (3.68%); Shin Kong Life Insurance Co., Ltd. (3.24%); CTCB Investments Co., Ltd. (2.95%); Fubon Life Insurance Co., Ltd. (2.10%); Chia Hsin International Co., Ltd. (2.07%); China Synthetic Rubber Corporation (1.97%); Heng Qiang Investment Co., Ltd. (1.95%); China Life Insurance Co., Ltd. (1.86%)

Institutional shareholders	Major Shareholders of Institutional shareholders
Representative of China Synthetic Rubber Corporation:	Taiwan Cement Engineering Corporation (8.87%); CTCB Investments Co., Ltd. (4.51%); King's Town Bank Co., Ltd. (4.51%); New Labor Pension Scheme Fund (3.24%); He Feng Investment Co., Ltd. (2.92%); Fubon Life Insurance Co., Ltd. (2.50%); TCC Investment Corporation (2.33%); He-Po Investment Co., Ltd. (2.01%); Zhong Cheng Development Investment Co., Ltd. (1.89%); Fu Pin Investment Co., Ltd. (1.79%)
Hoping Industrial Port Corporation	Taiwan Cement Engineering Corporation (99.99%)
Kun Qing International Development Ltd.	Yu Bang Co., Ltd. (12.27%); T.H. Wu Foundation (3.37%); Ji-xing Hou (1.73%); Tai Qian Co., Ltd. (2.95%); Ping-zhi Wu (2.80%); Ping-yuan Wu (2.80%); Xiu-feng Yan (2.65%); Jin-gan Hou (2.23%); San Shing Spinning Co., Ltd. (1.94%); Zi-xiu Wu (1.81%)
Qiao Tai Investment Co., Ltd.	Leslie Koo Cheng-yun (25%), Koo Hsuan-hui (37.4995%), Koo Gung-kai (37.5%), Fu Pin Investment Co., Ltd. (0.0005%)
Chung Ho Spinning Co., Ltd.	Xie Mei Industrial Co., Ltd. (14.7%); Zong Mei Investment Co., Ltd. (11.50%); Chang Xin Investment Co., Ltd. (10.19%); Qi-zhao Yeh (5.17%); Qian-fang Yeh (3.69%); Ying-xia Yeh (3.26%); Yan-ling Yeh (3.25%); Ying-qiu Yeh (3.09%); Ying-mei Yeh (2.96%)
Ta Ho Maritime Corporation	Taiwan Cement Engineering Corporation (64.79%), Taiwan Transport & Storage Corporation (29.16%)
Chia Hsin International Co., Ltd.	Chia Hsin Cement Corporation (87.18%); Chia Hsin Construction and Development Corporation (10.41%); Jason Kang-lung Chang(0.52%); Song Zuo Investment Co., Ltd. (0.42%); Ru-ping Chang (0.25%); Yong-ping Chang (0.22%); Zhong-lian Zhong (0.19%); Zuo Yao Investment Co., Ltd. (0.16%); An-ping Chang (0.12%); Jian-guo Wang (0.11%)
Song Zuo Investment Co., Ltd.	Yong-ping Chang (59.47%); Chia Hsin Construction and Development Corporation (14.52%)
Kang Hao Industrial Co., Ltd.	Mei Ke Shen Enterprise Co., Ltd. (50%); Sian-ping Chang (10.5%)
Chia Hsin Foundation	NA
Zuo Yao Investment Co., Ltd.	Jian-guo Wang (22.5%); Chia Hsin International Co., Ltd. (20.17%); Chia Hsin Cement Corporation (19.33%)
Titan-Star International Co., Ltd.	Zhong Bao Investment Co., Ltd. (100%)

Note: The information contained in the above table is provided by respective institutional shareholders and has been enquired from the Department of Commerce, Ministry of Economic Affairs. TCC provides such information as is.

Profiles of Directors

Name	Qualification	With five or more years of experience and the following professional qualifications			Status of independence (2)										Number of concurrent independent director posts to other public companies
	Public/private college/university instructors or higher levels in commerce, law, finance, accounting or subjects required by the business of the company	Passed the qualification examination with proper licensing by the national government as court judge, prosecutor, lawyers, certified public accountant or other professional designations required by the business of the company	Experience of commerce, law, finance, accounting or others as required by the company		1	2	3	4	5	6	7	8	9	10	
An-ping Chang				√			√	√	√	√	√	√	√	√	1
Jason Koo				√			√	√	√	√	√	√	√	√	-
Kenneth C.M. Lo	√			√	√	√	√	√	√	√	√	√	√	√	-
Tzun-yen Yu				√	√	√	√	√	√	√	√	√	√	√	-
Por-yuan Wang				√	√		√	√	√	√	√	√	√	√	2
Jennifer Lin, Esq.		√		√	√	√	√	√	√	√		√	√	-	
Jian-dong Chen				√	√	√	√	√	√	√	√	√	√	√	-
Eric T. Wu				√	√	√	√	√	√	√	√	√	√	√	-
Jason Kang-lung Chang				√	√	√	√		√	√	√	√	√	√	-
Ming-sheng Lin				√	√	√	√	√	√	√	√	√	√	√	-
Chi-wen Chang	√		√	√	√	√	√	√	√	√	√	√	√	√	-
Nan-dan Lin				√	√	√	√	√	√	√	√	√	√	√	-
Chi-Chia Hsieh				√		√	√		√	√	√	√	√	√	2
Chi-te Chen				√	√	√	√	√	√	√	√	√	√	√	-
David Carr Michael	√			√	√	√	√	√	√	√	√	√	√	√	-
Arthur Yu-cheng Chiao				√	√	√	√	√	√	√	√	√	√	√	1
Victor Wang	√		√	√	√	√	√	√	√	√	√	√	√	√	2
Jhen-ming Yeh		√		√	√	√	√	√	√	√	√	√	√	√	-
Chih-jen Emile Sheng				√	√	√	√	√	√	√	√	√	√	√	1

NOTE: Check "√" the qualifications appropriate to each director and supervisor who meet such qualifications two years before assumption of office or at the time of assumption.

(1) Not an employee of the company or its affiliates.

(2) Not a director or supervisor of an affiliate of the company (except for independent directors of the company or its parent company or a subsidiary established in accordance with this Act or the local laws).

(3) Not holding more than 1% of the outstanding shares issued by the company or among the top 10 natural person shareholders by the person or his/her spouse or underage children, or in the name of a third party.

(4) Not a spouse, the kindred at the second tier under the Civil Code, or the next of kin within the third tier under the Civil Code as specified in (1) through (3).

(5) Not a director, supervisor or employee of an institutional shareholder holding more than 5% of the outstanding shares issued by the company, or a director, supervisor or employee of an institutional shareholder who is among the top 5 shareholders.

(6) Not a director, supervisor, manager or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relation with the company.

(7) Not a professional, owner, partner, director, supervisor, manager of proprietorship, partnership, company or institution that provide business, legal, financial and accounting services to the company or a spouse to the aforementioned persons; except for members of the compensation committee exercising their duties in accordance with Article 7 of the Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

(8) Not a spouse or the kindred at the second tier under the Civil Code to any other director.

(9) Not under any of the categories stated in Article 30 of the Company Act.

(10) Not being elected as representative to the government or an institution under Article 27 of the Company Act.

3.2.2 Profiles of president, vice presidents, assistant vice presidents, department and branch heads

By April 24, 2018 (book closure date for AGM)

Title	Nationality	Name	Gender	Date of Office (Election)	Current shareholdings		Shareholdings of spouse and minor children		Shareholdings in the name of a third party		Education and experience	Positions in this and other companies	Manager who is a spouse or relative with the 2nd degree under the Civil Code		
					Quantity	Proportion %	Quantity	Proportion %	Quantity	Proportion %			Title	Name	Relationship
President(1)	ROC	An-ping Chang	Male	2017/1/23	156,573	0.00	3,059,817	0.07	-	-	M.B.A., School of Business Administration, New York University Chairman, Taiwan Cement Corporation Chairman, Chia Hsin Cement Corporation	Chairman, China Synthetic Rubber Corporation; Chairman, Taiwan Prosperity Chemical Corporation; Chairman, Ho-Ping Power Company; Chairman, Ta-Ho Maritime Corporation; Chairman, E-One Moli Energy Corporation; Chairman, TCC International Holding Limited; Independent Director, Synnex Technology International Corporation; Managing Director, O-Bank; Director, Taiwan Stock Exchange Corporation	NA	NA	NA
President(1)	ROC	John Li	Male	2017/7/31	-	-	-	-	-	-	MS in Information Technology Management, John Hopkins University presidents & President, HSBCTaiwan	Director, Ho-Ping Power Company	NA	NA	NA
Senior VP	ROC	Edward Huang	Male	2006/1/1	325,607	0.01	-	-	-	-	Department of Transportation and Communication Management Science, National Cheng Kung University	Chairman, E.G.C. Cement Corporation; Chairman, Feng Sheng Enterprise Company; Director, Taiwan Transport & Storage Corporation; Director, Ta-Ho Maritime Corporation; Director, Ho-Ping Power Company; Director, CHC Resources Corporation	NA	NA	NA
Vice President	ROC	Ker-fu Lu	Male	2008/6/30	100,697	0.00	-	-	-	-	Department of Mechanical Engineering, Tamkang University, Taiwan.	Chairman, Tung Chen Mineral Corporation; Chairman, Jin Chang Minerals Corporation; Director, Ho-Ping Power Company; Director, Ta-Ho Maritime Corporation; Director, TCC Green Energy Corporation	NA	NA	NA
Vice President	ROC	Li-wen Tsai	Male	2015/1/5	-	-	-	-	-	-	LLM, College of Law, National Taiwan University, Taiwan	Director, Ta-Ho Maritime Corporation; Supervisor, Ho-Ping Power Company	NA	NA	NA
Senior AVP (2)	ROC	Chien-chuan Wang	Male	2018/4/1	12,499	0.00	1,391	0.00	-	-	Department of Mechanical Engineering, Feng Chia University, Taiwan.	Director, Kuan-Ho Refractories Industry Corporation; Director, Tung Chen Mineral Corporation	NA	NA	NA
Senior AVP	ROC	Bao-luo Ge	Male	2017/8/11	100,247	0.00	-	-	-	-	Master's Degree, Edmund A. Walsh School of Foreign Studies, Georgetown University, USA	NA	NA	NA	NA
AVP	ROC	Feng-ping Liu	Female	2015/2/9	23,000	0.00	187	0.00	-	-	MA, Department of Technology Application and Human Resource Development, National Taiwan Normal University, Taiwan.	NA	NA	NA	NA
AVP	ROC	Lin-tian Huang	Male	2015/2/9	504	0.00	-	-	-	-	Department of Business Administration, Tamkang University, Taiwan.	Director, Ta-Ho Maritime Corporation; Director, Taiwan Transport & Storage Corporation; Director, Union Cement Traders Inc.	NA	NA	NA

Title	Nationality	Name	Gender	Date of Office (Election)	Current shareholdings		Shareholdings of spouse and minor children		Shareholdings in the name of a third party		Education and experience	Positions in this and other companies	Manager who is a spouse or relative with the 2nd degree under the Civil Code		
					Quantity	Proportion %	Quantity	Proportion %	Quantity	Proportion %			Title	Name	Relationship
AVP	ROC	Wei-jue Hong	Male	2010/11/12	75,258	0.00	-	-	-	-	Department of Business Administration, National Taipei University (formerly National Chung Hsin University)	Director, CHC Resources Corporation; Director, TCC Green Energy Corporation;	NA	NA	NA
AVP	ROC	Jin-lung Yu	Male	2016/4/25	95,552	0.00	-	-	-	-	Department of Business Administration, National Ching Chi University, Taiwan	Director, TCC Green Energy Corporation	NA	NA	NA
AVP	ROC	Yuo-xin Song	Male	2017/3/6	11,000	0.00	-	-	-	-	Department of Accounting, Feng Chia University, Taiwan	NA	NA	NA	NA
AVP	ROC	Cen-wei Lan	Male	2017/3/6	26,394	0.00	-	-	-	-	Department of Business Administration, Soochow University, Taiwan	NA	NA	NA	NA
AVP	Hong Kong	Jason Koo	Male	2017/6/8	-	-	-	-	-	-	MBA, The Wharton School of University of Pennsylvania	NA	NA	NA	NA
AVP	ROC	Yu-jun Yeh	Female	2018/1/29	-	-	-	-	-	-	EMBA, National Cheng Chi University, Taiwan	NA	NA	NA	NA
Senior Manager	ROC	Guo-hong Yeh	Male	2015/12/16	-	-	-	-	-	-	MA, Department of Accounting, National Taipei University, Taiwan.	Supervisor, Kuan-Ho Refractories Industry Corporation	NA	NA	NA
Senior Manager	ROC	Xiao-en Tseng	Male	2004/12/21	57,366	0.00	-	-	-	-	BA in Accounting, Soochow University, Taiwan	Supervisor, Ho-Ping Power Company; Supervisor, Rong Gong Industrial Corporation; Supervisor, Ta-Ho Onyx RSEA Environment Supervisor, TCC Green Energy Corporation	NA	NA	NA
Senior Manager	ROC	Chia-pei Wei	Male	2016/3/1	52,051	0.00	-	-	-	-	Department of Geology, Chinese Culture University, Taiwan.	NA	NA	NA	NA
Senior Manager	ROC	Ming-de Li	Male	2017/8/11	-	-	-	-	-	-	Department of Mechanical Engineering, Feng Chia University, Taiwan.	NA	NA	NA	NA
Senior Manager	ROC	Yu-wen Qiu	Male	2017/8/11	-	-	-	-	-	-	Department of Chemical Engineering, Ta Hwa Industrial Junior College (now Ta Hwa University of Science and Technology), Taiwan	NA	NA	NA	NA
Senior Manager	ROC	Cheng-dao Qiang	Male	2017/8/11	20,000	0.00	-	-	-	-	Department of Chemical Engineering, National Taipei Institute of Technology (now National Taipei University of Technology), Taiwan	NA	NA	NA	NA

Title	Nationality	Name	Gender	Date of Office (Election)	Current shareholdings		Shareholdings of spouse and minor children		Shareholdings in the name of a third party		Education and experience	Positions in this and other companies	Manager who is a spouse or relative with the 2nd degree under the Civil Code		
					Quantity	Proportion %	Quantity	Proportion %	Quantity	Proportion %			Title	Name	Relationship
Manager	ROC	Zhi-ren Liu	Male	2017/8/11	1,075	0.00	-	-	-	-	Department of Chemical Engineering, Yuan Ze Institute of Technology (now Yuan Ze University), Taiwan	NA	NA	NA	
Senior Assistant Manager	ROC	Zhi-feng Wu	Male	2017/8/11	36,705	0.00	3,000	0.00	-	-	Department of Marine Engineering, Taipei College of Maritime Technology (now Taipei University of Marine Technology), Taiwan	NA	NA	NA	
												NA	NA	NA	
Senior Assistant Manager	ROC	Bo-jun Lin	Male	2017/8/11	-	-	-	-	-	-	Department of Business Administration, Da Yeh University, Taiwan	NA	NA	NA	
Senior Assistant Manager	ROC	Zhi-chun Lai	Male	2017/8/11	-	-	-	-	-	-	Department of Economics, Tamkang University, Taiwan	NA	NA	NA	
Assistant Manager	ROC	Chong-Zhi Hong	Male	2015/3/30	-	-	-	-	-	-	Department of Environmental Biology and Fisheries Science, National Taiwan Ocean University, Taiwan	Director, E.G.C. Cement Corporation; Director, Feng Sheng Enterprise Company; Supervisor, Chia Huan Tung Cement Corporation; Director, Taiwan Ready-Mixed Concrete Industry Association	NA	NA	NA
Assistant Manager	ROC	Jin-yi Chen	Male	2015/4/13	-	-	-	-	-	-	Department of Chemical Engineering, National Taiwan Institute of Technology (now National Taiwan University of Science and Technology), Taiwan.	NA	NA	NA	
Assistant Manager	ROC	Zhi-heng Peng	Male	2017/8/11	-	-	-	-	-	-	Department of Mechanical Engineering, National Taipei University of Technology, Taiwan.	NA	NA	NA	
Assistant Manager	ROC	Jao-gui Lin	Male	2018/3/14	-	-	-	-	-	-	Department of Japanese, Wenzao College of Foreign Languages (now Wenzao Ursuline University of Languages)	NA	NA	NA	
Senior VP	ROC	Jennifer Wang(3)	Female	2005/2/24	285,996	0.01	-	-	-	-	Department of Accounting, The State University of New Jersey, USA	NA	NA	NA	
AVP	ROC	Shi-ming Chen(3)	Male	2015/12/1	-	-	-	-	-	-	Department of Mass Communication, Fu Jen Catholic University, Taiwan	NA	NA	NA	

Title	Nationality	Name	Gender	Date of Office (Election)	Current shareholdings		Shareholdings of spouse and minor children		Shareholdings in the name of a third party		Education and experience	Positions in this and other companies	Manager who is a spouse or relative with the 2nd degree under the Civil Code		
					Quantity	Proportion %	Quantity	Proportion %	Quantity	Proportion %			Title	Name	Relationship
AVP	ROC	Yi-meng Huang(3)	Male	2017/8/11	-	-	-	-	-	-	Department of Mechanical Engineering, National Taipei Institute of Technology (now National Taipei University of Technology), Taiwan	NA	NA	NA	NA
Senior Assistant Manager	ROC	Chia-hsien Lin(3)	Male	2015/5/4	-	-	-	-	-	-	MS, Department of Aviation Mechanical Engineering, China University of Science and Technology, Taiwan	NA	NA	NA	NA

¹On May 11, 2017 BOD decided to appoint Mr. John Li as the presidents of the company as of July 31, 2017. Original presidents Chang An-Ping was relieved.

²Mr. Chien-chuan Wang was promoted from AVP to Senior AVP on April 1, 2018.

³Senior VP Jennifer Wang resigned from the management on April 4, 2018; AVP Shi-Ming Chen resigned from the management on March 3, 2018; AVP Yi-meng Huang resigned from the management on October 16, 2017; Senior VP Chia-hsien Lin resigned from the management on March 14, 2018.

3.2.3 Compensation for directors, supervisors, presidents, and vice presidents

(1) Compensation for directors

expressed in NT\$ thousands

Title Name	Director Compensation								Percentage of the sum of A to D in the net profit after tax	Pay for director who is concurrently an employee								Percentage of the sum of A to G in the net profit after tax	Related compensation from investees other than the subsidiaries		
	Compensation(A)		Severance Pay/ Retirement Allowance (B)		Compensation from distribution of earnings (C)(1)		Business execution expenses (D)			Salaries, bonuses, and special expenses, etc.(E)		Severance Pay/Retirement Allowance (F)(2)		Employee profit sharing from earnings distribution (G)(3)							
	TCC	All firms disclosed in the financial statements	TCC	All firms disclosed in the financial statements	TCC	All firms disclosed in the financial statements	TCC	All firms disclosed in the financial statements		TCC	All firms disclosed in the financial statements	TCC	All firms disclosed in the financial statements	TCC		All firms disclosed in the financial statements				TCC	All firms disclosed in the financial statements
														Cash Amount	Stock Amount	Cash Amount	Stock Amount				
Chairman(4) Representative of Fu Pin Investment Co., Ltd.: Chang An-Ping	17,298	26,260	-	-	66,305	66,305	930	1,239	1.11%	1.24%	4,336	4,726	41	41	572	-	1,572	-	1.18%	1.32%	14,462
Director(4) Representative of Heng Qiang Investment Co., Ltd.: Jason Koo Representative: Leslie Koo Cheng-yun																					
Director Representative of China Synthetic Rubber Corporation: Kenneth C.M. Lo																					
Director He Feng Investment Co., Ltd. Representative: Por-yuan Wang																					
Director Representative of Heng Qiang Investment Co., Ltd.: Representative: Tzun-yen Yu																					
Director CTCB Investments Co., Ltd. Representative: Jennifer Lin, Esq.																					
Director Xin Hope Investment Co., Ltd. Representative: Chi-wen Chang																					
Director Ching Yuan Investment Co., Ltd.: Representative: Jian-dong Chen																					
Director Shinkong Synthetic Fibers Corporation Representative: Eric T. Wu																					
Director Goldsun Development & Construction Co., Ltd. Representative: Ming-sheng Lin																					
Director Sishan Investment Co., Ltd. Representative: Nan-dan Lin																					
Director Chia Hsin Cement Corporation Representative: Jason Kang-lung Chang																					

Title Name	Director Compensation								Percentage of the sum of A to D in the net profit after tax	Pay for director who is concurrently an employee								Percentage of the sum of A to G in the net profit after tax	Related compensation from investees other than the subsidiaries		
	Compensation(A)		Severance Pay/ Retirement Allowance (B)		Compensation from distribution of earnings (C)(1)		Business execution expenses (D)			Salaries,bonuses, and special expenses, etc.(E)		Severance Pay/Retirement Allowance (F)(2)		Employee profit sharing from earnings distribution (G)(3)							
	TCC	All firms disclosed in the financial statements	TCC	All firms disclosed in the financial statements	TCC	All firms disclosed in the financial statements	TCC	All firms disclosed in the financial statements		TCC	All firms disclosed in the financial statements	TCC	All firms disclosed in the financial statements	TCC		All firms disclosed in the financial statements				TCC	All firms disclosed in the financial statements
														Cash Amount	Stock Amount	Cash Amount	Stock Amount				
Director Representative of Fu Pin Investment Co., Ltd.: Representative: Chi-Chia Hsieh	17,298	26,260	-	-	66,305	66,305	930	1,239	1.11%	1.24%	4,336	4,726	41	41	572	-	1,572	-	1.18%	1.32%	14,462
Director Representative of Heng Qiang Investment Co., Ltd.: Representative: Chi-te Chen																					
Director C. F. Koo Foundation Representative: David Carr Michael																					
Independent Director Arthur Yu-cheng Chiao																					
Independent Director Edward Young-do Way(5)																					
Independent Director Victor Wang																					
Independent Director Jhen-ming Yeh																					
Independent Director Chih-jen Emile Sheng(6)																					

*Pay for services (such as non-employee consultant) specified in the financial statements provided by directors in the previous year not specified above: NA.

1.Refer to the compensation (including salary, duty allowances, severance pay, bonuses, awards, etc.) of directors in AY 2017.

2.The amount of severance pay/retirement allowance recognized as expenses in AY 2017 was NT\$41,000, and no retirement allowance has been disbursed in reality.

3.Refer to the amount of reward for employees for AY 2017 approved by BOD. Figures in the table are estimates.

4.Mr. Leslie Koo Cheng-yun passed away on January 23, 2017, Fu Pin Investment Co., Ltd., we elected Mr. Chang An-Ping, representative of institutional investor Fu Pin Investment Co., Ltd., as the new Chairman at a provisional board meeting held on January 23, 2017. On the same day, Heng Qiang Investment Co., Ltd. assigned Jason Koo as its representative in place of Mr. Chang.

5.Mr. Edward Young-do Way resigned from the independent director post as of April 1, 2017.

6.BOD decided on the by-election of a new independent director on June 28, 2017.

Range of Compensation for TCC Directors	Total amount of A to D		Total amount of A to G	
	TCC	All firms disclosed in the financial statements	TCC	All firms disclosed in the financial statements
Below NT\$2,000,000	Jason Koo, Kenneth C.M. Lo, Por-yuan Wang, Tzun-yen Yu, Jennifer Lin, Esq., Chi-wen Chang, Jian-dong Chen, Eric T. Wu, Ming-sheng Lin, Nan-dan Lin, Jason Kang-lung Chang, Chi-Chia Hsieh, Chi-te Chen, David Carr Michael, Arthur Yu-cheng Chiao, Edward Young-do Way, Victor Wang, Jhen-ming Yeh, Chih-jen Emile Sheng	Jason Koo, Leslie Koo Cheng-yun, Kenneth C.M. Lo, Por-yuan Wang, Tzun-yen Yu, Jennifer Lin, Esq., Chi-wen Chang, Jian-dong Chen, Eric T. Wu, Ming-sheng Lin, Nan-dan Lin, Jason Kang-lung Chang, Chi-Chia Hsieh, Chi-te Chen, David Carr Michael, Arthur Yu-cheng Chiao, Edward Young-do Way, Victor Wang, Jhen-ming Yeh, Chih-jen Emile Shen	Kenneth C.M. Lo, Por-yuan Wang, Tzun-yen Yu, Jennifer Lin, Esq., Chi-wen Chang, Jian-dong Chen, Eric T. Wu, Ming-sheng Lin, Nan-dan Lin, Jason Kang-lung Chang, Chi-Chia Hsieh, Chi-te Chen, David Carr Michael, Arthur Yu-cheng Chiao, Edward Young-do Way, Victor Wang, Jhen-ming Yeh, Chih-jen Emile Shen	Kenneth C.M. Lo, Por-yuan Wang, Tzun-yen Yu, Jennifer Lin, Esq., Chi-wen Chang, Jian-dong Chen, Eric T. Wu, Ming-sheng Lin, Nan-dan Lin, Jason Kang-lung Chang, Chi-Chia Hsieh, Chi-te Chen, David Carr Michael, Arthur Yu-cheng Chiao, Edward Young-do Way, Victor Wang, Jhen-ming Yeh, Chih-jen Emile Sheng
NT\$2,000,000 (included) – NT\$5,000,000(excluded)	Chang An-Ping, China Synthetic Rubber Corporation, He Feng Investment Co., Ltd. CTCB Investments Co., Ltd.; Xin Hope Investment Co., Ltd., Ching Yuan Investment Co., Ltd. Shinkong Synthetic Fibers Corporation, Goldsun Development & Construction Co., Ltd., Sishan Investment Co., Ltd., Chia Hsin Cement Corporation, C. F. Koo Foundation	China Synthetic Rubber Corporation, He Feng Investment Co., Ltd., CTCB Investments Co., Ltd., Xin Hope Investment Co., Ltd., Ching Yuan Investment Co., Ltd., Shinkong Synthetic Fibers Corporation, Goldsun Development & Construction Co., Ltd., Sishan Investment Co., Ltd., Chia Hsin Cement Corporation, C. F. Koo Foundation	Chang An-Ping, Jason Koo, Leslie Koo Cheng-yun, China Synthetic Rubber Corporation, He Feng Investment Co., Ltd., CTCB Investments Co., Ltd., Xin Hope Investment Co., Ltd., Ching Yuan Investment Co., Ltd. Shinkong Synthetic Fibers Corporation, Goldsun Development & Construction Co., Ltd., Sishan Investment Co., Ltd., Chia Hsin Cement Corporation, C. F. Koo Foundation,	Jason Koo, Leslie Koo Cheng-yun, China Synthetic Rubber Corporation, He Feng Investment Co., Ltd., CTCB Investments Co., Ltd.; Xin Hope Investment Co., Ltd., Ching Yuan Investment Co., Ltd. Shinkong Synthetic Fibers Corporation, Goldsun Development & Construction Co., Ltd., Sishan Investment Co., Ltd., Chia Hsin Cement Corporation, C. F. Koo Foundation,

Range of Compensation for TCC Directors	Total amount of A to D		Total amount of A to G	
	TCC	All firms disclosed in the financial statements	TCC	All firms disclosed in the financial statements
NT\$5,000,000 (included) – NT\$10,000,000(excluded)				
NT\$10,000,000 (included) – NT\$15,000,000(excluded)	Fu Pin Investment Co., Ltd., Heng Qiang Investment Co., Ltd.	Chang An–Ping, Fu Pin Investment Co., Ltd., Heng Qiang Investment Co., Ltd.	Fu Pin Investment Co., Ltd., Heng Qiang Investment Co., Ltd.	Chang An–Ping, Fu Pin Investment Co., Ltd., Heng Qiang Investment Co., Ltd.
NT\$15,000,000 (included) – NT\$30,000,000(excluded)				
NT\$30,000,000 (included) – NT\$50,000,000(excluded)				
NT\$50,000,000 (included) – NT\$100,000,000(excluded)				
NT\$100,000,000 and above				
Total	32	33	33	33

(2) Compensation for presidents and vice presidents

(expressed in NT\$ thousands)

Title	Name	Salary (A)		Severance Pay/Retirement Allowance (B)(1)		Bonuses & Special expenses(C)		Amount of employee profit sharing from earnings distribution (D)2				Percentage of the sum of A to D in profit after tax		Related compensation from investees other than the subsidiaries
		TCC	All firms disclosed in the financial statements	TCC	All firms disclosed in the financial statements	TCC	All firms disclosed in the financial statements	TCC		All firms disclosed in the financial statements		TCC	All firms disclosed in the financial statements	
President	Leslie Koo Cheng–yun (passed away on 2017/1/23)	25,755	26,850	1,849	1,849	23,838	23,838	9,453	–	9,453	–	0.80%	0.82%	5,868
President	An–ping Chang (2017/1/23 – 2017/7/31)													
President	John Li(from 2017/7/31)													
Senior VP	Edward Huang													
Senior VP	Jennifer Wang (retirement effective on April 4,2018)													
Vice President	Ker–fu Lu													
Vice President	Li–wen Tsai													

1.The amount of severance pay/retirement allowance recognized as expenses in AY 2017 was NT\$1,849,000, and no retirement allowance has been disbursed in reality.

2.Refer to the salary, duty allowances, and severance pay of presidents and vice presidents in AY 2017 approved by BOD. Figures in the table are estimates.

Range of Compensation for TCC Presidents and Vice Presidents	Name of Presidents and Vice Presidents	
	TCC	All firms disclosed in the financial statements
Below NT\$2,000,000	An–ping Chan	An–ping Chan
NT\$2,000,000 (included) – NT\$5,000,000 (excluded)	Leslie Koo Cheng–yun	Leslie Koo Cheng–yun
NT\$5,000,000 (included) – NT\$10,000,000 (excluded)	Ker–fu Lu, Li–wen Tsai	Ker–fu Lu, Li–wen Tsai
NT\$10,000,000 (included) – NT\$15,000,000 (excluded)	Edward Huang, Jennifer Wang	Edward Huang, Jennifer Wang
NT\$15,000,000 (included) – NT\$30,000,000 (excluded)	John Li	John Li
NT\$30,000,000 (included) – NT\$50,000,000 (excluded)		
NT\$50,000,000 (included) – NT\$100,000,000 (excluded)		
NT\$100,000,000 and above		
Total	7	7

Compensation for Managers

By December 31, 2017/expressed in NT\$ thousands

Manager Title	Name	Stock Amount(1)	Cash Amount(1)	Total	Percentage in net earnings after tax
President	An-ping Chang (2017/01/23 -2017/7/31)	-	14,486	14,486	0.19%
President	John Li (from 2017/7/31)				
Senior VP	Edward Huang				
Vice President	Ker-fu Lu				
Vice President	Li-wen Tsai				
AVP	Feng-ping Liu				
AVP	Lin-tian Huang				
Senior AVP	Chien-chuan Wang				
Senior AVP	Bao-luo Ge				
AVP	Wei-jue Hong				
AVP	Jin-lung Yu				
AVP	Cen-wei Lan				
AVP	Yuo-xin Song				
AVP	Jason Koo				
AVP	Yu-jun Yeh				
Senior Manager(2)	Guo-hong Yeh				
Senior Manager(3)	Xiao-en Tseng				
Senior Manager	Chia-pei Wei				
Senior Manager	Ming-de Li				
Senior Manager	Yu-wen Qiu				
Senior Manager	Cheng-dao Qiang				
Manager	Zhi-ren Liu				
Senior Assistant Manager	Zhi-feng Wu				
Senior Assistant Manager	Bo-jun Lin				
Senior Assistant Manager	Zhi-chun Lai				
Assistant Manager	Chong-Zhi Hong				
Assistant Manager	Jin-yi Chen				
Assistant Manager	Zhi-heng Peng				
Senior VP	Jennifer Wang (retirement effect on April 4, 2018)				
AVP	Shi-ming Chen (exit effective on March 3, 2018)				
AVP	Yi-meng Huang (resignation effective on October 16, 2017)				
Senior Assistant Manager	Chia-hsien Lin (resignation effective on March 14, 2018; exit effective on April 7, 2018)				

1.Refer to the compensation for managers in AY 2017 approved by BOD. Figures in the table are estimates.

2.Accounting chief.

3.Refer to the duty chief auditor.

3.2.4 A comparative description with analysis on the ratio taken by the gross total of compensation paid by this company and all firms disclosed in the consolidated financial statements to the directors, presidents and vice presidents of this company to the net earnings after tax over the past two years, including a description of the policies, criteria and composition of compensation; the procedures to determine compensation, their interrelationship with business performance and future risks.

Title	Percentage of Total Amount of Compensation in Net Earnings After Tax			
	2017		2016	
	TCC	All firms disclosed in the financial statements	TCC	All firms disclosed in the financial statements
Directors	1.18%	1.32%	2.28%	2.38%
Presidents and vice presidents	0.80%	0.82%	1.63%	1.65%

BOD is authorized to determinate the compensation of individual directors through discussions in respect of their involvement in organizational operations and organizational contributions and with reference to the common pay standards in the business at home and abroad. The Compensation Committee reviews and discusses the salary- and compensation for presidents and reports to BOD for approval. The Compensation Committee determines the salary and compensation for vice presidents and above with respect to their target achievement rate and organizational contribution.

The compensation policy of this company will be established and implemented as per Article 25 of the Articles of Incorporation with respect to the financial status and operational results of the year and in consideration off future fund utilization planning, in order to minimize future risks.

3.3 Status of governance

3.3.1 Operation of the board of director (BOD)

In 2017, 22nd BOD held a total of ten meetings (A), the attendance of directors is as follows:

Title	Name	Actual attendances (B)	Attendances by proxy	Date of actual attendance (%) [B/A]	Note
Chairman	Representative of Fu Pin Investment Co., Ltd.: Chang An-Ping	10	0	100	
Director	Representative of Heng Qiang Investment Co., Ltd.: Jason Koo	9	0	100	Became a corporate representative on 2017/1/23 and should attend in nine board meetings.1
Director	Representative of China Synthetic Rubber Corporation: Kenneth C.M. Lo	6	4	60	
Director	Representative of Heng Qiang Investment Co., Ltd.: Representative: Tzun-yen Yu	9	1	90	
Director	He Feng Investment Co., Ltd. Representative: Por-yuan Wang	8	2	80	
Director	CTCB Investments Co., Ltd. Representative: Jennifer Lin, Esq.	9	1	90	
Director	Xin Hope Investment Co., Ltd. Representative: Chi-wen Chang	5	5	50	
Director	Ching Yuan Investment Co., Ltd.: Representative: Jian-dong Chen	6	4	60	
Director	Shinkong Synthetic Fibers Corporation Representative: Eric T. Wu	8	2	80	
Director	Chia Hsin Cement Corporation Representative: Jason Kang-lung Chang	7	3	70	
Director	Goldsun Development & Construction Co., Ltd. Representative: Ming-sheng Lin	9	1	90	
Director	Sishan Investment Co., Ltd. Representative: Nan-dan Lin	7	3	70	
Director	Representative of Fu Pin Investment Co., Ltd.: Representative: Chi-Chia Hsieh	10	0	100	
Director	Representative of Heng Qiang Investment Co., Ltd.: Representative: Chi-te Chen	9	1	90	
Director	C. F. Koo Foundation Representative: David Carr Michael	3	7	30	
Independent Director	Arthur Yu-cheng Chiao	9	1	90	
Independent Director	Victor Wang	10	0	100	
Independent Director	Jhen-ming Yeh	10	0	100	

Title	Name	Actual attendances (B)	Attendances by proxy	Date of actual attendance (%) [B/A]	Note
Independent Director	Chih-jen Emile Shen (2)	5	0	100	By-election on 2017/6/28 and should attend in five board meetings.
Independent Director	Edward Young-do Way (2)	3	0	100	Resigned on 2017/4/1 and should attend in three board meetings.

Other information required for disclosure:

1. Matters specified in Article 14-3 of the Securities and Exchange Act and objections or qualified opinion for the records or with written statements of independent directors to other BOD resolutions: NA.

2. Avoidance from proposals with conflicts of interest by directors:

(1) 8th meeting of the 22nd BOD: Chairman Koo sidestepped from the proposal of donations for the C. F. Koo Foundation and Dr. Cecilia Koo Botanic Conservation and Environmental Protection Foundation (KBCEPF) to avoid conflicts of interest, Director Chi-chia Hsieh hosted the discussion, and the proposal was unanimously approved by all directors attending the meeting without objections.

(2) 9th meeting of the 22nd BOD: Chairman Koo sidestepped from the proposal of the 2016 remuneration for presidents, Director An-ping Chang hosted the discussion, and the proposal was unanimously approved by all directors attending the meeting without objections.

3. Targets for BOD competency improvement in the current and previous years and performance evaluation:

(1) BOD emphasizes composition diversity, with members equipped with role-related knowledge, skills and competencies, including law, accounting, industrial backgrounds. After listening to the reports presented by the management team, directors will give them instructions and advice and maintain good communication with the management team, in order to maximize benefits for shareholders. We disclose information regarding material proposals on the Market Observation Post System (MOPS) by law to ensure and maintain information transparency.

(2) BOD is committed to establishing a sound BOD governance system, boosting supervision capacity, and improving the management function, in order to fulfill the requirements specified in the Rules of Procedure for Board Meetings.

1.Mr. Leslie Koo Cheng-yun, previous director representing institutional investor Heng Qiang Investment Co., Ltd., passed ways on 2017/1/23 and was thus unable to be the company's Chairman. We notified Heng Qiang Investment Co., Ltd. to replace a representative immediately on the same day. Mr. Jason Koo became the new representative and held a provisional board meeting on the same day.

2.Independent Director Edward Yung-do Way resigned on April 1, 2017. Mr. Chih-jen Emile Sheng was elected as the new independent director in the by-election on June 28, 2017.

3.3.2 Operation of the Audit Committee

Information Regarding Audit Committee Operation

In 2017 the Audit Committee held six committee meetings (A), and the attendance record of independent directors is as follows

Title	Name	Actual attendances (B)	Attendances by proxy	Rate of actual attendance (%) [B/A]	Note
Independent Director	Arthur Yu-cheng Chiao	5	1	83.3	
Independent Director	Victor Wang	6	0	100	
Independent Director	Jhen-ming Yeh	6	0	100	
Independent Director	Chih-jen Emile Sheng	3	0	100	By-election on June 28, 2017 and should attend in three board meetings.
Independent Director	Edward Young-do Way	1	0	100	Resigned on April 1, 2017 and should attend in one board meetings.

Other information required for disclosure:

1. The date, session, proposal, and resolution of the Audit Committee specified and the opinion expressed by the Audit Committee on matters specified in Article 14-5 of the Securities and Exchange Act and unapproved by the Audit Committee but resolved by over two thirds of all directors: NA.

2. When there is avoidance of conflicts of interest by an independent director, the name of that independent director, the involved proposal(s), the cause(s) of the avoidance of conflicts of interest, and the participation in voting of that director shall be specified: NA.

3. Communication between independent directors and the internal chief auditor and accountants (e.g. the material items, methods and outputs of communication on organizational financial status and business status):

(1) Committee members shall submit audit reports and follow-up reports to the committee convener for review at least once a month. Committee members shall also report the audit outputs, improvement of audited defects, and organizational financial and business status. The committee convener shall comment such reports.

(2) The internal chief auditor and accountants shall attend a committee meeting as guests to report to the committee on the methods, scope, and important adjustments and their contents of the internal audit. Accountants shall also present reports on communication with the governance body regularly and maintain adequate communication with independent directors.

3.3.3 Status of governance and the deviations and the cause(s) of deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, Governance Best Practice (Governance Best Practice)

Indicator	Status		Deviations and the cause(s) of deviations from "Governance Best Practice"	
	Yes	No		Summary Description
1. Has the company defined and disclosed its governance best practice principles in accordance with the "Governance Best Practice"?	√		This company has established the Governance Best Practice Principles with respect to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, Governance Best Practice established by the Taiwan Stock Exchange (TWSE) and Taipei Stock Exchange (TPEX) and disclosed it on the company website for investor enquiries. Apart from maintaining conformity with related laws and regulations, we have established an effect governance framework in the government system to protect the rights and interests of investors, strengthen BOD competencies, respect the rights and interests of stakeholders, and enhance information transparency.	NA
2. Structure of shareholdings and shareholder's equity			(1) We have established and implemented an investor relations mechanism in which the spokesperson and its deputy accepts the suggestions and questions of investors and handle disputes with them. Related department will also accept the suggestions and handle disputes were necessary. No litigation with investors has been reported.	NA
(1) Does the company establish and implement internal procedures for handling shareholder suggestions, questions, disputes and litigation?	√		(2) BOD's Secretariat and the stock affairs agent keep up with the status of directors, managers, and major shareholders holding 10% or more of shares.	NA
(2) Does the company keep an up-to-date list of its dominant shareholders and the parties with ultimate control over its dominant shareholders?	√		(3) TCC and affiliates maintain financial independence, including transaction banks and credit limits, and the APs and ARs between TCC and affiliates are paid and collected as scheduled.	NA
(3) Does the company establish and implement a risk control mechanism and firewall between its affiliates?	√		(4) At the 6th meeting of the 20th board on December 29, 2009, BOD passed the Material Information Handling SOP, with applicability covering roles including directors, supervisors, managers, and employees. Stringently abide by and implement the Internal Material Information Confidentiality SOP.	NA
(4) Does the company establish internal rules to prevent insider trading using undisclosed information?	√			
3. Organization and functions of BOD	√		(1) The number of seats in BOD is determined appropriately with respect to the scale of organizational operations and the shareholdings (stake) of major shareholders, the actual operational needs, the legal requirements, and the articles of incorporation. BOD emphasizes composition diversity, with members equipped with role-related knowledge, skills and competencies, including law, accounting, industrial backgrounds. Currently, BOD has 19 seats, including 4 independent directors. Subsidiaries that are also public companies have also established seats for independent directors in their BODs.	NA
(1) Does the company establish and implement a defined policy to diversify board membership?				

Indicator	Status		Deviations and the cause(s) of deviations from "Governance Best Practice"	
	Yes	No		Summary Description
(2) In addition to a compensation committee and an audit committee established by law, does the company voluntarily establish other functional committees?	√		(2) To implement sustainable development and environmental protection, BOD passed the establishment of the Environmental Business Implementation Committee at the 12th meeting of the 21st BOD. The committee chief convenes, either regularly or as necessary, the implementation units of departments, offices, and plants within the organization to report the status of environmental implementation at the monthly business meeting. In addition, to implementing sustainable development, business ethics and integrity, and corporate social responsibility more actively, we established the Organizational Sustainable Development Committee on May 10, 2018 and abolished the Environmental Business Implementation Committee at the same time.	NA
(3) Does the company establish a method to evaluate BOD performance and evaluate BOD performance every year?	√		(3) We established the BOD Performance Evaluation Regulations on March 28, 2018. BOD has been operated in exact conformity with Rules of Procedure for Board Meetings and related laws and regulations, in order to supervise and understand organizational operations and various potential or existing organizational risks and maintain sound interaction with management, in order to demonstrate the function of BOD.	NA
(4) Does the company regularly evaluate the independence of certified public accountants?	√		(4) All CPA firms and CPAs selected by the company have no conflict of interest with the company and maintain strict independence. In every Q1, the Audit Committee discusses the independence and suitability of CPAs of that year prior to appointing them. The Audit Committee also submit the audit results to BOD for further discussions. On March 28, 2018, BOD and the Audit Committee passed the CPA independent audit.	NA
4. Does a public company establish or assign a dedicated (concurrent) governance unit or individual to take charge of company's governance affairs (including without limitation to providing directors and supervisors with the data required for business operations, handling affairs relating to holding a board meeting or a general meeting of shareholders, processing company registration and change registration, and producing minutes for board meetings and general meetings of shareholders)?	√		This company established the Organizational Sustainable Development Committee established on May 10, 2018. Under this committee that are the Ethical corporate management, Circular Manufacture, Environmental and Product Sustainability, Employee Care, and Social Welfare groups. They are contacted by the Secretariat of BOD or provide the business operations data and information regarding meetings of shareholders and stock affairs. Role and responsibilities of the Secretariat of BOD:	NA

Indicator	Status		Deviations and the cause(s) of deviations from "Governance Best Practice"	
	Yes	No		Summary Description
			<p>1. Implementing legal compliance, internal audit, and internal control: Plan suitable systems and the organizational framework for the company to ensure BOD independence and organizational transparency.</p> <p>2. Providing directors with information required for business operations.</p> <p>3. Drafting and establishing the agenda before a BOD meeting and distributing it to all directors seven days before the meeting for them to understand the contents of related proposals. Directors should be reminded of proposals having conflicts of interest with them.</p> <p>4. Registering the AGM date and producing and reporting by the deadline the board meeting notice, annual report, the AGM handbook, and AGM minutes by law; and reporting to the relevant competent authorities after amending the articles of incorporation or re-electing directors.</p> <p>5. Implementing company change registration.</p> <p>6. Assisting shareholders in handling problems relating to stock affairs.</p>	NA
5. Does the company establish channels for communication with stakeholders (including without limitation to shareholders, employees, customers, and suppliers), set up a stakeholder section in the corporate website, and respond appropriately to material CSR issues that concern shareholders?	√		The head of related departments within the company handle stakeholder communication based on their roles and responsibilities. We also maintain stakeholder communication through the corporate website at http://www.taiwancement.com to properly address the concerns of stakeholders.	NA
6. Does the company appoint a professional agent for stock affairs handle shareholder affairs? Or: Does the company appoint a transfer agency to organize meetings of shareholder?	√		We do appoint the Transfer Agency Department of CTBC Bank Co., Ltd. to handle related stock affairs.	NA
7. Information disclosure (1) We disclose financial and governance information over both the corporate website at http://www.taiwancement.com and MOPS. (1) Does the company set up a website to disclose its financial and governance information? (2) Does the company try other means to disclose information (such as setting up an English website, designating personnel to gather and disclose organizational information, effectively implementing the spokesperson system, and posting investor conferences on the corporate website)?	√	√	<p>(1) We disclose financial and governance information over both the corporate website at http://www.taiwancement.com and MOPS.</p> <p>(2) We have designated both the spokesperson and deputy spokesperson and appointed staff to disclose various types of financial information and business information over MOPS and the corporate website. We have also posted the video of investor conferences on the corporate website.</p>	NA NA

Indicator	Status		Deviations and the cause(s) of deviations from "Governance Best Practice"	
	Yes	No		Summary Description
8. Is there any other material information, (including without limitation of employee rights, employee care, investor relations, supplier relations, stakeholder rights, further education for directors and supervisors, the status of implementation of the risk management policy and risk measurement measures, the status of implementation of the customer policy, and the purchase of liability insurance for directors and supervisors), that will help stakeholders understand governance practices at the company?	√		<p>1. We have arranged various employee benefits (e.g. allowances, group insurance and so on).</p> <p>2. We have established the Education/Training Implementation Regulations to meet with the needs of work and improve work performance.</p> <p>3. We hold labor-management meetings regularly to improve labor-management harmony. In addition, we have well defined labor-management relations and labor practices and protect the rights and interests of employee.</p> <p>4. We have established the Performance Bonus Accrual and Distribution Regulations to distribute different types of bonus to employees.</p> <p>5. We have established related regulations based on the Act of Gender Equality in Employment to protect the rights and interests of employees.</p> <p>6. We disclose material information over MOPS and the corporate website by law to protect the rights and interests of investors.</p> <p>7. By the date of report publication, directors of the 22nd BOD have received further education as per the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies. The condition of training is tabulated below.</p> <p>8. Directors keep up with related legal information at all times.</p> <p>9. The management team reports the business and financial status to BOD regularly.</p> <p>10. We have established various internal rules and regulations by law for risk management and assessment.</p> <p>11. We have bought insurance for directors and management to lower and disperse the damage caused to the company and shareholders by the illegal acts of directors.</p> <p>12. We have signed contractors or purchase orders with affiliates to specify the rights and obligations of each party. Prices are set as per the market status. Where no market price is available, prices are set based on a fair and reasonable principle.</p>	NA

9. Please specify the status of improvement and the prioritized improvements with reference to the Corporate Governance Evaluation results announced by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the previous year.

Item No.	Governance Evaluation Item	Status of Improvement and Implementation
1.6	Did over half of all directors (with at least one independent director) or one supervisor (if any) attend an AGM and was their names disclosed in the AGM minutes?	We will invite directors to attend the AGM.
2.8	Did the company upload the English version of the annual report seven days before an AGM?	We will discuss how to complete the Chinese and English versions of the annual report at the same time.
3.14	Did directors and supervisors complete the required length of further education as per the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies?	We will send information of related courses to directors for them to take further education courses in their tight schedule.
3.23	Did independent directors complete the required length of further education as per the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies?	We will send information of related courses to directors for them to take further education courses in their tight schedule.
3.30	Does BOD assess the independence of CPAs regularly (at least once a year) and disclose the procedures in detail in the annual report?	Every quarter the Financial Department submits information to the Audit Committee and BOD to assess CPA independence.
3.31	Does the company assess the performance of BOD regularly (at least once a year) and disclose the results on the corporate website or in the annual report?	We passed the BOD Performance Evaluation Regulations on March 28, 2018 and will assess BOD performance accordingly.
5.3	Does the company establish a dedicated (concurrent) unit to promote corporate governance, CSR, and business ethics and integrity and disclose its operation and status in the annual report and the corporate website?	We established the Organizational Sustainable Development Committee on May 10, 2018 to promote affairs relating to corporate governance, CSR, and business ethics and integrity.
5.12	Does the company establish and disclose in detail on the corporate website a system for reporting illegal (including bribery) and unethical acts of both staff and non-staff?	We will discuss how to establish related regulations and disclose them on the corporate website.

Table :
Directors and supervisors (now independent directors) take further education courses based own schedule and professional backgrounds, and the arrangements are as follows:

Title/Name	Organizer	Course	Date	Length	Compliance with requirements
Chairman An-ping Chang	Center for Corporate Sustainability (Taiwan)	2018 International Economic Trends and Financial System	2018/1/25	3	Yes
Director Jason Koo	Taiwan Corporate Governance Association	Corporate Mergers and Acquisitions: A Perspective of Directors and Supervisors	2017/6/29	3	Yes

Table :
Directors and supervisors (now independent directors) take further education courses based own schedule and professional backgrounds, and the arrangements are as follows:

Title/Name	Organizer	Course	Date	Length	Compliance with requirements
	Securities & Futures Institute	Corporate Strategy and Key Performance Indicators Risk Management and Crisis Handling for Governance Optimization for Directors and Supervisors	2017/12/6 2017/12/12	3 3	Yes Yes
Director Kenneth C.M. Lo	Chinese National Association of Industry and Commerce, Taiwan	Precautions for AGM and Board Meetings in 2017 Impacts of US Tax Trends on Taiwan and Countermeasures Tax Reformation and Corporate Governance Precautions for Board Meetings and AGM in 2018	2017/3/28 2017/3/30 2018/3/20 2018/3/27	3 3 3 3	Yes Yes Yes Yes
Director Jennifer Lin, Esq.	Taiwan Corporate Governance Association	Interpretation of Key Financial Information	2017/10/17	3	Yes
Director Jian-dong Chen	Securities & Futures Institute	Insider Trading and Corporate Responsibilities Workshop 2017 Legal Compliance of Share Transaction of Insiders of Publicly Offered Company Workshop	2017/5/5 2017/8/11	3 3	Yes Yes
Director Eric T. Wu	Corporation Operation Association	Practices and Operations of Closely Held Corporations and Limited Partnerships Analysis of Tax Burdens and Practices of Corporate Mergers and Acquisitions	2017/8/10 2017/11/10	3 3	Yes Yes
Director Tzun-yen Yu	Taiwan Corporate Governance Association	Big Data Analysis and Corporate Corruption Detection Key Missions of Risk Management of BOD Using Innovative Technologies	2017/5/12 2017/8/11	3 3	Yes Yes
Director Chi-Chia Hsieh	Taiwan Corporate Governance Association	Corporate Mergers and Acquisitions Practice and Case Study New Thoughts of Intellectual Property Management	2017/11/14 2017/11/14	3 3	Yes Yes
Director Chi-te Chen	Securities & Futures Institute Taiwan Corporate Governance Association	Investigation of Information Disclosures and Insider Trading Prevention of Enterprises Fulfilling the Duty of Loyalty for Directors (including court decision analysis and best practices)	2017/11/15 2017/12/15	3 3	Yes Yes
Independent Director Arthur Yu-cheng Chiao	Taiwan Corporate Governance Association	Industry 4.0 and Its Challenges on Global Economic and Trade Development Global Economic Trends and Development: Outlook for 2017 Power to Transform Taiwan Power Corporation: Can IoT Make Semiconductor Great Again? knowledge Management: Case Sharing Current Trends in International Politics and Economics: Confucian Management Philosophy Past, Present and Future of Artificial Intelligence AI eating the world. Whats the future of work?	2017/1/5 2017/1/5 2017/7/6 2017/8/4 2017/11/30 2017/11/30 2017/11/30	3 1.5 3 3 3 1.5 1.5	Yes Yes Yes Yes Yes Yes Yes

Table :
Directors and supervisors (now independent directors) take further education courses based own schedule and professional backgrounds, and the arrangements are as follows:

Title/Name	Organizer	Course	Date	Length	Compliance with requirements
Independent Director Victor Wang	Securities & Futures Institute Taiwan Corporate Governance Association	Legal Compliance of Share Transaction of Insiders of Publicly Offered Company Workshop Audit Committee and Compensation Committee: Operation and Practice Effects of Anti-Money Laundering on Business Operations	2017/7/7 2017/10/31 2017/12/19	3 3 3	Yes Yes Yes
Independent Director Jhen-ming Yeh	National Federation of Certified Public Accountant Associations of the Republic of China	Roles of CPA in BOD and AGM Analysis of New Audit Report for Non-Public Companies	2017/3/20 2017/12/19	3 3	Yes Yes
Independent Director Chih-jen Emile Sheng	Taiwan Corporate Governance Association	Enterprise Leadership for Directors	2017/6/28	1	Yes

3.3.4 Composition, duties, and operation of the Compensation Committee:

The 18th meeting of the 20th BOD passed on 30 August 2011 the establishment of the Articles of Organization of the Salary and Compensation Committee Charter to establish the Compensation Committee⁰³⁵ to assess the salary and compensation policies and systems of directors, supervisors, and managers; and establish and review the performance evaluation of directors, supervisors, and managers and the policies, systems, standards, and structures of their salary and compensation based on a professional and objective basis. In 2017 the Compensation Committee held three committee meetings and submitted related resolutions to BOD for review.

(-) Data of Compensation Committee Members

Identity Category	Name	Qualification	With a minimum of 5 years of work experience and the following professional qualifications		Status of Independence(1)								Concurrently as an independent director to other public companies	Note	
			College/university instructors or higher Note levels in commerce, law, finance, accounting or subjects required by the business of the company	Passed the qualification examination with proper licensing by the national government as court judge, prosecutor, lawyers, certified public accountant or other professional designations required by the business of the company	1	2	3	4	5	6	7	8			
Independent Director	Arthur Yu cheng Chiao			√	√	√	√	√	√	√	√	√	√	2	Qualifications met
Independent Director	Victor Wang	√	√	√	√	√	√	√	√	√	√	√	√	3	Qualifications met
Independent Director	Chih-jen Emile Sheng			√	√	√	√	√	√	√	√	√	√	2	Qualifications met
Independent Director	Edward Young do Way)(2)		√	√	√	√	√	√	√	√	√	√	√	6	Qualifications met

1 : 1Check "√" the qualifications appropriate to each director and supervisor who meet such qualifications two years before assumption of office or at the time of assumption.

(1) Not an employee of the company or its affiliates.

(2) Not a director or supervisor of an affiliate of the company (except for independent directors of the company or its parent company or a subsidiary established in accordance with this Act or the local laws).

(3) Not holding more than 1% of the outstanding shares issued by the company or among the top 10 natural person shareholders by the person or his/her spouse or underage children, or in the name of a third party.

(4) Not a spouse, the kindred at the second tier under the Civil Code, or the next of kin within the third tier under the Civil Code as specified in (1) through (3)

(5) Not a director, supervisor or employee of an institutional shareholder holding more than 5% of the outstanding shares issued by the company, or a director, supervisor or employee of an institutional shareholder who is among the top 5 shareholders.

(6) Not a director, supervisor, manager or shareholder holding more than 5% of the outstanding shares of a specific company or institution in business or financial relation with the company.

(7) Not a professional, owner, partner, director, supervisor, manager of proprietorship, partnership, company or institution that provide business, legal, financial and accounting services to the company or a spouse to the aforementioned persons.

(8) Not under any of the categories stated in Article 30 of the Company Act.

2 : Resigned from the independent director post on April 1, 2017.

(二) Operation of the Compensation Committee

1. Our Compensation Committee consists of three members.

2.Length of the current term: 18 June, 2015 to June 18, 2018. The Compensation Committee held three committee meetings (A) in the previous years, and the qualifications and attendance record of members are as follows:

Title	Name	Actual attendances (B)	Attendances by proxy	Rate of actual attending (%) [B/A]	Note
Convener	Arthur Yu-cheng Chiao	3	0	100%	The committee member was re-elected after the directorial re-election on June18, 2015.
Committee member	Victor Wang	3	0	100%	The committee member was re-elected after the directorial re-election on June18, 2015.
Committee member	Chih-jen Emile Sheng	2	0	100%	By-election on June 28, 2017, should attend two meetings.
Committee member	Edward Young-do Way	1	0	100%	Resigned on April 1, 2017, and should attend in one committee meeting.

Other information required for disclosure:

I. When BOD rejects or modifies the recommendations made by the Compensation Committee, please state the date and session of board meeting, the proposal, BOD resolutions, and settlement on the opinions of Compensation Committee members (if the salary and compensation approved by BOD are superior to that recommended by the Compensation Committee, please specify the differences and causes): NA.

II. When there are objections or qualified opinions for the records or with written statements of Compensation Committee members to committee resolutions, state the date and session of the committee meeting, the proposal, and the settlement of the opinions for and against the resolution.

3.3.5 CSR performance

Indicator	Status		Summary Description	Deviations and the cause(s) of deviations from the Cooperation Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No		
1. Implementing governance (1) Does the company establish a defined corporate social responsibility policy or system, and review the effectiveness of their implementation?	√		(1) Apart from passing the establishment of the Corporate Social Responsibility Best Practice Principles; BOD implements the “environmental protection as a responsibility” environmental concept to enhance competitiveness, maximize resource recycling, lower unit energy consumption, and reduce waste production to achieve sustainable development and fulfill CSR.	NA
(2) Does the Company organize CSR training and education activities regularly?	√		(2) We arrange CSR awareness education and education/training information irregularly at the monthly meeting.	
(3) Does the company establish a dedicated (concurrent) department to implement corporate social responsibility? Does BOD delegate highest governance body to handle CSR matters and report on its implementation?	√		(3) To actively implement sustainable development, business ethics and integrity, and CSR, BOD passed the establishment of the Organizational Sustainable Development Committee on May 10, 2018, with the company chairman as the committee chief and establishing the following units. Under the committee there are the Ethical corporate management, Circular Manufacture, Environmental and Product Sustainability, Employee Care, and Social Welfare groups to promote CSR together and to report the status of implementation to BOD.	
(4) Does the company establish a fair wage and compensation policy, combine employee performance valuation with the CSR policy, and establish clear and effective reward and punishment system?	√		(4) Employees are rewarded and disciplined as per the Employee Work Rules. We offer competitive pay standard in the market and attractive performance bonuses and fully combine overall organizational profit with employee performance to reward their outstanding performance.	
2. Developing a sustainable environment (1) Does the company endeavor to utilize resources more efficiently and use reusable materials which have low impact on the environment?	√		(1) In view of the TCC GHG Reduction Effectiveness, we were awarded again the TSCA Climate Leadership Award with the Climate Change Adaptation Strategies and Opportunities. In recent years, we have been actively transforming toward an “environmental value chain” to offer collaborative waste disposal service to dispose of about 1 million tonnes of industrial waste for coal-fire plants and science parks with the incineration of cement kilns. Our subsidiaries operate eight private incineration plants with an annual disposal capacity of 2 million tonnes to serve a population of about 6.5 million people. That is, TCC is responsible for the waste disposal of 6.5 million people.	NA

Indicator	Status		Deviations and the cause(s) of deviations from the Corporation Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
(2) Does the company establish an environmental management system appropriate to the characteristics of its industry?	√		(2) Limestone mining, cement production and storage are the main activities of a cement plant. Given that environmental, safety and health impacts are concerned in the manufacturing process, we are committed to take precautionary actions against environmental pollution, bodily injuries, and unhealth, in order to fulfill corporate social responsibilities, comply with laws and regulations and other requirements. We also make continual improvements. So far, we have passed certification for the ISO 14001 environmental management system and the OHSAS 18001 Occupational Health and Safety Assessment Series. At each cement plant, we establish the ESH unit and assign full-time staff to handle air pollution, water pollution, and waste disposal in order to implement pollution control and management at cement plants.
(3) Does the company notice the influence of climate change on organizational operations and so to conduct GHG inventories and establish a policy for energy conservation, carbon reduction, and GHG reduction?			(3) To fulfill corporate social responsibilities, set sustainable development of the environment the goal of our efforts, and maintain energy conservation and environmental protection, apart from installing the waste heat recovery power generation system at each cement kiln to achieve energy conservation, carbon reduction, and resource recycling. In 2017, the three TCC cement plants recovered waste heat to generate about 7.5 GWh of electricity for production use and thereby reduce emissions of about 39,000 tCO ₂ e a year. In addition, in face with the influence of global climate change, apart from commissioning a third-party (SGS) certification body to conduct GHG inventories every year, we passed SGS certification in 2014 to become Taiwan's first cement manufacturer every to implement the ISO 50001 Energy Management System (EnMS). We are also committed to the continual improvement of the cement manufacturing process to reduce the energy consumed, electricity consumed, and GHG emitted per tonne of output. Furthermore, we actively use industrial waste as alternative ingredients or fuels to further reduce GHG emissions.

Indicator	Status		Deviations and the cause(s) of deviations from the Corporation Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
3. Preserving social welfare			NA
(1) Does the company establish management policies and procedures in accordance with relevant laws and International Bill of Human Rights?	√		(1) We abide by related laws and regulations and international conventions on human rights, such as gender equality, right to work and non-discrimination. We have also established the Employee Work Rules as per the Labor Standards Act and related laws and regulations.
(2) Does the company establish employee grievance mechanisms and channels and handle complaints properly?	√		(2) We have established a special mailbox for grievances on sexual harassment as per the Act of Gender Equality in Employment to provide employees with grievance channels. We have also established in investor relations section on the corporate website and employee grievance mechanisms and channels.
(3) Does the company provide employees with a safe and healthy work environment and arrange regular safety and health education for employees?	√		(3) We have established the Office of Labor Safety and Health Management to administer affairs relating to labor safety and health throughout the company. We value and continue safety and health education and training for employees and simulated drills. We also arrange for employees the awareness education and training regarding the management of work environment, equipment and hazardous substances.
(4) Does the company establish a mechanism for regular employee communications and notify employees of operational changes that may bring significant impacts to them in a reasonable manner?	√		(4) We have established mechanisms for employee communications, including the internal information announcement system on the corporate website; regular labor-management meetings and employee welfare meeting regularly; and emails, and annual family day.
(5) Does the company establish an effective career development plan for employees?	√		(5) We value employee training. Though a series of goal-oriented expertise and management, we tailor career development strategy, staff training, and education/training for employees.
(6) Does the company establish a consumer protection policy to protect customer rights and interests and a grievance mechanism based on its R&D, purchasing, production, operating and service processes?	√		(6) We have established the customer service and customer complaint handling regulations to offer product quality service to customers. We have also established a dedicated laboratory to support each production and sales units and provide cocktail customer service and customer complaint solutions. We conduct customer satisfaction survey every year for the reference of improvement and supervision.

Indicator	Status			Deviations and the cause(s) of deviations from the Corporation Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
(7) Does the company conform with relevant international laws and standards on the marketing and labeling of products and services?	√		(7) We pack cement as per the Commodity Labeling Act. On each package, we label the place of origin, product composition, manufacturing date, and expiry date. For bulk cement, we record the shipping plant, product composition, shipping date in the shipping order, and contain bulk cement with air-tight trucks to prevent fugitive dust. Products for domestic sales transported by ship are contained in special ships with dust collection equipment and supplied with full shipping documents. Products for export sales are sold and loaded as per international standards and practices. All plants are certified for ISO quality assurance system and the CNS mark. Prior to shipping, all products undergo quality inspections conducted as per the Bureau of Standards, Metrology and Inspection (BSMI) or internal control standards of higher specifications or customer requirements to ensure conformity with customer requirements.	
(8) Does the company evaluate past environmental and social records of suppliers before conducting business with them?	√		(8) All are remarked in the invitation to tender.	
(9) Do the company include clauses for immediate termination or rescission in contracts when a supplier violates its CSR policy and causes significant impacts on the environment and society?	√		(9) In all contracts, we request suppliers to abide by laws and regulations and meet various environmental regulations to prevent fines. When non-compliance is detected, suppliers shall pay all fines and the company reserves the right to terminate the contract at any time.	
4. Reinforcing information disclosure (1) Does the company disclose critical and reliable CSR-related information on its website and the Market Observation Post System?	√		We post the CSR Report and related information on both the corporate website and MOPS.	NA

Indicator	Status			Deviations and the cause(s) of deviations from the Corporation Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
5. If the company has established own Corporate Social Responsibility Best Practice Principles with reference to the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies," please specify the deviations from its own CSR best practice principles. (1) Our Corporate Social Responsibility Best Practice Principles were passed by the 14th meeting of the 20th BOD. Subsidiaries also implement the "environmental protection as a responsibility" corporate environmental concept and carry out corporate social responsibilities. (2) To actively implement sustainable development, business ethics and integrity, and social responsibilities, BOD approved the establishment of the Organizational Sustainable Development Committee on May 10, 2018, with the company chairman as the committee chief and establishing the following units. Under the committee there are the Ethical corporate management, Circular Manufacture, Environmental and Product Sustainability, Employee Care, and Social Welfare groups to promote CSR together and to report the status of implementation to BOD. (3) We establish and implement step by step the Corporate Social Responsibility Best Practice Principles as per the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX-Listed Companies.				
6. Other important information that helps the public understand CSR operation (1) TCC (TW 1101) won five awards in November 23, 2017 at the Taiwan Corporate Sustainability Awards (TCSA), including the Top 50 Taiwan Corporate Sustainability Awards and the CSR Report Silver Award in the traditional manufacturing industries category, and the Social Inclusion Award, TSCA Climate Leadership Award, and the Circular Economy Leadership Award in individual performance. President John Li attended the presentation and received the awards. (2) TCC won the 13th Outstanding Eco-Friendly Model Plan Award from the 2017 Global Views CSR Awards organized by Global Views Monthly. We won the Outstanding Eco-Friendly Model Plan Award from the 2017 Global Views CSR Awards with the Noah's Ark in the Plant Kingdom: Dr. Cecilia Koo Botanic Conservation Center (KBCC). The jury described TCC's CSR contributions for "an issue of high materiality, uniqueness, less concerned, far-reaching influence, and its positive effectiveness benefits the entire world." (3) Environmental protection 1) Environment policy and contributions of Hoping Cement Complex Right at the planning of factory construction, we have adopted the most advanced fully sealed storage and conveyor system that maintain landscaping and environmental protection at the same time and the low NOx process and equipment. In addition, we have installed the continuous emission monitoring system (CEMS) on the main exhaust stacks to stringently control exhaust quality to ensure all emissions are superior to the national standard. Furthermore, as the complex is closed to the Toroko National Park, we have established a landscape park of nearly 20 hectares to achieve: cement plant as a park. We also recover the waste coal ash and desulfurized gypsum from the nearby the Hoping Power Plant as materials for waste to resources. Known as the "good neighbor" of local residents, the Hoping Cement Complex has been engaging in the following work over time: (1) job guidance for local residents; (2) provision of venues for Mennonite Christian Hospital to set up an outpatient clinic for residents to access medical attention more conveniently; (3) provision of various activity facilities, such as basketball courts, for local residents to use; (4) emergency assistance; (5) charitable donations; (6) provision of grants and scholarships. 2) Beautification of Hoping Harbor Apart from promoting local prosperity and creating local job opportunities, Hoping Harbor can reduce the transportation cost of both the Hoping Cement Complex and the Hoping Power Plant to enhance their market competitiveness. Hoping Harbor implements environmental protection as per its commitments made in the environmental assessment. It has established various environmental management regulations based on environmental assessment standards with an environmental expense nearly NT\$10 million. In addition, we have purchased cleaning vessels to clean up drifting items and refuse in the harbor waters and green the harbor area by zone to achieve the goal of "harbor greening". The harbor storage and transportation system has a sealed corridor conveyor belt design to reduce fugitive dust from materials. Automatic loading and unloading machines are equipped on the harbor to reduce transportation volume and thereby air pollution in the harbor area.				

Indicator	Status			Deviations and the cause(s) of deviations from the Corporation Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
3) Environmental protection and contributions of Hoping Coal-Fired Power Plant The plant is equipped with edgy air pollution prevention equipment, including the sealed fuel coal storage and transportation system, electrostatic precipitator, flue gas desulfurization (FSD) equipment, selective catalytic reduction (SCR) equipment, low NOx burner, and CEMS, to effectively control the SOx and NOx emitted from the exhaust stacks to meet the high domestic standard. The plant also collaborates with the Hoping Cement Complex to achieve waste to resources. Contributions to locals include (1) subsidization for community construction and development; (2) subsidization for local activities relating to social welfare, public order, healthcare, environmental protection, fire prevention, emergency assistance, and festivities. 4) Continuous implementation of the CO2 Capture and CO2 Fixation by Microalgae System research projects in collaboration with ITRI.				
(4) Ecological conservation 1) Dr. Cecilia Koo Botanic Conservation Center (KBCC) To take part in the global botanic conservation program for the sustainability of tropical species, the KBCC established with TCC donations was opened in Pingtung Country on January 19, 2008 to preserve tropical and sub-tropical plants to maintain the sustainability of the richest biodiversity on earth. KBCC performs ex situ in vivo conservation for academic research. Through international academic exchange, KBCC participate in worldwide tropical plant conservation programs to develop into a world-class tropic species conservation base. It is expected that a total of 40,000 in vivo specimens of plants will be collected with 20 years. By April 30, 2018, KBCC has successfully cultivated 32,465 species of plants from different parts of the world, the most in Asia. The collection of Orchidaceae, Bromeliaceae, and Pteridophyta are even the top of the world, turning Taiwan into a global botanic conservation center. There are nearly 80,000 plants in collection by the KBCC, and each is equipped with a computer tag and barcode acting like an ID card to provide information including the species name, place of origin, and plantation background. To achieve the total quality life policy, we implement sustainable development and environmental conservation in real action. This is the unchanged TCC philosophy. 2) In 1992, we began sponsoring the production of wildlife documentaries, including A Century of Taiwan Wild Birds, In Search of Summer Birds: Terns in Taiwan, and Collared Bush Robin. By doing so, we hope to re-awake the public, the private sector, and the public sector to aware of the importance of ecological conservation to living quality and encourage total promotion of ecological conservation. Each documentary has attracted critical acclaim.				
7. If the company's the CSR report has been verified by a certification body, please specify: The 2016 CSR Report was prepared in 2017 as per the General Standard Disclosures and Specific Standard Disclosures in the G4 Sustainable Reporting Guidelines published by the Global Reporting Initiative (GRI G4) choosing the Core option. We also submitted the report to SGS Taiwan Ltd. For AA1000 verification.				

3.3.6 Ethical Corporate Management

Performance in Ethical Corporate Management

Indicator	Operation			Deviations and the cause(s) of deviations from the Ethical Corporation Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary Description	
1. Establishing ethical corporate management policies and programs (1) Does the company declare its ethical corporate management policies and procedures in its regulations and external documents, as well as the commitment made buy BOD and management to implement such management policies?	√		(1) To fulfill CSR, we have built an enterprise with an equal emphasis on "quality, character, and taste" to uphold culture and respect people. We also adhere to integrity and service enthusiasm to go beyond the service expectation of customers to achieve "customer satisfaction", establish sound relations with suppliers and customers, and pursue sustainable development and growth of the enterprise are our aims. We also specify our corporate mission, BOD structure, the management team on the corporate website in order to achieve ethical corporate management. (2) We have established the Ethical Corporate Management SOP to define the procedures to achieve ethical corporate management.	NA
(2) Does the company establish programs to prevent unethical conduct and specify and implement operating procedures, code of conduct, punishment for violation, and grievance mechanisms in such programs?	√		(3) External donations up to a certain amount must be reported to BOD for approval. The audit unit also checks if bribes or other undue advantages are offered or received at all times. Furthermore, as foreign investors hold over 30% of our stake, we are prohibited from making political contributions by law.	
(3) Does the company take precautionary actions to prevent business activities identified as high-risk unethical conduct as specified in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies or or in other scope of business?	√			
2. Implementing ethical corporate management (1) Does the company evaluate the ethical record of its counterparties and explicitly include clauses on ethical conduct in transaction contracts?	√		(1) Apart from establishing the Supplier Integrity and CSR Undertaking to request suppliers to strictly follow it, we evaluate suppliers regularly.	NA
(2) Does the company establish a dedicated (concurrent) unit to implement ethical corporate management under BOD and to report the status of implementation to BOD regularly?	√		(2) To optimize ethical corporate management, the audit office establishes, supervises and implements the ethical corporate management policy and report to BOD regularly.	
(3) Does the company establish and implement a policy to prevent conflicts of interests and provide suitable channels for reporting such conflicts?	√		(3) In the Corporate Social Responsibility Best Practice Principles, we specify the need to respect social ethics and consider the rights and interests of other stakeholders while performing CSR. In addition, when pursuing sustainable development and profitability, we should not spare environmental, social and governance factors but include them in the organizational management and operations.	

Indicator	Operation		Deviations and the cause(s) of deviations from the Ethical Corporation Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
(4) Does the company establish an effective accounting system and an internal control system to implement ethical corporate management, and the internal audit unit or a CPA audit such systems regularly?	√		(4) The internal chief auditor is appointed by the rule and equipped with academic achievements and defined delegation to carry out his work. The chief auditor may amend the internal control system at any time as per related laws and regulations and shall faithfully perform the self-inspection and internal audit within the internal control system. The chief auditor should also submit the audit reports of audit units to the Audit Committee for review and attend BOD meetings as a guest to present audit reports.
(5) Does the company regularly organize internal and external education and training activities for ethical corporate management?	√		(5) We promote the ethical corporate management policy from time to time at the monthly meeting.
3. Operating the whistleblowing system (1) Does the company establish explicit whistleblower and reward schemes and convenient reporting channels, and assign appropriate personnel to investigate the target of a whistleblower report?	√		(1) No whistleblower and incentive scheme has been established. However, we encourage any reports of illegal acts or acts offending the Code of Ethical Conduct, enhance the awareness education of ethics, and incentivize employees to report any suspicious or confirmed illegal acts or acts offending the Code of Ethical Conduct to managers, the internal chief auditor, or any other appropriate staff. Employees should also provide sufficient and adequate information for proper follow-up.
(2) Does the company establish an SOP to accept and investigate whistleblower complaints and related mechanisms to ensure confidentiality?		√	(2) No SOP to accept and investigate whistleblower complaints related mechanisms to ensure confidentiality has been established. The Audit Office will process complaints and maintain confidentiality according to related organizational SOPs.
(3) Does the company establish measures to protect whistleblowers against retaliation?	√		(3) We will handle a complaint in absolute confidentiality and ensure employees to understand our efforts to ensure whistleblower protection.
4. Reinforcing information disclosure (1) Does the company disclose the ethical corporate management principles and its effectiveness on the corporate website and the MOPS?	√		(1) We disclose our ethical corporate management policy on the corporate website at http://www.taiwancement.com . We also disclose such policy on the English and Simplified Chinese corporate websites at http://www.taiwancement.com .

Indicator	Operation		Deviations and the cause(s) of deviations from the Ethical Corporation Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
5. If the company has established own ethical corporate management best practice principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies, please specify the status of operation and deviations: The 14th meeting of the 20th BOD passed the establishment of the Ethical Corporate Management Best Practice Principles, which was amended at the 5th meeting of the 22nd BOD. The Audit Office supervises and implements policies relating to ethical corporate management as per our Ethical Corporate Management Best Practice Principles and the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-Listed Companies.			
6. Other material information that helps understand the operation of the company's ethical corporate management (such as the company review of its ethical corporate management best practice principles): The major banks for transactions with affiliates hold certain credit ratings and are at certain scales. In addition, we have established the Customer Sales Credit Management Regulations and evaluate suppliers regularly by assessing related risk items and perform control with the SAP systems			

3.3.7 If the company has established the Governance Best Practice Principles and related regulations, please disclose the methods to access them.

The 14th meeting of the 20th BOD passed the establishment of the Ethical Corporate Management Best Practice Principles, which was amended at the 2nd meeting of the 22nd BOD. Related regulations are accessible from the Investors section on our website at http://www.taiwancement.com/#Invest_4_2_3.

The 8th meeting of the 22nd BOD passed the amendment to the Application for Suspension or Resumption of Transactions SOP and the Governance Best Practice Principles. The 12th meeting of the 22nd BOD passed the amendment to the Corporate Social Responsibility Best Practice Principles.

3.3.8 Other material information that is helpful for understanding the status of implementation of corporate governance:

(1) We timely disclose material information and hold investor conferences regularly.

(2) The 14th meeting of the 20th BOD passed the establishment of the Ethical Corporate Management Best Practice Principles.

(3) We produced and published CSR reports between 2015 and 2017.

■ Internal audit: Data or information disclosed in this report have/has been provided by responsible departments after confirmation by the CSR report team and reviewed and approved by the chairman.

■ External audit: Report compliance with the Core disclosure principle in the GRI Standards has been verified and assured by SGS Taiwan Ltd.

■ With reference to the requirements for Core disclosure principle of the GRI Standards and the Moderate Assurance in Type 1, AccountAbility 1000 Assurance Standard. Please refer to the indices for related assurance/verification methods and results.

■ The said CSR report has been disclosed on our corporate website and MOPS.

(4) The further education and training relating to corporate governance attended by our managers are as follows:

Title/Name	Organization	Course	Date	Length
Principle accounting officer Guo-hong Yeh	Accounting Research and Development Foundation in Taiwan	Farther Education Course for Principal Accounting Officers of Issuers, Securities Firms and Stock Exchanges	2107/12/14~2017/12/15	12
Chief auditor Xiao-en Tseng	Institute of Internal Auditors-Chinese Accounting Research and Development Foundation in Taiwan	Practical Audit on Materials Management of Manufacturing Industries Summary of the Latest Amendments to Labor Laws and Internal Control Practice for Recent Corruption	2017/9/22 2017/10/25	6 6

3.3.9 Implementing the internal control system

3.3.9.1 Statement of internal control

Taiwan Cement Corporation
Statement of Internal Control

Date: March 28, 2018

With regards to results of the 2017 self-evaluation of the internal control system, we hereby declare as follows:

1. We acknowledge and understand that it is the responsibility of our BOD and managers to establish, implement, and maintain an internal control system, and we have established such system. The purpose is to fairly ensure the effect and efficiency of operations (including profitability, performance and security of assets); the reliability, timeliness, and transparency of financial reporting; and the achievement of legal compliance.
2. There is limitation inherent to each internal control system, however perfect the design is. As such, an effective internal control system can only fairly ensure the achievement of the aforementioned goals. Furthermore, the effectiveness of an internal control system may vary as the macro environment and situation change. By equipping our internal control system with a self-monitoring mechanism, we can take immediate corrective actions against any defects once identified.
3. Referring to the criteria for determining the effectiveness of an internal control system as specified in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (the “Criteria”), we judge the effectiveness of design and implementation of our internal audit system. With regard to the management control process, the Criteria divided an internal control system into five elements: a) control environment, b) risk evaluation, c) control operation, d) information and communication, and e) monitoring. Each element in turn contains certain audit items, and shall be referred to the Criteria for details.
4. We have evaluated the effectiveness of design and implementation of our internal control system with the such criteria.
5. In respect of the findings from the above evaluation, we hold that the design and implementation of our internal control system (including the supervision and management of subsidiaries) by December 31, 2017 were effective to achieve the above goals in terms of the effect and efficiency of operations; the reliability, timeliness, and transparency of financial reporting; and the achievement of legal compliance.
6. This statement shall form an integral part of the annual report and the prospectus on this company and will be disclosed to the public. If there is any fraud, concealment and unlawful practice found in the above contents, we shall be liable to the legal consequences under Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
7. This statement of declaration was approved unanimously by the board meeting held on March 28, 2018 with the presence of 19 directors attended the meeting.

Taiwan Cement Engineering Corporation

Chairman: Chang An-Ping

President: John Li

3.3.9.2 The company auditing its internal control system by a CPA shall disclose the CPA audit report: NA.

3.3.10 Punishments, major defects, and improvements in the previous year and by the date of report publication of the company or its personnel by the law or for violation of the regulations of the internal control system: NA.

3.3.11 Important resolutions made by the general meeting of shareholders and BOD in the previous year and by the date of report publication:

Review of Status of Implementation of Resolutions Made by 2017 AGM

Major AMG Resolutions			
Meeting Date	Proposal	Resolution	Results
	1.To accept 2016 business report and financial statements.	Proposal by BOD is approved by voting.	Approval of the 2016 business report and financial statements.
	2.To approve 2016 profit distribution proposal.	Proposal by BOD is approved by voting.	In the 2016 profit distribution proposal, the amount of cash dividend distributed shareholders is NT\$5,353,655,010 (NT\$1.45 per share). The ex-dividend base date is 2017/7/31, and cash dividend distribution date is 2017/8/25.
2017.6.28 AGM	3.To amend the Procedures of the Acquisition or Disposal of Assets.	Proposal by BOD is approved by voting.	Already published on MOPS and our corporate website on 2017/6/28.
	4.Election: By-election of an individual director.	Results: Intendent director elect: Name: Chih-jen Emile Sheng Votes: 2,071,160,323	Already published on MOPS and our corporate website on 2017/6/28.
	5.Releasing directors from non-competition restrictions.	Proposal by BOD is approved by voting.	BOD resolved to release Mr. Chih-jen Emile Sheng and Mr. Jason Koo from non-competition restrictions.

Major BOD resolutions made in 2017 and by the report publication date:

Important BOD resolutions		
Meeting Date	Proposal	Resolution
2017.1.22 Provisional Board Meeting (10 th meeting of the 22 nd BOD)	1. Election of BOD chairperson	All directors attending the meeting unanimously elected Mr. An-ping Chang as the BOD chairperson.
	2. Election of acting Chairman.	All directors attending the meeting unanimously elected representative An-Ping Chang of Fu Pin Investment Co., Ltd. as the acting Chairman.
	3. Appointing of acting president.	(Discussion process: As the related party of the proposal, Mr. An-ping Chang sidestepped from the meeting.) Chairman An-ping Chang sidestepped from this proposal, and Director Arthur Yu-cheng Chiao hosted the discussion of this proposal. The proposal was unanimously approved by all directors attending the meeting without objections.
	4. Releasing directors from non-competition restrictions.	(Discussion process: As the related party of the proposal, Mr. An-ping Chang sidestepped from the meeting.) Chairman An-ping Chang sidestepped from this proposal, and Director Arthur Yu-cheng Chiao hosted the discussion of this proposal. The proposal was unanimously approved by all directors attending the meeting without objections.
2017.1.23 Provisional Board Meeting (11 th meeting of the 22 nd BOD)	1. Election of Chairman.	All directors attending the board meeting unanimously elected representative Chang An-Ping of Fu Pin Investment Co., Ltd. as the president.
	2. Appointment of president.	(Discussion process: As the related party of the proposal, Mr. An-ping Chang sidestepped from the meeting.) Chairman An-ping Chang sidestepped from this proposal, and Director Arthur Yu-cheng Chiao hosted the discussion of this proposal. The proposal was unanimously approved by all directors attending the meeting without objections.
	3. Approval for releasing directors from non-competition restrictions.	(Discussion process: As the related party of the proposal, Mr. An-ping Chang sidestepped from the meeting.) Chairman An-ping Chang sidestepped from this proposal, and Director Arthur Yu-cheng Chiao hosted the discussion of this proposal. The proposal was unanimously approved by all directors attending the meeting without objections.

Important BOD resolutions		
Meeting Date	Proposal	Resolution
2017.3.27 Board of Directors (12 th meeting of the 22 nd BOD)	1. Approval for assessing CPA professionalism, suitability, and independence to strengthen corporate governance.	The proposal was unanimously approved by all directors attending the meeting without objections.
	2. Approval of the proposal of reward distribution for employees and directors for 2016.	(Discussion process: In the reward for employees, all guests sidestepped from the discussion. In the reward for directors, all directors sidestepped from the discussion, except for independent directors.) 1. All guests sidestepped from the discussion of reward for employees. The proposal was approved by the Compensation Committee at the 3rd meeting of the 6th committee and unanimously approved by all directors attending the meeting without objections. 2. All directors sidestepped from the proposal for compensation of directors, except for independent directors. The discussion was hosted by Independent Director Victor Wang, and the proposal was approved by the 11th meeting of the 2nd Compensation Committee meeting and unanimously approved by all individual directors attending the meeting without objections.
	3. Approval of the proportion of distribution of reward for directors in 2016.	The proposal was unanimously approved by all directors attending the meeting without objections.
	4. Approval of the annual financial statements and consolidated financial statements of 2016.	The proposal was unanimously approved by all directors attending the meeting without objections.
	5. Approval of the 2016 profit distribution proposal.	The proposal was unanimously approved by all directors attending the meeting without objections.
	6. Approval for amending some articles in the Ethical Corporate Management Best Practice Principles.	The proposal was unanimously approved by all directors attending the meeting without objections.
	7. Approval for amending some articles in the Procedures of the Acquisition or Disposal of Assets.	The proposal was unanimously approved by all directors attending the meeting without objections.
	8. Approval of including the by-election of one independent director in the agenda of the 2017 AGM.	The proposal was unanimously approved by all directors attending the meeting without objections.

Important BOD resolutions		
Meeting Date	Proposal	Resolution
2017.3.27 Board of Directors (12 th meeting of the 22 nd BOD)	9. Approval for including the releasing the non-competition restrictions on new directors in the agenda of the 2017 AGM.	(Discussion process: Chairman Jason Koo is a related party and thus sidestepped from the discussion). The proposal was approved by all directors attending the meeting without objection after enquiries.
	10. Discussion of the 2017 AGM schedule.	The proposal was unanimously approved by all directors attending the meeting without objections.
	11. Approval of the 2016 Statement of Internal Control.	The proposal was unanimously approved by all directors attending the meeting without objections.
	12. Approval for adjusting financing/other endorsements and guarantees for affiliates.	The proposal was unanimously approved by all directors attending the meeting without objections.
	13. Approval for adjusting the financing (credit) limit from banks.	The proposal was unanimously approved by all directors attending the meeting without objections.
	14. Discussion of the AVP appointment.	The proposal was unanimously approved by all directors attending the meeting without objections.
	<Motion> The 2016 annual bonus, reward and compensation distribution plan for late president Mr. Leslie Koo Cheng-yun.	The proposal was unanimously approved by all directors attending the meeting without objections.
2017.4.19 Board of Directors (continued from the 13 th meeting of the 22 nd BOD and the 14 th meeting of the 22 nd BOD)	1. Approval for privatizing investee TCC International Holdings Limited (TCCIH), currently a main-board listed company in Hong Kon, by TCC and wholly own subsidiary TCCI as per the law of Hong Kong and the Cayman Islands under the Scheme of Arrangement of the Cayman Islands (Scheme of Arrangement).	(Discussion process: Director Jason Kang-lung Chang and Director Chi-te Chen sidestepped from the voting for avoidance of conflicts of interest.) Directors Jason Kang-lung Chang and Chi-te Chen sidestepped from the voting. All directors attending the meeting listened to the progress reports presented by the Audit Committee, proposing unit, external financial consultant and legal consul. After understanding and clearing the legal applicability doubts of the Hong Kong Securities and Futures Commission. The proposal was unanimously approved by all directors attending the meeting without objections.
	2. Approval for providing joint guarantees for the credit limit of subsidiary TCCI.	The proposal was unanimously approved by all directors attending the meeting without objections.
	3. Approval for privatizing TCC with the Scheme of Arrangement by accepting the TCCIH shares held by TCCIH shareholders (i.e. stock exchange between companies) as per paragraph 8, Article 156, Company Act through issuing ordinary shares of TCC for capital increase.	The proposal was approved by all directors attending the meeting without objection after enquiries.

Important BOD resolutions		
Meeting Date	Proposal	Resolution
2017.6.29 Board of Directors (15 th meeting of the 22 nd BOD)	By-election of one member of the 2nd Compensation Committee.	(Discussion process: As a related party, Director Chih-jen Emile Sheng sidestepped from the discussion.) Except for Director Chih-jen Emile Sheng who sidestepped from this proposal for avoidance of conflicts of interest, the proposal was approved unanimously by other BOD members at the enquiry of the acting chair.
2017.8.11 Board of Directors (16 th meeting of the 22 nd BOD)	1. Approval of the consolidated financial statements of Q2 2017.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	2. Approval of budget planning for a capital increase in Q3 2017.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	3. Approval for adjusting financing/other endorsements and guarantees for affiliates.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	4. Approval for adjusting the financing (credit) limit from banks.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	5. Approval of the salary structure and standard of presidents John Li.	(Discussion process: presidents Li and other department heads sidestepped from the session.) The proposal was approved by all directors attending the meeting without objection after enquiries.
	6. Approval of the personnel change for managers.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	7. Approval of the salary raise of all employees.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	8. Approval for amending the TCC Articles of Incorporation.	The proposal was approved by all directors attending the meeting without objection after enquiries.
2017.10.18 Provisional Board Meeting (17 th meeting of the 22 nd BOD)	1. Approval for privatizing of investee TCC International Holdings Limited (TCCIH) TCC and wholly own subsidiary TCC International Limited (TCCI) as per the law of Hong Kong and the Cayman Islands under the Scheme of Arrangement of the Cayman Islands (Scheme of Arrangement) by issuing 554,333,141 ordinary shares for transfer.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	2. Approval of the PV & Onshore Wind Farm Phase I project at the TCC Chemical Corporation in the Changhua Coastal Industrial Park.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	3. Approval of the PV plant investment project in the Fishery and Solar Special Zone	The proposal was approved by all directors attending the meeting without objection after enquiries.

Important BOD resolutions		
Meeting Date	Proposal	Resolution
2017.11.10 Board of Directors (18 th meeting of the 22 nd BOD)	1. Approval of the onshore wind farm investment project.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	2. Approval of the PV plant investment project in the Fishery and Solar Special Zone	The proposal was approved by all directors attending the meeting without objection after enquiries.
	3. Approval for adjusting the financing (credit) limit from banks.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	4. Approval for adjusting the provision of financing/other endorsements and guarantees for affiliates.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	5. Approval for amending the Rules of Procedure for Board Meetings.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	6. Approval for amending the Articles of Organization of the Audi Committee.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	7. Approval for amending the Rules Governing the Roles and Responsibilities of Independent Directors.	The proposal was approved by all directors attending the meeting without objection after enquiries.
2017.12.01 Board of Directors (19 th meeting of the 22 nd BOD)	1. Approval for planning the 2018 operational budget.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	2. Approval for planning the budget for 2018 regular expenditures.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	3. Approval of group framework adjustment by merging TCC Chemical Corporation with Kuan-Ho Construction & Development Corporation to raise fund for the renewable energy development projects the TCC Chemical Corporation in the Changhua Coastal Industrial Park by issuing new shares of TCC Chemical Corporation through TCC.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	4. Approval of group framework adjustment by fully transferring the shares of TCC Chemical Corporation held by Kuan-Ho Construction & Development Corporation.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	5. Approval for issuing new shares for capital increase of Tong Yu Green Energy Co., Ltd.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	6. Approval for participating in the capital increase of E-One Moli Energy Corporation.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	7. Approval for amending the financing (credit) limit from banks.	The proposal was approved by all directors attending the meeting without objection after enquiries.

Important BOD resolutions		
Meeting Date	Proposal	Resolution
2017.12.01 Board of Directors (19 th meeting of the 22 nd BOD)	8. Approval for providing financing/other endorsements and guarantees for affiliates.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	9. Approval for planning the 2018 Annual Audit Program.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	10. Approval of the salary raise of managers.	(Discussion process: All managers attending the meeting as guests sidestepped from the discussion.) The proposal was approved by all directors attending the meeting without objection after enquiries.
	11. Approval of total amount of compensation in 2017 for the Chairman concurrently acting as the group president (CEO), including affiliates.	(Discussion process: Chairman An-ping Chang as a related party and managers attending the meeting as guests sidestepped from the discussion. Director Victor Wang thus chaired this proposal.) The amount was discussed with respect to the involvement and contributions to the group of Chairman An-ping Chang, and the regular pay standard in the business at home and abroad. After enquiring all directors attending the meeting, the proposal was approved as proposed by the 8th meeting of the 3rd Compensation Committee, i.e. 1% of the 2017 profit after tax.
	12. Approval for establishing the salary structure and the level and grade system of employees for the chairman to formulate the compensation management regulations.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	13. Approval of the employee stock option (ESO) scheme to reward outstanding talents and for the chairman to formulate the ESO management regulations.	The proposal was approved by all directors attending the meeting without objection after enquiries.

Important BOD resolutions		
Meeting Date	Proposal	Resolution
2018.02.02 Board of Directors (20 th meeting of the 22 nd BOD)	1. Approval for including the directorial election of 19 directors (including four independent directors) of the 23rd BOD in the 2018 AGM agenda.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	2. Approval for nominating candidates for the 19 directors (including four independent directors).	The proposal was approved by all directors attending the meeting without objection after enquiries.
	3. Approval of including the releasing the non-competition restrictions on new directors in the 2018 AGM agenda.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	4. Approval for organizing the 2017 AGM.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	5. Approval of the criteria and operating procedures for the nomination and review of director (including independent directors) candidates to be elected at the 2017 AGM.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	6. Approval for accepting shareholder proposals for the 2018 AGM.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	7. Approval for transferring treasury stocks to the ESO scheme.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	8. Approval for disposing the shares of Taiwan Prosperity Chemical Corporation held by TCC for deployment diversification.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	9. Approval for raising a 5-year-term syndicated loan of not more than NT\$43.2 billion to repay existing loans and increase operating funds.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	10. Approval for providing financing/other endorsements and guarantees for affiliates.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	11. Approval for amending the Articles of Organization of the Compensation Committee.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	12. Approval for formulating the organizational compensation regulations.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	13. Approval of total amount of the 2017 compensation for managers.	The proposal was approved by all directors attending the meeting without objection after enquiries.

Important BOD resolutions		
Meeting Date	Proposal	Resolution
2017.03.28 Board of Directors (21 st meeting of the 22 nd BOD)	1. Approval of the 2017 business plan.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	2. Approval of the annual financial statements and the consolidated financial statements of 2017.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	3. Approval for amending some articles of the TCC Articles of Incorporation.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	4. Approval for adding the reasons for holding the 2018 AGM and shareholder-related affairs	The proposal was approved by all directors attending the meeting without objection after enquiries.
	5. Approval of the 2017 Statement of Internal Control System.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	6. Approval for continuing the appointment of current CPAs after assessing their professionalism, suitability, and independence to strengthen corporate governance.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	7. Approval of the budget for the capital expenditures of the expansion project in Q1 2018.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	8. Approval for amending the financing (credit) limit from banks.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	9. Approval for providing financing/other endorsements and guarantees for affiliates.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	10. Approval for amending some articles of the Buyback Shares for ESO Regulations.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	11. Approval for formulating the BOD Performance Assessment Regulations.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	12. Approval for donations.	(Discussion process: Chairman Chang An-Ping and directors Jason Kang-lung Chang and Arthur Yu-cheng Chiao sidestepped from the discussion for conflicts of interest, and Director Por-yuan Wang became the acting chair of the board meeting.) After discussions, directors unanimously agreed with the proposals as follows: Proposals 1-3 were approved on principle. However, fund utilization should be explained in the next board meeting. The Secretariat of BOD should request Chia Hsin Foundation to submit the founding aim of the foundation, fund utilization, and a closure report afterwards for Proposal 2. The donation of NT\$5 million to the Hualien Incubation Center in Proposal 4 was approved, provided that the founding aim of the center should be reported to BOD in the next board meeting.

Important BOD resolutions		
Meeting Date	Proposal	Resolution
2018.05.10 Board of Directors (22 nd meeting of the 22 nd BOD)	1. Approval of the proposal of reward distribution for employees and directors for 2017.	(Discussion process: All directors sidestepped from the discussion, except for independent directors.) All directors sidestepped from the proposal for compensation of directors, except for independent directors. The discussion was hosted by Independent Director Victor Wang, and the proposal was approved by the 11th meeting of the 3rd Compensation Committee meeting, as well as all independent directors attended the meeting when being enquired by the meeting chair.
	2. Approval of the proportion of reward distributed to directors in 2017.	(Discussion process: All directors sidestepped from the discussion, except for independent directors.) All directors sidestepped from the proposal for compensation of directors, except for independent directors. The discussion was hosted by Independent Director Victor Wang, and the proposal was approved by the 11th meeting of the 3rd Compensation Committee meeting, as well as all independent directors attended the meeting when being enquired by the meeting chair.
	3. Approval of the 2017 profit distribution proposal.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	4. Approval for increasing capital by issuing new shares.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	5. Approval of the long-term fund-raising proposal as specified in the description.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	6. Approval for issuing unsecured common corporate bonds with a maximum amount below NT\$30 billion.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	7. Approval for amending some articles of the TCC Articles of Incorporation.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	8. Approval of shareholder souvenir distribution.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	9. Approval of the director candidate nomination.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	10. Approval for adding the reason for convening the 2018 AGM.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	11. Approval for providing financing/other endorsements and guarantees for affiliates.	The proposal was approved by all directors attending the meeting without objection after enquiries.

Important BOD resolutions		
Meeting Date	Proposal	Resolution
2018.05.10 Board of Directors (22 nd meeting of the 22 nd BOD)	12. Approval for donations.	(Discussion process: Chairman Chang An-Ping and directors Jason Kang-lung Chang and Arthur Yu-cheng Chiaom, Chi-te Chen, and Emile Chih-jen Sheng sidestepped from the discussion for conflicts of interest, and Director Victor Wang became the acting chair of the board meeting.) In addition to Chairman Chang An-Ping and directors Jason Kang-lung Chang and Arthur Yu-cheng Chiaom, Chi-te Chen, and Emile Chih-jen Sheng who sidestepped from the discussion for conflicts of interest, the proposal was approved unanimously by other BOD members at the enquiry of the acting chair.
	13. Approval for establishing the Organizational Sustainable Development Committee.	The proposal was approved by all directors attending the meeting without objection after enquiries.
	<Motion> 1. Approval for purchasing an office building in the Future Science City in Hangzhou, Zhejiang, China.	The proposal was approved by all directors attending the meeting without objection after enquiries.

3.3.12 Contents of the objections for the records or with written statements of directors or supervisors to important BOD resolutions in the previous year and by the date of report publication: NA.

3.3.13 Resignation or relief related personnel in relation to the financial statements in the previous year and by the date of report publication:

Title	Name	Inauguration date:	Relief date:	Cause(s) of Resignation or Relief
President	Leslie Koo Cheng-yun	1991.4.22	2017.1.23	Passed away
President	An-ping Chang	2017.1.23	2018.7.31	Internal organizational adjustment.

3.3.14 Acquisition of licenses and certificates designated by competent authorities by personnel in relation to financial transparency.

- 1. Certified Internal Auditor (CIA): Two staff from the audit department.**
- 2. Qualified Internal Auditor (QIA): One staff from the audit department.**
- 3. Certified Public Accountant (CPA): Three staff from the financial department.**

3.4 Information of CPA audit fee

CPA Firm	Name of CPA	Audit Period	Note
Deloitte Taiwan	Ya-ling Won Chih-Ming Shao	January 1, 2017 to December 31, 2017	

(expressed in NTD\$ thousand)

Increment	Public Fee Items	Audit Fee	Non-Audit Fee	Total
1	Below 2,000			
2	2,000 (inclusive)–4,000		V	
3	4,000 (inclusive)–6,000			
4	6,000 (inclusive)–8,000			
5	8,000 (inclusive)–10,000			
6	Above 10,000 (inclusive)	V		V

(expressed in NTD\$ thousand)

CPA Firm	Name of CPA	Audit Fee	Non-Audit Fee					Audit Period	Remarks
			System Design	Business Registration	Human Resources	Others	Subtotal		
Deloitte Taiwan	Ya-ling Won Chih-Ming Shao	19,560	-	-	-	3,430	3,430	January 1, 2017 to December 31, 2017	Others in the Non-Audit Fee column refer to the public fee at 3,430 for TCCI privatization and new share issuance.

3.4.1 Amount of non-audit fees paid to a CPA, a CPA firm, and its affiliates above a quarter of the audit fee: NA.

3.4.2. The audit fee of the year is lesser than that of the previous years after changing a CPA firm: NA.

3.4.3. The audit fee is lesser than that of the previous year by over 15%: NA.

3.5 Replacement of certified public accountants: NA.

3.5.1 Information of former CPAs: NA.

3.5.2 Information of succeeding CPAs: NA.

3.5.3 Former CPA's reply to sub-paragraph 1 and sub-paragraph 2–3, paragraph 6, Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies: NA.

3.6 The chairman, president and/or managerial officers in charge of finance or accounting served at the firm(s) or affiliate(s) of the auditing CPAs in the previous year: NA.

3.7 Changes in the transfer or pledge of shares by directors, managers, and shareholders holding over 10% of the outstanding shares in the previous year and by the date of report publication.

Title	Name	2017		By April 24 of the year	
		Increase (reduction) in shareholdings	Increase (reduction) in pledged shares	Increase (reduction) in shareholdings	Increase (reduction) in pledged shares
Chairman	Fu Pin Investment Co., Ltd. Chang An-Ping	-	-	-	-
Director	Fu Pin Investment Co., Ltd. Representative: Chi-Chia Hsieh	-	(9,000,000)	-	-
Director	Xin Hope Investment Co., Ltd. Representative: Chi-wen Chang	-	-	-	-
Director	C. F. Koo Foundation Representative: David Carr Michael	-	-	-	-
Director	Goldsun Development & Construction Co., Ltd. Representative: Ming-sheng Lin	-	8,500,000 (8,578,750)	-	-
Director	Shinkong Synthetic Fibers Corporation Representative: Eric T. Wu	-	-	-	-
Director	Ching Yuan Investment Co., Ltd.: Representative: Jian-dong Che	-	-	-	-
Director	Heng Qiang Investment Co., Ltd. Representative: Tzun-yen Yu	-	-	-	-
Director	Heng Qiang Investment Co., Ltd. Jason Koo	11,231,651	(9,000,000)	-	-
Director	Heng Qiang Investment Co., Ltd. Representative: Chi-te Chen	-	-	-	-
Director	He Feng Investment Co., Ltd. Representative: Por-yuan Wang	-	-	-	-
Director	CTCB Investments Co., Ltd. Representative: Jennifer Lin, Esq.	5,051,340	14,000,000	-	-
Director	China Synthetic Rubber Corporation Kenneth C.M. Lo	-	-	-	-
Director	Chia Hsin Cement Corporation Representative: Jason Kang-lung Chang	3,708,290	-	149,449,120	-
Director	Sishan Investment Co., Ltd. Representative: Nan-dan Lin	-	-	-	-
Independent Director	Arthur Yu-cheng Chiao	-	-	-	-
Independent Director	Victor Wang	-	-	-	-
Independent Director	Jhen-ming Yeh	-	-	-	-
Independent Director	Chih-jen Emile Sheng (Inaugurated on 2017/6/28)	-	-	-	-
President	John Li (Inaugurated on 2017/7/31)	-	-	-	-
Senior VP	Edward Huang	-	-	-	-
Vice President	Ker-fu Lu	-	-	-	-

Title	Name	2017		By April 24 of the year	
		Increase (reduction)	Increase (reduction)	Increase (reduction)	Increase (reduction)
		in shareholdings	in pledged shares	in shareholdings	in pledged shares
Vice President	Li-wen Tsai	-	-	-	-
Senior AVP	Jian-quan Wang	-	-	-	-
Senior AVP	Bao-luo Ge (Inaugurated on 2017/8/11)	-	-	12,000	-
AVP	Feng-ping Liu	-	-	-	-
AVP	Lin-tian Huang	-	-	-	-
AVP	Wei-jue Hong	-	-	-	-
AVP	Jin-lung Yu	-	-	-	-
AVP	Yuo-xin Song (Inaugurated on 2017/3/6)	-	-	-	-
AVP	Cen-wei Lan (Inaugurated on 2017/3/6)	-	-	-	-
AVP	Jason Koo (Inaugurated on 2017/6/8)	-	-	-	-
AVP	Yu-jun Yeh (Inaugurated on 2018/1/29)	-	-	-	-
Senior Accounting Manager	Guo-hong Yeh	-	-	-	-
Chief auditor					
Senior Manager	Xiao-en Tseng	-	-	-	-
Senior Manager	Chia-pei Wei	-	-	-	-
Senior Manager	Ming-de Li (Inaugurated on 2017/8/11)	-	-	-	-
Senior Manager	Yu-wen Qiu (Inaugurated on 2017/8/11)	-	-	-	-
Senior Manager	Cheng-dao Qiang (Inaugurated on 2017/8/11)	-	-	-	-
Manager	Zhi-ren Liu (Inaugurated on 2017/8/11)	-	-	-	-
Senior Assistant Manager	Zhi-feng Wu (Inaugurated on 2017/8/11)	-	-	-	-
Senior Assistant Manager	Bo-jun Lin (Inaugurated on 2017/8/11)	-	-	-	-
Senior Assistant Manager	Zhi-chun Lai (Inaugurated on 2017/8/11)	-	-	-	-
Assistant Manager	Chong-Zhi Hong	-	-	-	-
Assistant Manager	Jin-yi Chen	-	-	-	-

Title	Name	2017		By April 24 of the year	
		Increase (reduction)	Increase (reduction)	Increase (reduction)	Increase (reduction)
		in shareholdings	in pledged shares	in shareholdings	in pledged shares
Assistant Manager	Zhi-heng Peng (Inaugurated on 2017/8/11)	-	-	-	-
Assistant Manager	Jao-gui Lin (Inaugurated on 2018/3/14)	-	-	-	-
Independent Director	Edward Young-do Way (Relieved on 2017/4/1)	-	-	-	-
President	Leslie Koo Cheng-yun (Relieved on 2017/1/23)	-	-	-	-
President	An-ping Chang (Relieved on 2017/7/31)	-	-	-	-
SVP Manager	Jennifer Wang (Relieved on 2018/4/4)	-	-	-	-
AVP	Jim Hung (Relieved on 2017/4/1)	-	-	-	-
AVP	Shi-Ming Chen (Relieved on 2017/4/1)	-	-	-	-
AVP	Yi-meng Huang (Inaugurated on 2017/8/11) (Relieved 2017/10/16)	-	-	-	-
Senior Assistant Manager	Chia-hsien Lin (Relieved on 2018/3/14)	-	-	-	-

3.7.1 The person to whom shares are transferred or pledged is a related party:NA.

3.8 Mutual relationships among top ten shareholders

Name	Personal shareholdings of spouse and minor children		Shareholdings of spouse/underage children		Shareholdings in the name of a third party		Company Name/Name of related parties, spouse, or relatives in the 2nd degree to top ten shareholders		
	Quantity	Proportion Percentage	Quantity	Proportion Percentage	Quantity	Proportion Percentage	Name	Relationship	Note
	Cathay Life Insurance Company, Ltd.	182,367,065	4.29	-	-	NA	NA	NA	NA
Cathay Life Insurance Company, Ltd. Representative Diao-kuei Huang	-	-	-	-	NA	NA	NA	NA	

Name	Personal shareholdings spouse and minor children		Shareholdings of spouse/underage children		Shareholdings in the name of a third party		Company Name/Name of related parties, spouse, or relatives in the 2nd degree to top ten shareholders		
	Quantity	Proportion Percentage	Quantity	Proportion Percentage	Quantity	Proportion Percentage	Name	Relationship	Note
Chia Hsin Cement Corporation	176,262,460	4.15%	-	-	NA	NA	Chia Hsin International Co., Ltd.	Also the Chairman of Chia Hsin Cement Corporation	
							Chia Hsin International Co., Ltd.	Director of the company	
Chia Hsin Cement Corporation Representative:	190,000	0	-	-	NA	NA	Chia Hsin International Co., Ltd.	Also the Chairman of Chia Hsin Cement Corporation	
Nan Shan Life Insurance Company, Ltd.	156,115,000	3.68%	-	-	NA	NA	NA	NA	
Nan Shan Life Insurance Company, Ltd. Representative Ying-tzyong Tu	-	-	-	-	NA	NA	NA	NA	
Shin Kong Life Insurance Co., Ltd.	137,381,780	3.24%	-	-	NA	NA	NA	NA	
Shin Kong Life Insurance Co., Ltd. Representative Eugene Wu	-	-	-	-	NA	NA	NA	NA	
CTCB Investments Co., Ltd.	125,098,870	2.95%	-	-	NA	NA	Heng Qiang Investment Co., Ltd.	Also the Chairman of Chia Hsin Cement Corporation	
							China Synthetic Rubber Corporation, Heng Qiang Investment Co., Ltd.	Director of the company	
CTCB Investments Co., Ltd. Representative: Tian-yi Huo	91	0	22,427,543	0.53%	NA	NA	Heng Qiang Investment Co., Ltd.	Also the Chairman of Chia Hsin Cement Corporation	
Fubon Life Insurance Co., Ltd.	89,100,000	2.10%	-	-	NA	NA	NA	NA	
Fubon Life Insurance Co., Ltd. Representative: Richard Tsai	-	-	-	-	NA	NA	NA	NA	

Name	Personal shareholdings spouse and minor children		Shareholdings of spouse/underage children		Shareholdings in the name of a third party		Company Name/Name of related parties, spouse, or relatives in the 2nd degree to top ten shareholders		
	Quantity	Proportion Percentage	Quantity	Proportion Percentage	Quantity	Proportion Percentage	Name	Relationship	Note
Chia Hsin International Co., Ltd.	87,925,019	2.07%	-	-	NA	NA	Chia Hsin Cement Corporation	Also the Chairman of Chia Hsin Cement Corporation	
							Chia Hsin Cement Corporation	Director of the company	
Chia Hsin International Co., Ltd. Representative: Jason Kang-lung Chang	190,000	0	-	-	NA	NA	Chia Hsin Cement Corporation	Also the Chairman of Chia Hsin Cement Corporation	
China Synthetic Rubber Corporation	83,777,716	1.97%	-	-	NA	NA	CTCB Investments Co., Ltd.	Director of the company	
China Synthetic Rubber Corporation Representative: An-ping Chang	156,573	0	3,059,817	0.07%	NA	NA	NA	NA	
Heng Qiang Investment Co., Ltd.	82,719,582	1.95%	-	-	NA	NA	CTCB Investments Co., Ltd.	Also the Chairman of Chia Hsin Cement Corporation	
							CTCB Investments Co., Ltd.	Director of the company	
Heng Qiang Investment Co., Ltd. Representative: Tian-yi Huo	91	0	22,427,543	0.53%	NA	NA	China Synthetic Rubber Corporation, CTCB Investments Co., Ltd.	Also the Chairman of Chia Hsin Cement Corporation	
China Life Insurance Co., Ltd.	79,132,196	1.86%	-	-	NA	NA	NA	NA	
China Life Insurance Co., Ltd. Representative Ming-yang Wang	-	-	-	-	NA	NA	NA	NA	

3.9 Syndicated Shareholdings

The stakes and the syndicated stakes in the same investee of the company; directors, supervisors, and managers of the company; and institutions under the company's direct or indirect control.

expressed in shares and percentage by December 31 2017

Investee	Shareholdings of the Company		Shareholdings of directors and supervisors, and managers or investees under direct or indirect control		Syndicated Shareholdings	
	Quantity	Percentage	Quantity	Percentage	Quantity	Percentage
Taiwan Transport & Storage Corporation	32,668,031	83.85%	261,278	0.67%	32,929,309	84.52%
Taiwan Cement Engineering Corporation	59,593,414	99.05%	–	–%	59,593,414	99.05%
Kuan-Ho Refractories Industry Corporation	18,105,000	95.29%	–	–%	18,105,000	95.29%
Light Era Development Co., Ltd	35,959,392	92.87%	–	–%	35,959,392	92.87%
Hong Kong Cement Manufacturing Co.,Ltd	38,094	84.65%	–	–%	38,094	84.65%
Ta-Ho Maritime Corporation	118,649,441	64.79%	50,345,481	27.49%	168,994,922	92.28%
TCC Investment Corporation	54,150,000	100.00%	–	–%	54,150,000	100.00%
TCC Chemical Corporation	240,000,000	100.00%	–	–%	240,000,000	100.00%
TCC Information Systems Corporation	14,904,000	99.36%	–	–%	14,904,000	99.36%
Taiwan Prosperity Chemical Corporation	145,987,998	50.00%	7,543,001	2.58%	153,530,999	52.58%
Tung Chen Mineral Corporation	19,890	99.45%	–	–%	19,890	99.45%
Jin Chang Minerals Corporation	1,800,000	100.00%	–	–%	1,800,000	100.00%
Hoping Industrial Port Corporation	319,990,000	100.00%	–	–%	319,990,000	100.00%
TCC International Ltd.	600,875,900	100.00%	–	–%	600,875,900	100.00%
Ho-Ping Power Company	602,973,000	59.50%	5,067,000	0.50%	608,040,000	60.00%
Ta-Ho Onyx Taitung Environment Co., Ltd.	37,100,000	100.00%	–	–%	37,100,000	100.00%
HPC Power Services Corporation	6,000	60.00%	–	–%	6,000	60.00%
Synpac Ltd.	2,700,000	25.00%	8,100,000	75.00%	10,800,000	100.00%
CCC USA Corp.	39,333	33.33%	78,667	66.67%	118,000	100.00%
Feng Sheng Enterprise Company	27,260,611	45.43%	–	–%	27,260,611	45.43%

Investee	Shareholdings of the Company		Shareholdings of directors and supervisors, and managers or investees under direct or indirect control		Syndicated Shareholdings	
	Quantity	Percentage	Quantity	Percentage	Quantity	Percentage
E.G.C. Cement Corporation	8,062,600	50.64%	7,061,400	44.36%	15,124,000	95.00%
Onyx Ta-Ho Environmental Services Co., Ltd.	8,000,000	50.00%	–	–%	8,000,000	50.00%
Ta-Ho Onyx RSEA Environment Co., Ltd.	66,600,000	66.60%	–	–%	66,600,000	66.60%
TCC Green Energy Corporation	10,000,000	100.00%	–	–%	10,000,000	100.00%
Ho Sheng Mining Co., Ltd.	30,100,000	100.00%	–	–%	30,100,000	100.00%
TCC International Holdings Ltd.	1,319,840,814	24.07%	4,163,097,279	75.93%	5,482,938,093	100.00%
Taicorn Minerals Corp.	119,997	72.70%	–	–%	119,997	72.70%
Trans Philippines Mineral Corp.	19,996	39.99%	–	–%	19,996	39.99%

¹Investments made by the company with the equity method.

²The stake of Taicorn Minerals Corporation is calculated based on its contribution.

Fund Raising

4.1 Capitals and shares

4.1.1 Equity sources

By April 24, 2018 book closure date for AGM
(expressed in shares)

Type of Share	Authorized Capital				
	Shares circulated on the market			Unissued Share	Total
	Issued *	Unissued	Total		
Registered common stock	4,246,509,010	–	4,246,509,010	1,753,490,990	6,000,000,000

*Including treasury stocks, see 4.9 for details.

Capital Formation:

By April 24, 2018 book closure date for AGM (expressed in dollars and shares)

Year Month	Issued price (NT\$)	Authorized Capital		Paid-in Capital			Remarks			
		Shares	Amount	Shares	Amount	Capitalization of retained earnings	Equity sources			
							Capitalization of capital reserves	Cash capital increase	Substitution of capital stock with assets other than cash	Others
1995/08	10	1,650,000,000	16,500,000,000	1,280,787,200	12,807,872,000	1,372,272,000	–	–	NA	NA
1996/08	10	1,650,000,000	16,500,000,000	1,408,865,920	14,088,659,200	896,551,040	384,236,160	–	NA	NA
1997/10	10	1,650,000,000	16,500,000,000	1,650,000,000	16,500,000,000	563,546,368	845,319,552	1,002,474,8801	NA	NA
1998/07	10	2,300,000,000	23,000,000,000	1,815,000,000	18,150,000,000	660,000,000	990,000,000	–	NA	NA
1999/09	10	2,300,000,000	23,000,000,000	2,196,500,000	21,965,000,000	363,000,000	1,452,000,000	2,000,000,0002	NA	NA
2000/08	10	2,550,000,000	25,500,000,000	2,372,220,000	23,722,200,000	1,098,250,000	658,950,000	–	NA	NA
2001/08	10	2,757,386,600	27,573,866,000	2,443,386,600	24,433,866,000	–	711,666,000	–	NA	NA
2001/09	25	2,757,386,600	27,573,866,000	2,607,386,600	26,073,866,000	–	–	1,640,000,0003	NA	NA
2002/08	10	2,757,386,600	27,573,866,000	2,656,254,332	26,562,543,320	–	488,677,320	–	NA	NA
2003/09	10	3,157,386,600	31,573,866,000	2,710,396,409	27,103,964,090	541,420,770	–	–	NA	NA
2004/09	10	3,507,386,600	35,073,866,000	2,809,764,407	28,097,644,070	993,679,980	–	–	NA	NA
2005/10	10	4,007,386,600	40,073,866,000	2,949,351,287	29,493,512,870	1,395,868,800	–	–	NA	NA
2006/04	10	4,007,386,600	40,073,866,000	2,991,886,496	29,918,864,960	–	–	–	NA	NT\$425,352,090 ⁴
2006/06	10	4,007,386,600	40,073,866,000	3,131,344,565	31,313,445,650	–	–	–	NA	NT\$1,394,580,690 ⁴
2006//09	10	4,007,386,600	40,073,866,000	3,181,438,776	31,814,387,760	–	–	–	NA	NT\$500,942,110 ⁴
2006/09	10	4,007,386,600	40,073,866,000	3,236,097,960	32,360,979,600	546,591,840	–	–	NA	NA
2006/10	10	4,007,386,600	40,073,866,000	3,072,097,960	30,720,979,600	–	–	–	NA	(NT\$1,640,000,000) ⁵
2007/01	10	4,007,386,600	40,073,866,000	3,141,612,870	31,416,128,700	–	–	–	NA	NT\$695,149,100 ⁴
2007/04	10	4,007,386,600	40,073,866,000	3,207,351,086	32,073,510,860	–	–	–	NA	NT\$657,382,160 ⁴
2007/08	10	4,007,386,600	40,073,866,000	3,248,637,197	32,486,371,970	412,861,110	–	–	NA	NA
2008/08	10	4,007,386,600	40,073,866,000	3,292,175,869	32,921,758,690	435,386,720	–	–	NA	NA
2010/12	27	4,007,386,600	40,073,866,000	3,692,175,869	36,921,758,690	–	–	4,000,000,0006	NA	NA
2011/06	10	6,000,000,000	60,000,000,000	3,692,175,869	36,921,758,690	–	–	–	NA	NA
2017/11	10	6,000,000,000	60,000,000,000	4,246,509,010	42,465,090,100	–	–	–	NA	NT\$5,543,331,410 ⁷

1.Cash capital increase issuing price at NT\$36 was approved by the Securities and Futures Management Committee of the MOF with Letter Tai-Cai-Zheng-(I) No. 50087 dated 1997/7/7.

2.Cash capital increase issuing price at NT\$20 was approved by the Securities and Futures Management Committee of the MOF with Letter Tai-Cai-Zheng-(I) No. 29130 dated 1999/4/20.

3.It refers to the 164,000,000 preferred shares issued for a cash capital increase was approved the Securities and Futures Management Committee of the MOF with Letter Tai-Cai-Zheng-(I) No. 143691 dated 2001/7/31.

4.It refers to the exchange of the overseas unsecured convertible bonds with ordinary shares at a maximum amount approved by the Securities and Futures Management Committee of the MOF with Letter Tai-Cai-Zheng-Yi-Zi No. 0920162472 dated 2004/02/06.

5.Recovery of preferred shares after expiration for capital reduction.

6.It refers to a cash capital increase by issuing 400,000,000 ordinary shares approved by the FSC with Letter Jin-Guan-Zheng-Fa-Zi No. 0990059240 dated 2010/11/05.

7.A capital increase by issuing 554,333,141 new shares transferred to TCC International Holdings Limited approved by the FSC with Letter Jin-Guan-Zheng-Fa-Zi No. 1060041014 dated 2017/11/06.

4.2 Structure of shareholdings

Base date: April 24, 2018 book closure date for AGM
(expressed in shares)

Shareholder Structure	Government Agencies	Financial Institutions	Other Institutions	Foreign institutions and individuals	Individuals	Treasury Stock	Total
Number of shareholders	40	172	1,070	1,117	140,722	1	143,122
Quantity of shareholdings	9,373,704	885,827,467	1,433,700,197	1,158,729,486	752,878,156	6,000,000	4,246,509,010
Proportion of shareholders (%)	0.22	20.86	33.76	27.29	17.73	0.14	100.00

4.3 Diversification of shareholdings

Base date: April 24, 2018 book closure date for AGM

Ranking of Shareholdings	Number of Shareholders	Quantity of shareholdings	Proportion of shareholders (%)
1-999	74,366	13,983,398	0.33
1,000-5,000	46,729	100,711,983	2.37
5,001-10,000	9,603	71,107,122	1.67
10,001-15,000	3,834	46,716,138	1.10
15,001-20,000	1,948	34,826,043	0.82
20,001-30,000	2,024	50,023,776	1.18
30,001-40,000	996	34,723,128	0.82
40,001-50,000	661	30,075,321	0.71
50,001-100,000	1,232	86,838,645	2.04
100,001-200,000	711	100,255,740	2.36
200,001-400,000	401	112,231,656	2.64
400,001-600,000	156	76,493,939	1.80
600,001-800,000	84	57,522,486	1.35
800,001-1,000,000	59	53,310,111	1.26
1,000,001 above	318	3,377,689,524	79.55
Total	143,122	4,246,509,010	100.00

4.4 List of major shareholders Base

Base date: April 24, 2018 book closure date for AGM

Shareholder	Shareholdings	Proportion(%)
Cathay Life Insurance Company, Ltd.	182,367,065	4.29
Chia Hsin Cement Corporation	176,262,460	4.15
Nan Shan Life Insurance Company, Ltd.	156,115,000	3.68
Shin Kong Life Insurance Co., Ltd.	137,381,780	3.24
CTCB Investments Co., Ltd.	125,098,870	2.95
Fubon Life Insurance Co., Ltd.	89,100,000	2.10
Chia Hsin International Co., Ltd.	87,925,019	2.07
China Synthetic Rubber Corporation	83,777,716	1.97
Heng Qiang Investment Co., Ltd.	82,719,582	1.95
China Life Insurance Co., Ltd.	79,132,196	1.86

4.5 Information on the market price, net value, earning dividend, others per share

(expressed in NT\$/thousand shares)

Item	Year	2016	2017	By May 10, 2018 ⁸	
Market price per share ¹	Highest	38.30	38.90	41.40	
	Lowest	25.45	33.35	34.80	
	Average	33.00	35.14	38.11	
Net value per share ²	Before allocation	28.92	32.11	35.21	
	After allocation	27.47	NA	NA	
EPS	Weighted average of shares	3,692,176	3,738,370	4,244,509	
	EPS ³	1.72	2.03	0.69	
Market price Dividend per share	Cash dividend	1.45	1.50	NA	
	Stock grants	From retained earnings	-	1.00	NA
		From capital surplus	-	-	NA
	Accumulated unpaid dividends ⁴	-	-	NA	
	Analysis on ROI	P/E ratio ⁵	19.19	17.31	NA
P/P ratio ⁶		22.76	24.23	NA	
Cash dividend yield ⁷		0.04	0.04	NA	

¹After a capital increase or stock grant with retained earnings or capital reserve, disclose information regarding the reversely adjusted market price and cash dividends based on the number of shares granted.

²Disclose the highest and lowest market prices of ordinary shares in each year and calculate the average market price based on the transaction value and transaction volume in each year.

³Disclose information based on the outstanding shares by the end of the year and the distribution plan approved by the AGM of shareholders in the next year.

⁴When reverse adjustment is required for stock grants, disclose the EPS before and after the adjustment.

⁵When the accumulation of undistributed dividends of the year until the year when there is profit for distribution is a condition for the issue of equity securities, disclose the undistributed dividends by the year of report publication.

⁶P/E Ratio = Average closing price per share / earnings per share.

⁷Price/Dividend Ratio = Average closing price per share / cash dividend per share.

⁸Cash Dividend Yield = Cash Dividend per Share / Average closing price per share.

⁹The net value per share and equity per share are based on the data audited (certified) by CPAs on March 31, 2018; and data in other columns should be the data by the year of report publication.

4.6 Dividend policy and implementation

(1) Dividend policy

Each accounting year after the annual closing of books, after paying taxes and deducting accumulative deficits from the net profit, this Company first appropriates 10% of the balance as the legal reserve. If the accumulative legal reserve has reached the amount of the paid-in capital, this Company may discontinue legal reserve appropriation. If there is still a balance, it shall be combined with the unappropriated retained earnings. This Company may appropriate or revert the balance to special reserves as per related laws and regulations where necessary. Or, this Company may distribute dividends for

common stocks with the balance after considering the retained earnings. BOD shall draw up the proposal of profit distribution and submit the proposal to the AGM.

As per the articles of incorporation of this Company, apart from engaging in capital-intensive, rather mature and steady cement and cement product manufacturing industry, this Company shall ensure business diversification. In response to the investments required by business diversification or important capital budget planning, the rate of cash dividends for common stocks is set at a minimum of 20%, and the rest will be distributed in stock dividends.

Under this framework, BOD further defined on May 10, 2018 the future dividend policy to 70–80% of the retained earnings, while stock dividends are distributed according to the actual situation. A report was presented at the investor conference held in May 15, 2018. Please refer to the Q1 Investor Conference for 2018 at www.taiwancement.com/#Invest_4_1_5 for details.

(2) Profit distribution

The 2017 profit distribution proposal was approved at the 22nd Meeting of the 22nd BOD on May 10, 2018 as shown below. The cash dividend is NT\$1.5 per shares and stock dividend is NT\$1.0 per share. This proposal will be implemented after approval by the AGM on June 22, 2018.

Unit: expressed in NT\$

Cash dividend for common stocks: 1.5/share	6,360,763,515
Stock dividend for common stocks: 1.0/share	4,240,509,010

4.7 Impacts of the stock grants proposed by the current AGM of shareholder on the company's operations and EPS

Year	March 31, 2018 (distribution of profit in 2017)
Beginning paid-in capital (expressed in NT\$ thousands)	4,240,509
Cash dividend per share (NT\$)	1.5
Number of shares per share allocated from capitalization with retained earnings	0.1
Number of shares per share allocated from capitalization with capital reserves	–
ROE (%)	
Before allocation	1.80
After allocation	1.84
Net value/share (NT\$)	
Before allocation	35.21
After allocation	30.66

¹ Undistributed earnings of 2017 will be settled at the 2018 AGM.

² We have not produced and disclosed the 2018 financial forecast. With respect to Letter (89) Tai-Cai-Zheng-I)-Zi No. 00371 dated February 1, 2000 of the Securities and Futures Management Committee of the MOF, this information can be skipped.

4.8 Rewards for employees and directors

4.8.1 The percentage or range of rewards for employees and directors in the articles of incorporation

Should there be profit in a year, this Company shall appropriate:

- (1) Rewards for employees: 0.1 per mille to 3 per cent.
- (2) Reward for directors: Below 1 per cent.

When there are accumulative deficits, this Company shall retain the amount to cover up the deficits before appropriating rewards for employees and directors as specified in subparagraphs 1 and 2 in the foregoing paragraph.

The reward for employees, including employees of affiliates fulfilling related requirements, may be distributed in stock or in cash.

4.8.2 Bases for estimating the reward for employees and directors of the period, for calculating reward for employees in stock, and for accounting solution for differences between actually distributed amount and estimated amount

The bases for estimating the reward for employees and directors in 2017, for calculating reward for employees in stock, and for accounting solution for differences between actually distributed amount and estimated amount will be adjusted and registered in the next accounting year.

4.8.3 Information on the proposal on reward distribution passed by BOD

- (1) The amount of rewards for employees and directors distributed in cash or in stock. Should there be a difference from the estimated amount of the expense recognized for the year, disclose the difference, its cause(s) and solutions.

On May 10, 2018 BOD passed the amount of rewards for employees and directors is NT\$23,898,960 and NT\$66,305,414 respectively. The amount of rewards for employees and directors in 2017 is same as estimated in the book.

- (2) The proportion of amount equivalent to the stock distributed as rewards for employees in the earnings after tax in the individual or

consolidated financial statement of the period and the total amount of compensation for employees: As no reward was distributed in stock, this clause is not applicable.

4.8.4 When there is difference in the actual status of reward (including number of shares, amount, and stock price) distributed to employees, directors, and supervisors in the previous year, state the amount, causes, and settlement of such difference: NA.

4.9 Status of stock buyback:

Number (installment) of buybacks	First time (installment)
Purpose of buyback	Transfer to employees
Buyback period	2018/02/05 ~ 2018/02/12
Buyback price range (NT\$)	26.53 ~ 56.63
Types and number of shares bought	6,000,000 ordinary shares
Amount of buyback (NT\$)	218,165,694
Number of shares cancelled or transferred	0
Accumulative shareholdings	6,000,000
Proportion of accumulative shareholdings in the totally issued shares (%)	0.14

Note: Data until report publication on May 10, 2018.

4.10 Status of corporate bonds: NA.

4.11 Status of preferred shares: NA.

4.12 Status of global depositary receipts (GDR): NA.

4.13 Status of employee stock options/warrants: NA.

4.14 Status of restricted stock awards (RSA): NA.

4.15 Status of managers receiving RSAs and the name and status of employees receiving top ten RSAs:

4.15.1 Comments of participating underwriters and the status of new share issuance relating to mergers, acquisitions, and transfer of shares in the previous quarter:

Taiwan Cement Corporation's (TCC) issuance of 554,333,141 new shares to exchange shares with TCC International Holdings Limited (TCCIH) has been reported to the FSC and validated by FSC in Letter Jin-Guan-Zheng-Fa-Zi No. 1060041014 dated November 6, 2017. Such shares were approved for registration by

MOEA by Letter Sho-Shang-Zi No. 10701002110 dated January 31, 2018.

February 12, 2018 is the listing date of ordinary shares and the delisting date of the certificates of entitlement to new shares. With respect to subparagraph 8, paragraph 1, Article 9 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, TCC shall request the original underwriter to express assessment opinions on TCC's finance, sales, and shareholder equity in terms of the share exchange within one year after the completion of registration.

The following shows the audit results of the original underwriter on TCC's finance, sales, and shareholder equity in terms of the share exchange with the TCCIH.

① Financial impacts from share exchange with other companies.

After issuing new shares to exchange shares with the TCCIH to privatize it, the TCC can reduce overall operating costs through effective planning and management of resources. In addition, as the TCCIH was delisted from the HKEX on November 20, 2017, the TCC can avoid the pressure from the costs and expenses for the TCCIH to maintain its listing status, market prediction, profit visibility, and stock price volatility. In addition, the TCC can consolidate the rights and interests of the TCCIH, simplify its shareholding structure, enhance operational efficiency, and make financial dispatch more flexible. Therefore, the share exchange with the TCCIH will not bring significant and unfavorable impacts to the finance of the TCC. In terms of profitability, the TCCIH was a subsidiary of the TCC which holds 63.05% of TCCIH's shares and an entity in TCC's consolidated financial statement. After share exchange with the TCCIH, the shareholding of TCC will increase from 63.5% to 100%.

While the TCCIH was making profit by the end of Q1 2018, the profit of the TCCIH recognized by the TCC will increase.

② Sales impacts from share exchange with other companies.

In terms of sales, as the TCCIH is TCC's platform in the Chinese cement market, the TCC will be benefited from the rising cement demands in the recovering infrastructure and real estate market.

In addition, while the Chinese government is staggering peak-off production in the cement industry to resolve

the excessive capacity problem, the Chinese government will further this policy. The step tariff will accelerate the market withdrawal of backward capacity to bring positive effect on the recovery of cement industry. As a subsidiary of the TCC which held 63.05% of its shares and an entity in TCC's consolidated financial statement, TCCIH's financial performance has been reflected in TCC's consolidated financial statement. Therefore, the TCCIH will bring no significant sales impact to the TCC.

③ Equity impacts from share exchange with other companies.

The TCC has issued 554,333,141 new shares to exchange the TCCIH shares. After the exchange of new shares, TCC's paid-in capital will be 4,246,509,010 shares, with a dilution effect of 13.05%.

In addition, by increasing TCCIH's shareholdings from 63.05% to 100%, the TCC can integrate group

resources and reduce operating costs to enhance organizational competitiveness and create higher value for the company. While China is continuously investing in infrastructure and reforming the supply structure of the construction material industry, TCCIH's comprehensive income by Q1 2018 has been maintained at positive numbers to help increase TCC's equity. Therefore, the current share transfer may bring positive effects to TCC's equity.

④ Significance of the effectiveness of share exchange
TCC's issuance of new shares to exchange with that of the TCCIH will be significant to TCC's long-term development strategy for future development.

After privatizing the TCCIH, the TCC and the TCCIH can integrate the strengths and values of each other to increase TCC's group control and dispatch power and reduce the cost and expense for TCCIH to maintain listing overseas. By Q1 of 2018, TCCIH's comprehensive income has been maintained at positive numbers, suggesting that this share exchange can bring positive value to TCC's finance, sales, and shareholder equipment.

4.15.2 Basic data of the transferee of shares

Name	TCC International Holdings Limited (TCCIH)	Financial data in the previous year	
Address	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	Total assets	HKD 33,899,252,000
		Total liabilities	HKD 12,846,378,000
		Total shareholder's equity	HKD 21,052,874,000
Responsible person:	An-ping Chang	Revenue	HKD 14,049,035,000
Paid-in capital	Common share capital HKD 548,294,000	Gross profit	HKD 3,536,696,000
Scope of business	Investment holdings.	Profit (loss) from operations	HKD 1,949,079,000
Major products	Investment holdings.	Consolidated net income	HKD 1,320,293,000
		EPS	HKD 0.265

¹EPS is the basic equity per share.

4.16 Capital utilization plan

The issuance of 554,333,141 new shares in 2017 to exchange with the TCCIH was completed. Please refer to 4.15 for details.

Operational highlights

5.1 Business activities

5.1.1 Scope of business

Sector	Proportion in operations
Cement	73%
Chemical Engineering	13%
Power Plant	11%
Others	3%
Total	100%

5.1.2 Industry overview

5.1.2.1 Cement sector

Status and future development

The cement industry has matured with stable demands. In clinker rotatory kiln capacity, as the mining right in western Taiwan expired in 1997 and the entire capacity was shut down, the current target is 20.16 million tonnes.

In cement production and consumption, the statistics of the Taiwan Cement Manufacturers' Association show that the domestic cement output of members in 2017 was 10.88 million tonnes, and the annual domestic cement consumption was 10.14 million tonnes. That is, the per capita annual average cement consumption in 2017 was 430kg.

A moderate economic growth in Europe and the USA, continuous growth in emerging markets, and steady growth in mainland China will be the outlook for 2018, though financial market volatility may restrain the strength of global economic growth. Economic growth in Taiwan tends to slow as a result of the recovery of global material prices and recession in export. Although ICT enterprises will increase their investments, as the realty market and investment in construction projects are still low, not even the government's forward-looking infrastructure program can help increase the actual turnover in 2018. Therefore, it is estimated that the market condition in 2018 will remain the same.

Industry chain relationship

Industries in relation to the cement industry include the quarry industry supplying limestone and clay, the mining industry supplying silica sand, the smelting and refining of iron and steel industry supplying cinders and furnace slags, and the coal-

fired power plants supplying flying ash and flue gas gypsum at upstream; the supportive industries including the electricity supply, gas fuel supply, railway transportation, land transportation, and sea transportation at the mid-stream; and the downstream industries requiring cement supply, including construction, ready mix concrete, cement products (such as concrete pipes, cement bricks, gypsum, asbestos pipes, and asbestos tiles), and other industries (such as the geological engineering of oil wells).

Product development trends and competitions

Although type I common cement is the most consumed type of cement, thanks to the continuous promotion of infrastructure projects in recent years, the demand for specialty cement has increased significantly. In addition, the constant increase in replacing cement with flying ash and powdered furnace slag since 1995 has brought impacts to a certain extent on cement demand.

5.1.2.2 Chemical engineering sector

Status and future development

- (1) Isopropylbenzene, or cumene: Over 97% of the global cumene output are used to produce phenol and acetone, and very few of cumene is used to produce chemicals like crosslinking agent.
- (2) Phenol: It is mainly used to produce phenol formaldehyde resin and bisphenol A (BPA) and can be used to produce cyclohexanone, alkylphenol (AP), such as nonyl phenol (NP), 2,6-dimethylphenol (and 2,4-dimethylphenol), and 2-hydroxybenzoic. Domestically, it is mostly used to produce BPA (Taiwan Prosperity Chemical, Nanya Plastics, and Chang Chun Group) and phenol formaldehyde resin (Chang Chun Group and Eternal Materials). The table below shows that the phenol demand increases in line with social and economic development.

Phenol Export from Taiwan Recent Years

(expressed in tonnes)

Year	2013	2014	2015	2016	2017
Import volume	26,138	65,676	83,556	120,556	177,023
Export volume	135,408	98,101	99,778	111,044	22,800

Source: Export Statistics of the ROC Customs Services

- (3) Acetone: There are two types of acetone by source. First is the by-product and co-product from phenol production. Second is the main product of acetone production. It is an important industrial solvent; a main ingredient for producing acrylic resin (methyl methacrylate, MMA), polyurethane (PU), and epoxy; the dewaxing agent in oil refinery; an ingredient for producing BPA and acetone cyanohydrin; and the extracting agent in the pharmaceutical industry. LCY Chemical and Taiwan Prosperity Chemical were the first in Taiwan to produce acetone. Later Formosa Chemicals & Fibre and Chang Chun Group joined the business. The import volume of Taiwan has reduced to near zero, and mainland China is the largest exporting destination.

Acetone Export from Taiwan Over the Years

(expressed in tonnes)

Year	2013	2014	2015	2016	2017
Import volume	1,186	158	158	205	206
Export volume	273,981	251,282	251,692	259,473	240,554

Source: Export Statistics of the ROC Customs Services

- (4) BPA: It is the main ingredient for producing epoxy and polycarbonate (PC). Epoxy is commonly used in soft packaging materials, bonding agents, laminates, and electronics packaging. The epoxy demand for laminates and electronics packaging is closely related to the development of the electronics industry. PC is a base material for making CDs, DVDs, and car headlamps. Plastics made by combining of PC and ABS are widely used in making the computer, laptop and mobile cases.

BPA Export from Taiwan in Recent Years

(expressed in tonnes)

Year	2013	2014	2015	2016	2017
Import volume	1,313	7,389	1,532	710	1,510
Export volume	293,044	274,680	306,962	237,384	193,236

Source: Export Statistics of the ROC Customs Services

- (5) Cyclohexanone: It is the main ingredient of caprolactam (CPL) and also used as a solvent. CPL is an ingredient of nylons for textile. Currently, only Sinopec Group produces CPL, and

it also produces cyclohexanone for own use. Taiwan Prosperity Chemical exports 70% of its cyclohexanone to overseas CPL markets, while the rest is used as solvents.

Cyclohexanone Export from Taiwan in Recent Years

(expressed in tonnes)

Year	2013	2014	2015	2016	2017
Import volume	2,029	3,638	3,433	3,240	1,453
Export volume	50,076	68,650	45,171	60,465	107,294

Source: Export Statistics of the ROC Customs Services

- (6) Maleic anhydride: Known as MA for short, it is the third major anhydride next to phthalic anhydride (PA) and acetic anhydride with a wide range of uses, particularly in the derivatives, polymers, and bonding agents such as unsaturated polyester resin (UPR), alkyd resin, 1,4-butanediol (BDO), tetrahydrofuran (THF), gamma-butyrolactone (GBL). All are growing steadily.

Maleic Anhydride Export from Taiwan in Recent Years

(expressed in tonnes)

Year	2013	2014	2015	2016	2017
Import volume	207	597	190	635	162
Export volume	47,600	59,399	60,356	53,210	78,792

Source: Export Statistics of the ROC Customs Services

Industry chain relationship

- (1) Complete industry chain with high interconnection
Phenol is mainly supplied to petrochemical downstream industries to produce synthetic fibers, engineering plastics, industrial solvent, electromechanical products, construction materials, automotive materials, specialty chemicals, and pharmaceuticals. Propene and benzene from the petrochemical industry at upstream are the main materials for phenol production. As the petrochemical industry in Taiwan has been systematically planned and developed with a complete industry covering the up-, mid-, and down streams, and products from each part of the industry can be ingredients or products of one another, the industry is thus highly interconnected.

(2) Capital- and technology-intensive

The petrochemical industry is a capital- and technology-intensive industry. Each complex requires an investment of billions of dollars. For example, the investment of Formosa's sixth naphtha cracking plant exceeds NT\$400 billion. In addition, each plant in the complex is fully automated and computer-controlled, along with industrial safety, environmental protection, waste disposal, and by-product uses, all need different types of technologies and a huge investment. While chemical machinery, chemistry, and applied chemistry knowledge and technologies are required to develop and manufacture good products, the industry is characterized by its capital and technology intensity.

(3) Application diversity

Petrochemical products are widely used in industrial and consumer goods. In addition to materials for the mid- and down-stream industries which turn petrochemical intermediate materials into consumer goods at the downstream for eating, clothing, housing, and transportation through primary and secondary processing. In related industries, the plastics industry provides raw materials for producing construction materials, electromechanical products, automotive materials, entertainment equipment, and wires and cables; the synthetic fiber industry provides raw materials for clothing, agricultural and fishery implements, and tires; solvents can be used in industries including food processing, food additives, printing ink, paints and coatings, and pesticides; and other applications include fertilizers, cleaning agents, pharmaceuticals, medical devices, OA equipment, bonding agents, containers, and so on.

(4) Interrelations between upstream materials and phenol products

Phenol products are made with propene and benzene obtained from naphtha cracking. After alkylation reaction, they become isopropylbenzene, from which phenol and acetone are produced by means of oxidation, cracking, separation, and purification. Then, the synthesis of phenol and acetone produces BPA. Through hydrogenation, phenol produces cyclohexanone products.

(5) Interrelations between phenol products and downstream industries

The application of phenol products is comprehensive. Domestically, isopropylbenzene is only used to produce crosslinking agents. Most phenol is used to produce phenol formaldehyde resin as the material for bonding agents and printed circuit boards (PCBs). Acetone is the main ingredient for producing MMA, the material for making acrylic. Acetone is also a solvent. BPA is used to produce epoxy, and PCB as well. It is also an ingredient of PC, a material for making CDs and construction materials. Cyclohexanone is mainly used to produce CPL and as a solvent.

Development trends of products

Phenol: The global growth of phenol demand is about 2.7%. The annual phenol demand in Asia grows steadily with the drive of the BPA and PC demand. In global phenol demand, BPA at 44% is the highest, phenol formaldehyde resin at 27% the second highest, CPL 7%, alkylphenol 3%, and others 19%.

Acetone: As a by-product of phenol, acetone supply is sufficient, given the worldwide heat of new phenol plant construction. In the future, the market demand and the propane price will determine the acetone price. About 30% of acetone is used to produce MMA (an acrylic ingredient). Apart from being one of the major ingredients of BPA, acetone is mostly used in the solvent market.

BPA: With an annual global growth about 5-8%, BPA is mainly used to produce PC and epoxy. Other applications include flame retardants, UPRs, polyacrylate, polyimide (PI), and polysulfone (PSF). Cyclohexanone: It is the main ingredient of CPL and also used as a solvent. As the industrial development is rather stable, sales are stable.

Maleic anhydride: Apart from an ingredient of UPRs, BDO, THF, and GBL, MA is also used to produce paints, lubricant additives, pesticides, tartaric acid, GBL, succinic acid, anhydride, tetra hydro-phthalic anhydride (THPA), and modified rosin. MA has a steady annual growth.

Product competitions

Phenol: In addition to TCC, Formosa Chemicals & Fibre and Chang Chun Group produce phenol, with a combined capacity of 1.10 million tonnes, which is

greater than the domestic demand. As the same situation is also found in Asia, Japan, and South Korea, the surplus can be distributed to mainland China, Southeast Asia, and India. However, it is difficult to enter the Southeast Asia market which is dominated by Japanese suppliers.

Furthermore, as the new capacity in mainland China began to enter the market in 2014, the supply is also greater than the domestic demand. As most phenol is consumed internally for producing BPA and cyclohexanone, and only a limited quantity is exported, we have a greater flexibility.

Acetone: As the supply is greater than the demand, prices are subject to market demand. In response, we have hired domestic research institutions to develop acetone reuse, in order to consume the excessive acetone.

BPA: In addition to TCC, Nanya Plastics and Chang Chun Group produce BPA, with a combined capacity of about 800,000 tonnes, which is greater than the domestic demand. As the same situation is also found in Asia, Japan, and South Korea, the surplus is exported to emerging markets such as mainland China, India, and Southeast Asia.

Cyclohexanone: Sinopec Group and us monopolize the domestic cyclohexanone market, and mainland China suppliers are the main competitors of our cyclohexanone export. Apart from producing CPL, cyclohexanone is mostly used as a solvent, and its price is highly interrelated to phenol.

Maleic anhydride: Apart from TCC, Excel Chemical and Nanya Plastics produce MA, with a combined capacity of 95,000 tonnes. MA is mainly used by UPR manufacturers, and the supply is higher than the domestic demand.

Nevertheless, we focus on the production and application of downstream hydronated products (BDO and THF).

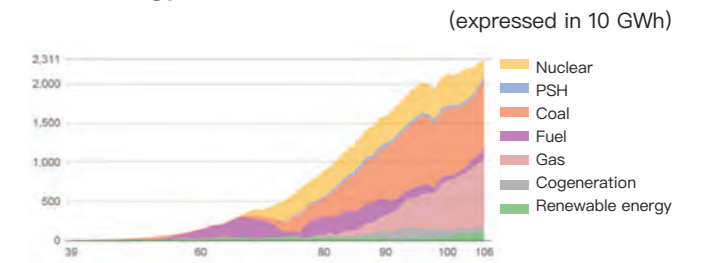
5.1.2.3 Electricity sector

Status and future development

Stable electricity supply and the sustainable development of the electricity industry are crucial to the daily life of people, competitions of enterprises, environmental protection, and national security. Although the government monopoly of the electricity industry ended in 1995, and it has been 23 years for

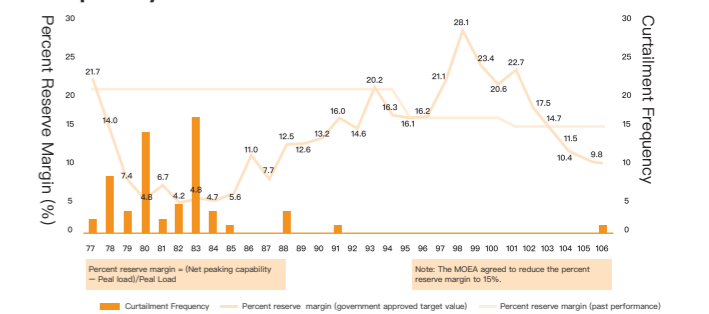
the liberalization of the electricity industry, no significant change has been seen in the overall structure of the electricity industry since 2009. As a state business, Taiwan Power Company (TPC or Taipower) has monopolized Taiwan's integrated electricity market. Although TPC cultivates electricity sources based on its Long-Term Electricity Development to meet with national economic development, as the domestic economy began to thrive and the electricity demand rose by leaps and bounds in 1989, the percent reserve margin dropped rapidly to way below the appropriate margin at 20%, as shown in the charts below. Particularly, curtailment by means of "outage in turns by region" is inevitable at times in summer when electricity demand escalates. This thus affects the willingness of investments and long-term economic development.

TPC Energy Generation Over the Years



(Source: TPC website)

Percent Reserve Margin and Curtailment Frequency



(Source: TPC website)

To relieve the pressure from insufficient electricity supply, enhance the operational efficiency of the overall electricity industry, and keep pace with the global trend of electricity liberalization, the MOEA decided to approve the establishment of independent power plants (IPPs) to make use of the operational flexibility of the private sector, stabilize electricity supply, and promote electricity liberalization. In September 1994, the MOEA established the Directions

for Deregulation of the Electricity Industry as the operating procedures to opening the electricity industry to the private sector. Further in January 1995, the MOEA promulgated the Requirements for IPP Establishment for the private sector to understand the procedures and review of application for IPP establishment, putting an end to the electricity market monopoly.

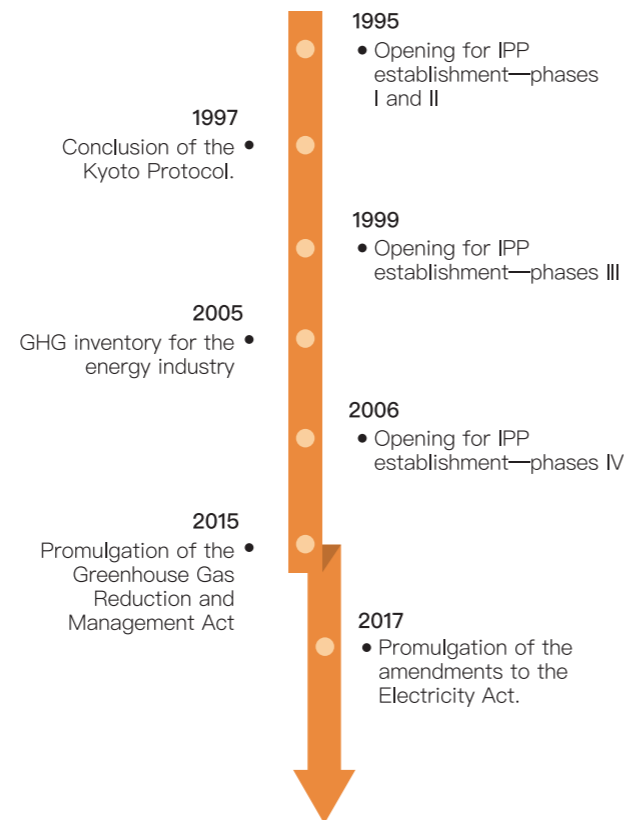
The deregulation took place in three phases: January 1995, August 1995, and January 1999. A total of 15 IPPs were approved to establish, and 9 were eventually completed, with a total capacity of 7.71 GWh. Along with the boom of cogeneration, Taiwan's electricity market entered the "electricity liberalization" period.

The escalation of the global fossil fuel price since 2006 has brought severe impacts to the operational environment of the electricity industry. In face of global warming, low-carbon economy, low-carbon energy, and low-carbon electricity will become the main targets of global development. In lack of self-sufficient energy supply, to ensure the sustainable development of the electricity industry in the inevitable trend of GHG reduction, developing low-carbon electricity, promoting energy conservation, and enhancing electricity efficiency are natural trends. At this point, Taiwan's electricity market entered the "energy conservation and emissions reduction" period.

In addition, as no further amendment has been made to the Electricity Act established in 1947 and amended in 1965 for over half a century, the long-time monopoly of the integrated electricity industry has slowed the industry's liberalization and failed to bring in competitions and a reference for performance rating. To keep pace with time and keep up with national economic development, the Legislative Yuan (legislature) eventually amended the Electricity Act on January 26, 2017. This amendment was made chiefly for three reasons: (1) electricity liberalization, (2) encouragement of renewable energy development, and (3) nuclear-free homeland.

The Bureau of Energy (BOE) has also begun to amend related by-laws and establish supporting measures. We will keep track on the amendment schedule to plan and adjust our long-term development directions.

Major events of Taiwan's electricity industry in recent years

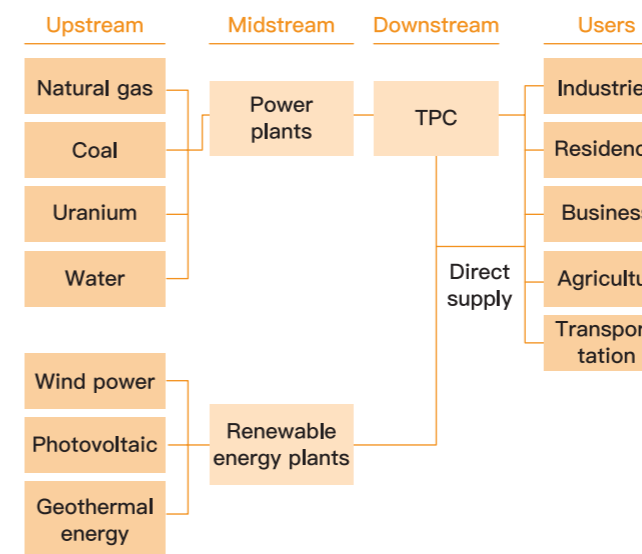


Industry chain relationship

Currently in Taiwan, electricity generation include the following types. After electricity liberalization began, new IPPs entered the market, particularly in the renewable energy sector. In support of the government's green energy policy emphasizing energy conservation and emissions reduction, TCC has activity engaged in the construction of related renewable energy facilities.

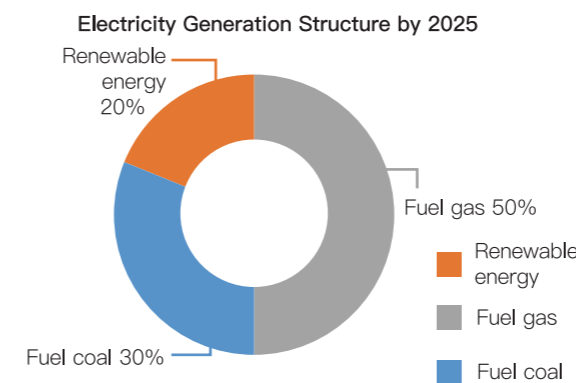
Development trends of products

After the proclamation of the Paris Agreement at the COP21 in 2015, countries in the world have since been inhibiting GHG emissions at full stretch for the common good of the Earth. In addition, to make "nuclear free homeland" a reality by 2025 and to keep pace with the world, the DPP administration began developing green energy with all efforts to initiate the national energy transformation project,



which is an important policy of the DPP administration.

In response to energy transformation, the MOEA established a new energy policy last year to re-adjust the electricity generation structure as shown in the chart below.



5.1.3 Technology and RD status

In 2017 and by the date of report publication in 2018, we have invested a total RD fund of NT\$34,390,000 and NT\$6,462,000 (January–April 2018) respectively. The technology and RD status of major sectors are as follows:

5.1.3.1 Cement sector

TCC has the only professional cement and concrete research laboratory in Taiwan, with the scope of research covering three main domains: cement, concrete, and resource recycling.

In support of the circular economy in recent years, apart from development new products and optimizing the quality of existing products, we spare

no efforts to actively develop technology in the following areas:

- Expanding the scope of resource recycling: Blending recycled aggregates, industrial waste, and flying ash from refuse incineration and power generation for reuse; and processing and application of refuse derived fuel (RDF)
- Collaborative management of urban solid waste and dangerous waste with cement kilns.
- Reducing unit energy consumption and energy conservation and carbon reduction of processes.
- Combining calcium looping carbon capture system with the carbon capture, storage, and utilization (CCSU) functions of microalgae culture.
- Successfully developed technologies or products
 - Development of the mass production of type II high-performance cement and types II/V high-strength cement.
 - Development of the mass production of type IV cement with quality complying with the CNS requirements and special construction requirements. All have been awarded the CNS mark and MIT Smile Logo.
 - Development of the mass production capacity of 10000psi high-performance concrete.
 - Development of the mass production capacity of self-compacting concrete.
 - Development of the mass production capacity of high water-tightness and permeability resistance concrete.
 - Development of technologies for the testing and recycling of calcium fluoride sludge.
 - Development of technologies for testing trace elements in cement.
 - Development of technologies for using sludge and incinerator bottom ash.
 - Development of treatment technology for reducing cement pre-sintering in the rotary kiln.
 - R&D of technologies for energy conservation and emissions reduction using thermoelectric materials on rotary kilns for waste heat power generation.
 - Expansion of the scope of microalgae culture technology and completion of the trial development of astaxanthin cosmetics.

- Pilot run of the 1.9MWt calcium looping plant for continuous operation up to 100 hours, with a carbon capture rate up to 85–93%
- Construction of a 500KWt new-generation integrated steam hydration and cascade cyclone carbon capture system using calcium looping.
- Future research projects and new product development plans
- We have applied for 22 patents in 10 applications for the calcium looping carbon capture technology, with 15 patents awarded and 7 carbon capture and storage (CCU) pending.
- The foci of development of the new-generation calcium carbon capture technology include:
 - (1) Optimization of technology of the new-generation integrated steam hydration and cascade cyclone carbon capture system.
 - (2) Development of technology for producing precipitated calcium carbonate (PCC) by recycling inactive absorbents.
 - (3) Detailed design of the 10–30MW grade demo calcium looping capture system.
- Development of microalgae culture using stack exhausts or combining with calcium looping carbon capture technology, and application for 4 patents (CCSU) in 2 items.
- Application for 4 patents (CCSU) in 2 items with the high purity PCC.
- Development of microalgae culture technology: Implementation of the three-year High Efficiency Biological Carbon Fixation and Application TDP, including
 - (1) Development of the High-Efficiency Microalgae Growth Model and Biomimetic Application.
 - (2) Research of the High-Efficiency Outdoor Culture of Carbon Fixation Microalgae and Application.
 - (3) Development of Product Synthesis Technology Using Two-Stage Biological Carbon Fixation and the Procedures.
 - (4) Assessment of the Economic Efficiency of Producing High Unit Price Products with Biological Carbon Fixation.
- Development of the extraction process and application of astaxanthin; and finding opportunities for developing of back-end industries using the microalgae products cultured with carbon dioxide.

5.1.3.2 Electricity sector

Major business contents at present:

- As far as coal-fired generation is in use, we are actively enhancing boiler burning efficiency and improving the air quality control system (AQCS) to reduce GHG emissions. By the end of report publication date, we have established a task force to make preliminary planning.
- In renewable energy, we started the planning and development of the solar system, wind power system, and geothermal system in 2017. We have also planned collaborative energy development projects with external research institutions to actively respond and contribute to the government's energy transformation policy.

5.1.3.3 Chemical engineering sector

- Apart from continuously improving process operation and enhancing quality stability to achieve operational and development goals, we planned, designed and implemented production capacity enhancement.
- We also further improved production wastewater treatment in collaboration with research institutions to fulfill our environmental responsibility.
- We commissioned external research institutions to analyze the value enhancement of main products and research the use of chemicals in the optoelectronics area, in order to find opportunities to increase the value and develop new chemicals for optoelectronics.

5.1.4 Long- and short-term development plans

5.1.4.1 Cement sector

Short-term development plan:

- (1) As the cement industry in Taiwan has matured, we will aim at maintaining market share, reducing cost, and increasing profit.
- (2) In mainland China, through construction, mergers, and acquisitions over the past few years, we have established cement complexes in Guangdong, Guangxi, Jiangsu, Liaoning, Guizhou, Sichuan, Chongqing, Hunan, and Yunnan. We have also set up grinding stations in Liuzhou of Guangxi, Fuzhou of Fujian, and Naxi of Sichuan. The combined capacity in mainland China is up to 64.30 million tonnes. Excluding the 1 million tonnes from Scitus Hejiang and King Bridge and adding up Taiwan's

capacity at 74.70 million tonnes, we were ranked the sixth largest groups in mainland China's cement sector. After the privatization of TCCIH in 2017 and with regard to the green development, supply side reformation, and environmental policies of the business, we maintained leadership in green process and regional market share to increase profit for the group.

Long-term development plan:

- (1) In addition to the cross-strait cement business, we have evaluated and are actively expanding our cement sector to other parts of the world.
- (2) In response to the establishment of cement plants and grinding stations in mainland China, we will invest in building aggregate plants, ready mix concrete plants, or in the precast concrete industry to achieve vertical integration and create added value.
- (3) Apart from maintaining the brand status in Taiwan, we will devote to improving product quality and customer service in South China, Southwest China, and East China, hoping to stay roots in Taiwan and cultivate China, in order to become the top brand in South China and the leading cement manufacturer in China.
- (4) Developing the value chain of the circular economy through "environmental service integration" which processes solid waste, such as urban solid waste and sludge, with the three high's process characteristics—high temperature, high duration, and high turbulence—of the cement kiln.

—In December 2015, the first set of cement kiln for collaborative processing of urban solid waste began operation successfully at the TCC Anshun Cement Co., Ltd. in Pingba District, Anshun City, Guizhou Province, China. The complex was listed as the "Key Demo Project of Cement Kilns for Collaborative Processing of Urban Solid Waste 2016" by the Ministry of Industry and Information Technology and Ministry of Finance of China.

—A new set of cement kiln for collaborative processing of urban solid waste is under construction at TCC (Shaoguan) Cement Co., Ltd. in Qujiang District, Shaoguan City, Guangdong Province. We have also signed a 25-year urban solid waste processing agreement with the local government in July 2016. Project operation is estimated at the end of 2019. In January 2018, we signed a strategic cooperation

agreement to promote dangerous waste disposal with the Orient Landscape Holdings of Beijing. With the different areas of specialization of each party, we realize an alliance between to leading enterprises in collaborative processing of dangerous waste with cement kilns, in order to promote the dangerous waste disposal industry.

—In June 2018, our Suao Plant will help with the desilting project of the Guangxing Water Purification Plant in Sanxing and the Shengou Water Purification Plant in Yuanshan. The Suao Plant has also planned to dispose of the furnace bottom ash for the Letzer Incineration (Power) Plant by recycling it in to aggregates. The permit will be obtained at the end of 2018.

—The Hoping Cement Plant will apply for collaborative processing of urban solid waste in Hualien County at the beginning of 2019, and related facilities will be completed at the end of 2020.

5.1.4.2 Chemical engineering sector

Short-term development plan:

- (1) As the first to manufacture phenol in Taiwan, our chemical engineering sector produces phenol in stable quality and thus plays a decisive role in the market. With full capture of market information and movements, balanced production and sale are maintained.
- (2) Domestically, we aim to increase market share. In export, we target at market dispersion and extend sales to China, Japan, South Korea, and Thailand. To increase product added value, apart from selling bulk phenol, we do offer phenol in barrel.
- (3) Apart from developing closer relations with upstream suppliers and downstream customers to improve capacity in production-sale coordination, we enhance customer connections and provide good after-sale service to fulfill customer demands.
- (4) We make real-time response to market condition with a flexible pricing policy. When the price rises, we increase product prices to create more profit for shareholders. When the price falls, we make immediate response to avoid overstock.

Long-term development plan:

- (1) In the long run, we aim to develop into an integrated precision petrochemical production-sale system. Apart from developing downstream products, we increase self-consumption to reduce

risk from dead stock.

- (2) We voluntarily invest in equipment, constantly resolve product obstacles, expand capacity, and reduce unit cost to make products more competitive for sustainable development.

5.1.4.3 Electricity sector

Short-term development plan:

- (1) Based on the environmental policy made ISO 14001, we are committed to:
 - Abiding by environmental regulations and environmental impact assessment to prevent disputes on pollution.
 - Making continual equipment improvement to improve pollution control performance.
 - Implementing waste sorting and reduction to achieve resource recycling.
 - Performing periodic monitoring to ensure pollution prevention.
 - Establishing an environmental management system to implement environmental control.
 - Offering education and reporting periodically to communicate externally with documents.
 - Inviting outsiders to visit our plants to present our performance transparently.

- (2) Implementing ISO 9001 quality management system (QMS)

By implementing the QMS, we make continuous improvement of machinery performance to provide customers with stable and reliable quality electricity services.

- (3) Implementing five-star NOSA safety and health management system

With NOSA's professional environment, safety, and health (ESH) management system, we provide a healthy work environment, reduce the disabling injury frequency rate (DIFR or FR in Taiwan), maintain zero violation of industrial safety, and strengthen communication and harmonious development to raise market presence.

- (4) Adjusting related processes for adaptation to deteriorating climate risk

-Typhoon Nesat collapsed tower #072 permanently in 2017. Therefore, we have raised the wind resistance from 71m/s to 80m/s for the new tower,

equivalent to 384kgf/m² that is way higher than the wind resistance of 300kgf/m² designed by TPC.

-Reinforcing tour inspection of loosened bolts and nuts and installing T-washers on towers (towners on which anti-swing V-shaped insulators are installed) in high-risk areas.

-Improving management efficiency to shorten the lead time from "anomaly detection" to "repair".

Long-term development plan:

- (1) Enhancing the boiler coal burning efficiency of coal-fired generation sets to reduce GHG emissions.

We will invite worldwide professional contractors to perform onsite inspections and make planning to enhance the boiler coal burning efficiency of exiting coal-fired generation sets.

- (2) Implementing AQCS improvement ahead of domestic regulations and standards.

By the date of report publication, we have set reduction targets and assessed technology improvement plans for individual fume emission standards

Item	NOx ppm	SOx ppm	PM mg/Nm ³
Current standard	50	50	20
Target after emission reduction	30	30	10
Assessed technology improvement plans	◆ Increase the volume of catalyst reactors. ◆ Invest in low nitrogen burners.	◆ Improve flue gas desulphurization (FGD) towers. ◆ Select no leakage gas reheaters	◆ Increase wet electrostatic precipitators.

- (3) Building new clean energy generation sets and engaging in the planning and investment of various renewable energy projects to increase profit. To maintain profitability and environmental production at the same time, we assess the feasibility of building clean energy generation sets near the existing coal-fired generation sets or investment and construction of different types of renewable energy power plants to increase the installed capacity of the electricity sector, support

the government's green energy policy, and maximize the interests of shareholders.

5.2 Market, production and sales

5.2.1 Market analysis

5.2.1.1 Cement sector

Sales regions, market share, future supply and demand, and future growth of major products:

Cement and ready-mix concrete are our major products that are distributed across Taiwan and to overseas markets.

The 2017 cement consumption in Taiwan was 10.14 million tonnes, 70,000 tonnes or 0.70% less than 10.21 million tonnes in 2016. The 2017 domestic sales of cement and clinkers (including consumption by own ready-mix cement plants) were 3.76 million tonnes, 4.27% higher than 3.61 million tonnes in 2016, with a market share of about 37.13%. In 2017 the overall cement market in Taiwan recessed as a result of reduction in construction projects due to the government's realty price suppression and building and realty integration policies. Fortunately, the cement sales price remained stable.

Despite the influence of the reduction of cross-strait economic interaction, global financial market volatility, and reduction of construction projects, fixed investments in the ICT industry and manufacturing industries continue to increase in 2018. It is thus estimated that the domestic cement demand will be maintained at 10 million tonnes to 10.50 million tonnes, with estimated sales of 4.20 million tonnes of cement and clinkers, and the domestic cement price will remain stable.

Bulk cement and bulk clinkers are our major exports. Based on the government's export reduction policy, the 2017 cement and clinker exports were 1.45 million tonnes, 18.59% less than 1.78 million tonnes in 2016.

Our major export regions include Mauritius, Australia, the Philippines, and Hong Kong. An export reduction to 1.20 million tonnes is estimated for 2018. In the international cement market, the sales price will rise as a result of the demand growth in emerging markets, including Africa and Southeast Asia, and the export reduction of China. Africa and Southeast Asia will still be the major markets of our cement export in 2018, and the sales volume will reduce in support of

the government's export reduction policy.

As a result of the government's export reduction policy and the fall of domestic demand, the 2017 domestic sales of ready-mix concrete (including consumption by own ready-mix cement plants) were 5.21 million tonnes, 3.27% less than 5.38 million tonnes in 2016. It is estimated that raising profit and increase domestic sales will be the main targets for 2018, including 5.40 million tonnes of cement and clickers (including consumption by own ready-mix cement plants) for both domestic and export sales, about 3.66% higher than 2017 sales volume of 5.21 million tonnes.

In ready-mix concrete, the 2017 sales were 4.72 million m³, 1.45% or 60,000 m³ higher than 4.21 million m³ in 2016. Despite the sales reduction in the realty market, the estimated ready-mix concrete sales in 2018 will increase by about 5 million m³ as a result of the increase in infrastructure construction projects.

Competitive niche:

As the largest and oldest cement and ready-mix concrete manufacturer and supplier and an example of successful vertical integration in Taiwan, our products are characterized by high quality and good market presence as a result of our strong RD capacity and stringent process control. In addition, we have cement distribution locations and ready-mix concrete plants across Taiwan forming a complete sales network in every urban area to provide customers with the best products and services. These are the TCC competitive niche.

Favorable factors for industry development:

1. In Taiwan, despite the market growth obstacles including the global financial volatility and the government's realty market suppression policy, as the government will continue to increase infrastructure and urban renewal, the market will remain stable in the long run. When the government implements the forward-looking infrastructure projects in the future, the economic condition can be improved. As the growth momentum from the private sector is still strong in the long run, it is predicted that the cement industry will maintain steady development.
2. In mainland China, as industrialization, urbanization, and economic development continue, and

environmental standards are getting increasingly stringent, apart from continuously accelerating the capacity elimination of backward production models, restrictions on new capacity building and peak-off production reformation on the supply will continue. Such favorable policies for the cement market and industry will gradually reduce excessive capacity. The 2017 capacity in mainland China still reached 2.3 billion tonnes, and it is predicted that the mainland China market will enter a demand stagnancy with demand maintained for some time. As mergers, acquisitions, and centralization will still be the inevitable trends, we will increase capacity through mergers and acquisitions based on the economic condition in mainland China to maintain leadership in the cement industry.

Unfavorable factors for industry development:

1. Fees and taxes including commodity tax, air pollution fee and waste disposal fee, and the mining tax of the local government are still levied on cement domestically, thus bringing negative impacts on the development of the domestic cement industry.
2. While it is difficult to promote major infrastructure projects and private investments in Taiwan, and along with effect of the outflow of industries and realty price suppression, they will restrict the cement and ready-mix concrete demand of infrastructure and the construction industry, and it takes time for the domestic market to recover.
3. As environmental awareness escalates, external interference and obstacles of the application for the mining permit and permit extension intensify. Furthermore, as countries in the world have set reduction targets for GHG emissions, governments may take aggressive actions, such as production restriction, to keep their emission reduction commitment.

Countermeasures for unfavorable factors:

1. In Taiwan, we will enhance cost control and integrate the Taiwan and China markets with information systems to boost overall operational efficiency, continue to cultivate the domestic market, and maintain industry leadership. We will also actively persuade the government to

implement the cement industry policy, the circular economy, and collaborative disposal of rubbish and industrial waste in accordance with national development, in order to pursue the sustainable development of the cement industry.

2. As Taiwan’s cement market has matured, demand growth is not easy. We have invested in mainland China’s cement market, selected South China as our target market, and expanded to East China and Southeast China. With the Chinese government’s policy to control capacity, suspend new construction projects, encourage mergers and acquisitions, and improve industry centralization at the end of 2009, we successfully acquired the cement capacity of Prosperity Minerals. Further in 2011, we continued to acquire the capacity in Guizhou and Sichuan of Kong On Cement, Kaili Rui An Jian Cai (Kaili Rui An Construction Materials), Scitus Cement, and Tai Chang Construction Materials. In 2014 we acquired Sichuan Train Limited in Sichuan and Jin Da Di Cement Limited in Hunan. In 2017, the combined annual capacity in mainland China already reached 64.30 million tonnes. Apart from continuing mergers and acquisitions, we will assess and seek opportunities to invest in the cement industry in Europe and the USA.
3. We have organized the Organizational Sustainable Development Committee under BOD to hold meetings regularly to review climate change risks and set implementation targets and related measures. In addition, we continue to keep ahead of the existing environmental regulations. Apart from monitoring related environmental data in real time with information technology, the cement sector reviews the environmental performance indicators and sets explicit targets for pollutant reduction at the periodic business review meeting and keep track on the implementation performance. Furthermore, with the circular economy operational model through “environmental service integration”, we combine cement production with waste disposal to play an active role in “handling the complex relationship between nature and human beings”, in order to fulfill our social responsibilities and create win-win for stakeholders.

5.2.1.2 Chemical engineering sector

Sales (supply) regions of major products (services)

(expressed in NT\$ thousands)

Sales Type	Year	2016		2017	
		Amount	%	Amount	%
Domestic sales		5,051,649	51.62	5,645,916	42.79
Export sales		4,735,162	48.38	7,547,068	57.21
Total revenue		9,786,811	100.00	13,192,984	100.00

Market share

	2016	2017
Phenol	37%	32%*
Acetone	21%	46%*
BPA	0%	0%
Cyclohexanone	16%	100%*

Source: Statistics of Customs Services and TCC

Note: Domestic market share is calculated based on market circulation deducting the self-consumption of downstream production within TCC.

Future supply and demand and future growth

(1) Global supply

Globally, Asia will still be the largest supply region (52%), while America and Europe the second and the third largest respectively. Basically, excessive products of these regions will mostly be exported to India, mainland China, or Southeast Asia. Although two new phenol plants will be built in 2018, as Shell of the USA has announced the closure of one phenol plant, and two upstream and downstream PC plants will be completed and start operation in 2018 and 2019, the overall supply and demand on the market is healthy. While phenol manufacture requires a level of higher technology and a higher amount of investments, and user quality requirements are higher, global supply is basically maintained by manufacturers in Taiwan, the USA, Europe, Japan, and mainland China, and suppliers in these countries are quite large. The table below shows the representative phenol manufacturers in different regions.

Representative Phenol Manufacturers 2017

Region	Representative Manufacturers
America	SUNOCO, DOW CHEMICAL, SABIC, GEORGIA GULF, SHELL, INEOS Phenol
Japan	MITSUI CHEMICAL, MITSUBISHI CHEMICAL, CHIBA PHENOL
Europe	INEOS PHENOL, POLIMERI CEPSA Quimica
China	SINOPEC, FCFC/ CEPSA/ LIHUAYI/ KINGBOARD/BLUE STAR SSMC
Taiwan	Formosa Chemicals & Fibre Taiwan Prosperity Chemical Corporation Chang Chun Group

(2) Global demand

Overall, our chemical engineering sector mainly supplies products to domestic manufactures of phenol formaldehyde resins, engineering plastics, cleaning agents, epoxy, and solvents. That is the domestic supply and demand are closely connector. Sinopec Group started the operation of a new production in 2016, and export is thriving as the oil price rebounds.

(3) Future growth

Domestically, upstream raw materials including ethylene, propane, and benzene are supplied by CPC Corporation Taiwan (CPC) and Formosa Petrochemical Corporation (FPCC). Materials will be imported when supply is insufficient. Intermediate petrochemical materials are also fulfilled by domestic suppliers and imported for insufficiency. In addition to supplying phenol, acetone and cyclohexanone domestically, we export part of them for market dispersion. Due to our efforts in market cultivation, outstanding product quality, and stable supply, we have won global recognition and thus play an important role in the global supply of these products. In the future, domestic customers will increase their demand for phenol formaldehyde resin, epoxy, PC, and related solvent markets as the oil price rises moderately. Domestic market growth is thus expected. We also engage active cost reduction, quality improvement, refining quantity enhancement, and equipment replacement, suggesting these markets are highly potential.

Competitive niche:

(1) Full capture of material sources

To stabilize production, we sign long-term

contracts with suppliers to supply benzene and propane suppliers through pipelines to ensure safety, save costs, and favor production.

(2) Fulfillment of environmental requirements

Apart from actively implementing the ISO 14001 EMS, we have passed quality assurance certification and invested high amounts in pollution control and prevention facilities. We will make continual improvement to achieve green production emphasizing zero pollution.

(3) Unified quality policy

By maintaining a unified quality policy featuring operation standardization, work efficiency, and zero quality defect, we make constant innovation, overcome impacts and challenges on the market to promote business, make continual improvement of various systems and renew equipment to raise capacity, hoping to achieve all business targets.

Favorable and unfavorable factors of development and countermeasures:

(1) Favorable factors

① Outstanding technology and high market response

At TCC, we make continual technology improvement and communicate with customers with frequency visits to keep up with the latest development trends at home and abroad. With years of experience and achievements in chemicals manufacture, the chemical engineering sector passed ISO certification in 1996 and 1998 respectively. As customers have great faith in our product quality, delivery punctuality, and after-sale service, we will continue to enhance the production efficiency of the chemical engineering sector to help cultivate more markets.

② Effective stock control and management through production-sales coordination meetings

Every month, the chemical engineering sector hold two production-sales coordination meetings. Apart from reviewing the production and sales performance in the previous month, the chemical engineering sector discusses and coordinates the current status of market, production, stock, and material supply to set the sales target of the month and keeps track on implementation, in order to achieve the predicted target. Since the production-sales coordination meeting policy was

launched, the results are good.

③ Fluent sales channels and high entry barriers for newcomers

As the chemical engineering sector is part of the petrochemical industry which is both technology- and capital-intensive, it requires a huge amount of capital, human resources and technology to establish a scaled petrochemical plant, and not to mention about the need to pass EIA and the agreement of local residents. Therefore, the entry barriers of the industry are high. As the chemical engineering has long been in the business and has established a professional image, sound market presence, and complete marketing network. Therefore, it has reached the economy of scale in capacity and sales to reduce production cost. As products are competitive, the chemical engineering section has become one of the major suppliers of the petrochemical industry.

(2) Unfavorable factors

Excessive capacity and low import tariff.

As the import tariff of petrochemical products too low to protect domestic suppliers and the government is advocating free trade, foreign suppliers make use of the higher price advantage in the local region and sacrifices a small quantity at lower prices to compete with our products. As a result, the sales price of local products falls, and revenue reduces.

(3) Countermeasures

① Keeping close connection with upstream suppliers and downstream consumers to capture the exact status of customers.

② Increasing output and improving technology to reduce production costs and strengthen product competitiveness.

③ Setting reasonable sales prices, offering well-planned after-sale services, and dispersing markets to stabilize sales volume.

④ Developing downstream products with higher added value to increase self-consumption and reduce the risk of dead stock.

5.2.1.3 Electricity sector

Sales regions of major products

Based on the the electricity purchase agreement, the electricity sector sells all electricity generated to the TPC for central dispatch across Taiwan.

Market share

With regard to the 2017 statistics announced on the TPC website, the total installed capacity in Taiwan was 41.89 GW, and net generation was 23.11 MWh. The total installed capacity of the Taichung Power Plant was 31.50 GW, and net generation was 18.05 MWh. The total installed capacity of independent coal-fired power plants was 7.71 GW, and net generation was 40.5 MWh. The installed capacity of the two generation sets of our Hoping Power Plant was 1.32 GW, and the 2017 electricity sales were 85.01GWh, accounting for about 20.99% of all independent coal-fired power plants and about 3.68% of Taiwan.

Future supply and demand and future growth

With reference to the electricity statistics and the 2014 Long-Term Load Forecast and Electricity Sources Development Plan of BOE, domestic electricity consumption increased from 21.845 MWh in 2005 to 24.987 MWh in 2015. Electricity consumption will increase to 33.564 MWh in 2033. As the average growth is 1.34% in the next 18 years, it needs to increase supply 0.48MWh of electricity a year on average to fulfill the demand for economic development and the daily life of the public. In addition, to achieve “nuclear-free homeland” in 2025, the DPP administration has accelerated the amendment of the Electricity Act, set the new energy generation ratio (fuel gas 50%, fuel coal 30%, and renewable energy 20%), and enhanced green energy development and supply, hoping to resolve electricity shortages in the energy transition period and bring Taiwan citizens are richer, more brilliant, and more comfortable life.

Competitive niche, the favorable and unfavorable factors for future development, and countermeasures

(1) Favorable factors

① Taiwan’s economy continues to grow, electricity consumption increases constantly

Taiwan’s economy continues to grow, electricity

consumption increases constantly as Taiwan’s economy continues to grow, electricity will consumption increase constantly. Due to the lack of water resources and the “nuclear-free homeland” policy, coal-fired generation will be the main source of electricity. With reference to the electricity statistics and the 2014 Long-Term Load Forecast and Electricity Sources Development Plan of BOE, domestic electricity consumption increased from 21.845 MWh in 2005 to 24.987 MWh in 2015. Electricity consumption will increase to 33.564 MWh in 2033. In electricity supply, the installed capacity of the electricity system will increase from 42.14GW in 2016 to 50.35GW in 2027 (between 2016 and 2027, the retired capacity is 14.54MWh and new capacity is 23.85MWh). We the demand is still higher than the supply, this will favor the electricity sector to continue electricity supply.

② Rise of environmental awareness of citizens

The rapid social changes in recent years have triggered social diversification. As the environmental awareness of the public rises, although power plants and the government have adopted a number of support measures to reduce the pollution caused to communities near power plants, nothing can ease the citizen’s worries about the environmental problems of power plants.

As we have planned to replace the clay used in cement manufacture with the coal ash from fuel coal used by our coal-fired power plant right at the beginning of planning and design, we do not need to build ash ponds to fill the coal ash like other coal-fired power plants. In addition, the cement plant can directly supply the limestone required by the FGD facility of the power plant. Then, the gypsum produced by desulfurization can be used as the retarder of the cement plant, the whole process thus complies with the industry resource recycling and environmental requirements.

In air pollution and water pollution, apart from building 250m-tall flue stacks in our power plant to facilitate exhaust emissions, we have built the indoor coal storage to store and transport coal in a fully sealed conveyor system to eliminate fugitive coal dust pollution and foal water pollution.

Apart from minimizing pollution by implementing the above plans and building related facilities, we have hire consulting companies, academic institutions, and EPA-certified laboratories to implement environmental quality monitoring, near waters marine ecology survey, and plant stacks and effluent examinations either monthly or quarterly during plant operations to reinforce environmental protection and enhance mutual trust and relationship with local communities.

(2) Unfavorable factors

① Limited suitable sites for renewable energy plants

The PV system requires a large area of land, and local resident will easily complain about the noise produced by onshore wind turbines. In addition, as Taiwan experiences typhoon attacks frequently, suitable sites for renewable energy plants are limited.

Countermeasures:

Developing renewable energy development in the idle land in industrial parks of the TCC, fish culture farms, and unusable farmland as a result of land subsidence or salination to create win-win for the TCC and local residents. Projects in progress include:

- PV systems in the Changhua Coastal Industrial Park (14MW).
- PV systems in Yizhu and Budai (36.89MW).
- Wind farms in the Changhua Coastal Industrial Park (7.2MW).

② Global fuel price volatility

Coal fuel is the major cost of a coal-fired power plant. As it is an international bulk material, its price is subject to volatility as a result of the business cycle and market supply and demand, which will directly affect the operating expense and revenue of a coal-fired power plant.

Countermeasures:

Through supply source diversification (e.g. Australia, Indonesia, and Russia) and procurement diversification (stock and long-term contract) to disperse the risk from coal price volatility and single source supply.

5.2.2 Important applications and manufacturing processes of major products

5.2.2.1 Cement sector

(1) Important applications of major products

Major products	Application
Type I Cement	Universally called the common cement. It is the major product produced by all cement manufacturers and consumed in Taiwan. Without the characteristics of other types of cement, it is suitable only for general construction and buildings.
Type II Cement	Also called the moderate-heat-hydration cement. It has more chemical restrictions than type I, slower hydration reaction, lower heat of hydration, and medium sulfate resistance. It is suitable for structures including reservoirs, dams, mass concrete, bays, piers, coastal buildings, artificial reefs, sewers, plant drainage, and flue stacks.
Type III Cement	Generally called the high-early-strength cement. It is characterized by high early strength and suitable for the emergency rescue of buildings and highways to shorten construction time.
Type V Cement	Characterized by high sulfate resistance, a lower content of tricalcium aluminate (CA3) (max. 5%) than other types of cement, and the sum of C4AF and double CA3 below 25%, type V cement is suitable for use in areas with high sulfate in water or in soil, such as structures in bay, marine, tunnel, bridge, sewer, chemical plant, hot spring, and coastal projects.
Type I low-heat-hydration and low-alkaline cement	This type of cement is manufactured to meet the demands of the Taiwan High Speed Rail, Taipei City MRT, and Kaohsiung MRT projects to prevent concrete cracking caused by high temperature of hydration and alkaline aggregate reaction with its low-heat-hydration and low-alkaline features to prolong the durability of structures.
Types II and V high-strength cements	These types of cement are developed for exporting to the USA. They feature high sulfate resistance and even early and later strength.

(2) Manufacturing processes of major products

Limestone is the principle ingredient of cement. In our mining sites, we mine limestone with the safest and more environmental methods. First, limestones obtained from explosion are transported by trucks to the shaft for unloading. After crushing with crushers at the bottom of the shaft, crushed limestones are further transported to the secondary crushers via the conveyor belt for second crushing before sending to the ready-mix plant for mixing. Or, limestones obtained from explosion are transported by trucks to the aerial

ropeway which forwards limestones to the stone warehouse at the mountain foot before conveying to the in-house ready-mix plant for mixing. Then, a stone bucket will take limestones of even quality from the ready-mix plant. Based on the precision mix design by the computer, limestones are mixed with clay, silica sand, slags, and raw meal and grinded into powder before delivering to the raw meal mixing plant for mixing before kilning to clinkers.

After extracting the raw meal mixing plant, the raw meal is weighed and fed in the pre-heater to heat up for deacidification and decomposition. After kilning the raw meal into clinkers with a multi-stage rotary flow coal burner in the rotatory kiln, clinkers are air-cooled with a cooler before adding an appropriate quantity of retarder—gypsum and delivering to the cement grinder to grind clinkers into cement, which is then transported to the cement silo for delivery. To enhance productivity and cement quality, the entire production process is automated and computer operated. Lastly, cement is bagged with the automatic quantitative filling and packaging machine or delivered in bulk to the domestic or overseas markets.

5.2.2.2 Chemical engineering department

(1) Important applications of major products

Major products	Application
Isopropylbenzene	For producing phenol, acetone, or cross-linking agents.
Phenol	For producing BPA, phenol formaldehyde resin, cyclohexanone, phenol formaldehyde resin, 2-hydroxybenzoic, and nonyl phenol (NP).
Acetone	For producing MMA, BPA, MIBK, and so on and use as a solvent.
BPA	Ingredient for producing epoxy, PC, flame retardants, UPRs, PSF, and so on.
Cyclohexanone	For producing CPL, hexanedioic acid, 2'-methylacetophenone, initiators, and so on and use as a solvent.
Maleic anhydride	For producing UPRs, BDO, THF, and GBL.

(2) Manufacturing processes of major products

Isopropylbenzene Plant (process 1, catalyzing with zeolite solid acid): Use of the US-patented Badger/ExxonMobil process to catalyze ingredients propane and benzene with zeolite solid acid for alkylation and then alkylation reaction to manufacture high purity isopropylbenzene.

Isopropylbenzene Plant (process 2, catalyzing with homogeneous aluminum chloride hydrochloric acid, ALCL3.HCL): Use of the US-patented Monsanto/Kellogg process to ingredients propane and benzene with ALCL3.HCL for alkylation and then alkylation reaction to manufacture high purity isopropylbenzene.

Phenol and Acetone Plant: Use of the US-patented Hercules/Kellogg process to oxidize ingredient propane into cumene hydroperoxide before catalyzing and cracking with homogeneous sulfuric acid to produce phenol, acetone, and alpha-methylstyrene.

BPA Plant: Use of the Japan-patented CT-BISA process (transferred to Mitsubishi Chemical on 90-05-01) to catalyze phenol and acetone with ion exchange resins for condensation reaction in acid to synthesize into BPA.

Cyclohexanone Plant:

Use of the Germany-patented Leuna and Italy-patented CTIP processes to catalyze ingredient phenol and hydrogen with palladium for addition reaction to produce cyclohexanone.

Maleic Anhydride Plant: Use of the US-patented HUNTSMAN process to catalyze ingredient high-purity u-butane into maleic anhydride through oxidation.

BDO Plant: Use of the patented Davy Process to catalyze ingredient maleic anhydride to produce BDO, THF, and GBL through esterification and hydrogenation.

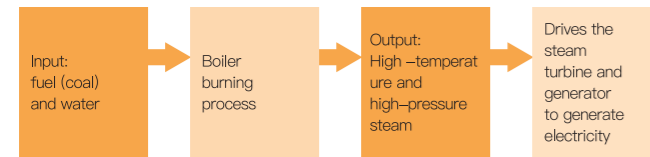
5.2.2.3 Electricity sector

(1) Important applications of major products

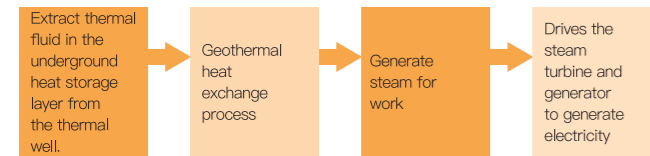
As the main product of the electricity sector, electricity is the mother of industries and the hand that rocks economic development. Electricity has a wide range of application, as it maintains the normal operation of daily life, industry, agriculture, and transportation.

(2) Manufacturing processes of major products

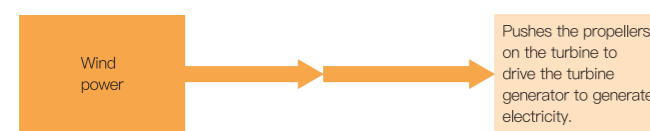
The generation processes of a fossil fuel power plant:



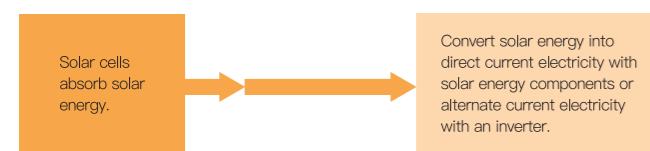
The generation processes of a geothermal power plant:



The generation process of wind power:



The generation process of solar energy :



5.2.3 Supply of major ingredients

5.2.3.1 Cement sector

The main ingredients of cement production include limestone, clay, silica sand, slags, and gypsum, and coal ash is the auxiliary fuel. Limestones are obtained from self-production and import under long-term supply contracts. Clay and silica sand are obtained from domestic suppliers under long-term supply contracts. Gypsum, low-alkaline sand and iron sand are procured from credited suppliers at home and abroad. In Taiwan, coal is mainly imported from Australia and Russia with long-term or short-term contracts or stock tendering. Coal used by plants in mainland China is mainly procured locally.

All suppliers supply the ingredients at a price lower than the market indication price.

5.2.3.2 Chemical engineering sector

Major Ingredients	Major Domestic and Foreign Suppliers	Status of Supply
Benzene	CPC Taiwan, China Steel Chemical, Mitsubishi Chemical, SK, and Ravago	Good
Propane	CPC Taiwan, Apex, Trammo, and SK.	Good
N-butaine	Formosa Chemicals & Fibre	Good
Isopropyl-benzene	Mitsui, Mitsubishi, and Ravago	Good

5.2.3.3 Electricity sector

Coal, the main ingredient of the electricity sector, is mainly imported from Austria, Russia, and Indonesia with long-term or short-term supply contracts.

5.2.4 Major suppliers and customers in the past two years

Suppliers with a procurement amount 10% above the total procurement amount in the past two years

(expressed in NT\$ thousands)

2016				
Item	Name	Amount	Percentage in annual net procurement amount Percentage	Relationship with Issuer
	Company A	5,737,070	11%	NA
1	Others	46,842,699	89%	-
	Net Procurement Amount	52,579,769	100%	-

2017				
Item	Name	Amount	Percentage in annual net procurement amount Percentage	Relationship with Issuer
	Company A	8,565,879	14%	NA
1	Others	53,754,245	86%	-
	Net Procurement Amount	62,320,124	100%	-

By Q1 2018				
Item	Name	Amount	Percentage in annual net procurement amount Percentage	Relationship with Issuer
	Company A	1,856,959	12%	NA
1	Others	13,740,765	88%	-
	Net Procurement Amount	15,597,724	100%	-

Customers with a sales amount 10% above the total sales amount in the past two years

(expressed in NT\$ thousands)

2016				
Item	Name	Amount	Percentage in annual net sales amount	Relationship with Issuer
	TPC	12,243,506	14%	NA
1	Others	77,320,800	86%	-
	Net Sales Amount	89,564,306	100%	-

2017				
Item	Name	Amount	Percentage in annual net sales amount	Relationship with Issuer
	TPC	10,950,099	11%	NA
1	Others	87,361,677	89%	-
	Net Sales Amount	98,311,776	100%	-

By Q1 2018				
Item	Name	Amount	Percentage in annual net sales amount	Relationship with Issuer
	TPC	-	-	-
1	Others	24,179,214	100%	-
	Net Sales Amount	24,179,214	100%	-

5.2.5 Production volume and value in the past two years

(expressed in volume and NT\$ thousands)

Year Annual Value Products Major Production	2016		
	Capacity	Output	Value
Cement and Clinkers (thousand tonnes)	75,700	58,570	56,062,257
Ready Mix Concrete (thousand m ³)	12,366	4,133	7,796,157
Phenol Series (tonnes) ²	866,468	427,954	9,897,029
Other chemicals (tonnes) ²	553,551	327,190	8,712,834
Electricity (Capacity: GW: Output: GWh)	1,297.1	8,778.75	11,752,037
Total	-	-	94,220,314

¹Capacity refers to the production quantity in normal operation of existing equipment after deducting required system downtime and holidays.

²The phenol series include phenol, acetone, BPA, and cyclohexanone; other products include isopropylbenzene, alpha-methylstyrene and maleic anhydride.

Year Annual Value Products Major Production	2017		
	Capacity	Output	Value
Cement and Clinkers (thousand tonnes)	74,700	57,469	62,760,105
Ready Mix Concrete (thousand m ³)	12,006	4,338	7,596,066
Phenol Series (tonnes) ²	866,468	525,243	15,257,733
Other chemicals (tonnes) ²	553,551	338,649	11,664,822
Electricity (Capacity: GW: Output: GWh)	1,297.1	8,501.87	10,353,637
Total	-	-	107,632,363

5.2.6 Sales volume and value in the past two years

(expressed in sales value and NT\$ thousands)

Year Annual Value Sales Major Production	2016			
	Domestic		Export	
	Volume	Value	Volume	Value
Cement and Clinkers (thousand tonnes)	55,595	51,877,758	2,129	2,639,840
Ready Mix Concrete (thousand m ³)	4,346	8,203,307	-	-
Phenol and Acetone Series (tonnes) ³	207,387	4,891,371	166,793	4,209,445
Other chemicals (tonnes) ³	5,088	160,278	17,701	525,717
Electricity(GWh)	8,778.75	11,752,037	-	-
Total		76,884,751		7,375,002

Year Annual Value Sales Major Production	2017			
	Domestic		Export	
	Volume	Value	Volume	Value
Cement and Clinkers (thousand tonnes)	55,333	59,808,272	1,673	1,867,519
Ready Mix Concrete (thousand m ³)	4,487	7,860,745	-	-
Phenol and Acetone Series (tonnes) ³	203,714	5,608,479	219,950	6,762,408
Other chemicals (tonnes) ³	1,012	37,437	23,368	784,660
Electricity(GWh)	8,501.87	10,353,637	-	-
Total		83,668,570		9,414,587

¹ Domestic sales of cement and clinkers do not include consumption by own ready-mix concrete plants. (780 kilotons in 2016 and 771 kilotons in 2017)

² The above data do not include the expression of transactions after offsetting with related parties that should be included as consolidated entities.

³ The phenol series include phenol, acetone, BPA, cyclohexanone, alpha-methylstyrene, and isopropylbenzene; another product is maleic anhydride.

5.3 Profiles on employees in the past two years from the date of report publication

Item	Year		
	2016	2017	By May 10, 2018
Total number of employees	9,620	9,356	9,325
Average Age	37.14	37.99	38.26
Average Service Length	5.58	6.02	6.14
Education Distributions	Doctorate	–	0.01%
	Master's Degree	1.13%	1.21%
	College and University	22.78%	22.94%
	Senior High School	37.62%	39.19%
	Below Senior High School	38.47%	36.65%

5.4 Information on environmental protection expenditure

5.4.1 Cement section

The TCC environmental policy is: Build and implement an environmental management system; Enhance technology and improve processes; Conserve energy and prevent pollution; Beautify landscape and repay society.

(1) Certification and environmental participation

By development a well-established management system long ago, all TCC plants acquired ISO 9000 certification for the quality management system (QMS) within the shortest time in 1993 to keep pace with the global trend. All cement plants further acquired ISO 14000 certification for the environmental management system (EMS) from the BSMI. All three cement plants in Taiwan also acquired ISO 50001 certification for the energy management system (EnMS) on December 8, 12 and 15, 2014 respectively.

Apart from ISO 9000 and ISO 14000, most TCC plants in mainland China have also acquired OHSAS 18000 certification for the Occupational Health and Safety Assessment Series (OHSAS).

The efforts and involvement in environmental protection of our cement plants have thus earned us a number of awards of excellence in environmental protection from government agencies such as the EPA since 1994. Aside from the Distinguished Award at the ROC Enterprises Environmental Protection Award for three consecutive years from 2000, the Hualien Plant was awarded the Excellence in Voluntary GHG Reduction Award by the Industrial Development Bureau (IDB), MOEA, on 2009 and 2014. The Suao Plant was also awarded the Industrial Sustainable

Excellence Award by the MOEA in 2003 and the Excellence in Voluntary GHG Reduction Award by the IDB in 2008. The Hopping Plant was awarded the Industrial Sustainable Excellence Award by the MOEA in 2004 and the Excellence in Voluntary GHG Reduction Award by the IDB in 2007. In view of our long-time efforts and achievements in energy conservation, emissions reduction, waste reduction, and resource recycling, the IDB awarded us the 2011 Energy-Resources Integration Benchmarking Enterprise Award in November 2011. On August 25, 2014, the EPA further approved our GHG Pilot Reduction Project for 2000-2010 to earn a reduction cap of 6,413,344 tonnes, accounting for 71.07% of the cement industry. Furthermore, apart from acquiring the validation and verification for voluntary emission reduction (VER) and awarded the verified carbon unit (VCU) in 2011 under the voluntary carbon standards (VCS, now voluntary verified standard) for using waste heat power generation, eight plants in China, including Yingde, Guigang, Jurong, Liaoning, Guangan, Anshun, Kaili, and Gangan have completed registration at the VCS platform of APX Inc.

In October 2001, we published the TCC Corporate Environmental Report with respect to the Sustainability Reporting Guidelines published in June 2000 by the Global Reporting Initiative (GRI) to explain our performance in organizational management, environmental performance, and social engagement, in order to share our entrepreneurial spirit in making continual improvement and innovation with the public. We also won the 2016 Taiwan Corporate Sustainability Awards (TCSA) and the 2017 TOP50 Corporate Sustainability Awards for our involvement in

sustainable development activities, the Gold Award in Traditional Industries for the CSR report of the 2016 Top 50 Corporate Sustainability Report Awards, the 2016 and 2017 Climate Leadership Award in Best Performance of Specific Category, and the 2017 Circular Economy Leadership Award and Social Inclusion Award. In addition, we continue to support green energy. Between 2015 and 2017, we purchased 0.5 GWh of green power and were awarded the Green Energy Mark by the MOEA.

In membership of associations, currently we are a member of the Taiwan Cement Manufacturers' Association, the Taiwan Marble Association, the Chinese Institute of Mining & Metallurgical Engineers, Chinese National Federation of Industries, and Chinese National Association of Industry and Commerce, with which we exchange environmental information. We also communicate with the government and academic or research institutions through such associations or directly. Apart from sharing own know-how, we gather the latest information from home and abroad for the reference of regulatory amendments by related authorities, in order to contribute to environmental protection and resource recycling.

(2) Investments in remediation

Adhering to the basic principle: One for All and All for One, we spare no effort to fulfill our responsibilities for the country and society. Apart from investing tens of billion dollars in the renewal and procurement of environmental equipment over time, we have equipped the kilns #1 and #2 of the Hopping Plant completed in October 2000 and May 2001 with the low NOx pre-heating system, burning equipment, and waste heat power generation system to effectively inhibit pollutants from the process to deliver better performance in energy conservation and waste reduction. In addition, we plan a budget at a certain amount every year for equipment maintenance, performance improvement, and new facility installation, such as the multistage combustion new control equipment. In 2018, we have planned to modify electrostatic precipitation into electric bag combined precipitation for the Hopping Plant and Suao Plant, which will be completed at the

end of 2018 or Q1 2019. Besides controlling the emission of various air pollutants better than the increasingly stringent government standards, we aim to meet the highest European and US standards, order to optimize pollution control and prevention.

In recent years and by the date of report publication, the total losses (including compensation) and penalties if the cement sector was NT\$310,000.

(3) Foci of future environmental work

- Enhance equipment operation management, staff training, equipment maintenance and repair; and improve the precipitation system to ensure the normal operation of all environmental equipment.
- Enhance environmental cleaning and wastewater treatment and drainage control; implement strict control of the waste disposal procedure; and enhance outsourced contractor management, vehicle tire cleaning, and plant greening.
- Renew and purchase as necessary equipment for controlling air pollution and water pollution, such as modifying electrostatic precipitation into electric bag combined precipitation and procuring the chlorine bypass dust processing system for the Hopping Plant and Suao Plant, optimizing the SNCR equipment and procuring the multistage combustion system for the Hopping Plant in Taiwan; and procuring the multistage combustion of cement plants in China, and modifying electrostatic precipitation into electric bag combined precipitation for some kilns, in order to reduce environmental production.

Environmental budget of the cement sector in the next three years:

- Taiwan: NT\$379,680,000 for 2018, NT\$280,360,000 for 2019, and NT\$85,730,000 for 2020; totaling NT\$745,770,000.
- China: RMB\$425,200,000 for 2018, RMB\$283,280,000 for 2019, and RMB\$194,960,000 for 2020. With such investments, we aim to achieve zero pollution.
- Continue promotion of energy and resource integration, reduce consumption of natural minerals; and promote collaborative waste disposal (processing) with the electronics and related industries, power plants, the paper industry, and

water purification plants, in order to fulfill our corporate responsibility for waste and emission reduction.

- Continue the carbon capture and microalgae carbon fixation collaborative research project with the Industry Technology Research Institution (ITRI).

Under the collaborative project, ITRI built a pilot plant with capture capacity at 1 tCO₂e per hour and completed commissioning at the TCC Hoping Plant. As the world's largest carbon capture pilot plant, it realized the operation that used to be performed in laboratories or simulated on computers. In July 2014, the project won the 2014 R&D 100 Awards.

The test and technology verification of the new-generation 500kWt Integrated Steam Hydration and Cascade Cyclone Carbon Capture System were initiated in April 2017 for the reference of planning the optimal 10MWt demo system. Currently, the following targets have been achieved: calcination efficiency above 80%, hydration conversion rate above 25%, and capture efficiency above 90%. In 2018, we will continue with the test of continuous operation and technology optimization of the 500kWt Integrated Steam Hydration and Cascade Cyclone Carbon Capture System; the development of the inactive limestone (absorbent) to high-purity precipitated calcium carbonate (PCC) recycling technology; and the design of the 10MW grade capture demo system. It is estimated that the technology verification and economic assessment of the new generation calcium looping system, The detailed design and planning of the 10MW demo system, and the equipment procurement specifications and EIA report will be completed in March 2019, hoping to reduce the carbon capture cost from US\$50 per tonnes to US\$25 per tonnes, and even US\$10 per tonnes in the future.

We initiated the Outdoor Microalgae Carbon Fixation System and High Unit Price Microalgae Culture Collaborative Research Project with ITRI in September 2012 and won the 5th National Innovation Award and the 13th National Innovation Award. In 2017 we completed the strategic research on promoting algae growth with bioactive substances, the analysis of the patent map of

biological carbon fixation technology, and the verification of the feasibility of producing acid through continuous carbon fixation with anaerobic microorganisms. In January 2017, we signed the service contract on the Extraction Process and Application Development for Astaxanthin from *Haematococcus pluvialis* with the Biomedical Technology and Device Research Laboratories, ITRI. So far, we have verified that the astaxanthin from *Haematococcus pluvialis* can relieve light induced retinal degeneration, protect A β induced nerve damage, and inhibit LPS induced neuritis. In 2018 we will continue with the ITRI the development of the high-efficiency microalgae growth model and biomimetic application to enhance the production of carbon fixation microalgae $\geq 45\text{g}/\text{m}^2/\text{day}$ (laboratory) and the high-efficiency outdoor microalgae culture, in order to develop a reference for high-efficiency outdoor culture of carbon fixation microalgae.

We will also continue to access the effectiveness on eye protection and Alzheimer's disease prevention of the staxanthin from *Haematococcus pluvialis* and the trial manufacture of the cosmetics formulation, in order to provide a reference for the future development of health food and medicine.

- Continue with soil and water conservation and greening of mineral mountains and support ecological conservation.

Soil and water conservation and ecological conservation are our major concerns. Therefore, we began greening in the mining areas of each plant in 1991. Our outstanding achievements were awarded the greening achievement and afforestation achievement awards by the Council of Agriculture (COA).

To further landscape maintenance and soil and water conservation, we have specifically invested NT\$3.75 billion in building three shafts in the Hoping Plant with the latest Peel Platform Multistage Mining Shaft Transportation method. The shaft is fully underground, automated, and environmental to significantly enhance environmental performance. In platform mining, a 2–3m thick rock mass is retained on the side slope to prevent flooding from the peak. Besides

greening the peak platform, we implemented the Residual Wall Greening and Reclamation Project at the Hoping Plant with the Dahan Institute of Technology in Hualien and the Mt. Taibai Mining Area Greening and Conservation Project at the Suao Plant with the National Ilan University through industry-academia partnership to accelerate environmental, ecological, scenery, and landscape maintenance and full conservation of the mined areas, in order to enhance the effectiveness of environmental protection and soil and water conservation.

Out of the love for homeland and nature, we practice environmental awareness in real action. From 1992, apart from sponsoring the production of ecological documentaries, including *A Century of Taiwan Wild Birds*, *In Search of Summer Bird: Taiwanese Terns*, *Collared Bush Robin*, *World of Formosan Rock Macaque*, and so on, we embarked on the ecological research of the black-faced spoonbill, a rare species in the world. By doing so, we hope to set an example to reawake the public, the business, and the government to realize the importance of ecological conservation to daily life quality, in order to implement ecological conservation across society. All documentaries have earned critical feedback from society.

5.4.2 Chemical engineering sector

(1) In recent years and by the date of report publication, the total amount of losses (including compensation) and penalties for pollution was NT\$600,000.

(2) Future countermeasures and potential expenses

- M01 A001 (CEMS) has completed the multipoint calibration of the waste gas composition and intensity monitoring facilities according to the requirements.
- The leakage of leaking equipment components of M01, M02, and M06 processes has been fixed and no new leakage is detected. Leakage may be caused by component loosening as a result of the temperature and pressure changes when turning on and off of equipment and vibration from equipment rotation. Apart from implementing the VOCs Self-Management Plant, we have enhanced routine leakage tour inspection and test.

- Application for natural gas consumption change for M02 process On October 18, 2015, the Environmental Protection Bureau, Kaohsiung City Government approved the soil and groundwater pollution control project of the Linyuan Plant of the chemical engineering sector.

In 2017 we continued related control measures and remediation projects with respect with the approved pollution investigation, control targets, and necessary countermeasures.

5.4.3 Electricity sector

The environmental and remediation expenditure for the coal-fired power plant include:

- Construction of an indoor coal storage to store and transport coal in a fully sealed conveyor system to eliminate fugitive coal dust pollution and foal water pollution.
- Fully sealed transportation of all materials and by-products to prevent pollution.
- Recycling coal ash from the power plant into ingredients of cement manufacture or additives of cement products, without the need to disposal in the ash pond or sea to prevent marine pollution.
- Installation of the electrostatic precipitator, wet limestone/gypsum FGD equipment, and selective catalyst reduction equipment, to reduce PM intensity to below 20mg/m² (regulatory standard: 20mg/m²), SO_x intensity to below 50 ppm (regulatory standard 60 ppm), NO_x intensity to 50 ppm (regulatory standard 70 ppm), and installation of 250m-tall flue stacks to facilitate dispersion.
- Strick control of warm water drainage, noise control, and wastewater treatment to meet the latest national environmental standards.

Apart from maintaining the normal operation of the above pollution prevention equipment, we have hired professional consulting companies, academic institutions, and EPA-certified laboratories to implement environmental quality monitoring, near waters marine ecology survey, and plant stacks and effluent examinations either monthly or quarterly during plant operations.

It is estimated that the environmental expenditure in the next three years will be about NT\$4.75 million to continuously fulfill

environmental protection responsibilities. Therefore, in recent years and by the date of report publication, no loss (including compensation) and penalty were reported by the electricity sector .

5.5 Labor–management relations

Benefits offered by TCC and the Employee Welfare Committee (EWC) include: National Health Insurance, Labor Insurance, group insurance, EWC savings trust, medial allowance for employees and dependents, education scholarships for children, further education allowance, health examination allowance, travel allowance, marriage cash gift, birth allowance, funeral allowance for employees and dependents, cash gifts for four folk festivals, and birthday cash gift.

To develop employees to fulfill the work requirements and enhance work efficiency, we organize education and training activities with respect to the Education and Training Implementation Regulations. These activities include management and professional competence development courses or external training at other training institutions and schools. In 2017, we organized 166,640 hours of education and training, with a total expense of NT\$ 52,537,000.

Apart from establishing the Pension Reserve Supervisory Committee (PRSC) and contributing periodically pensions to the Bank of Taiwan Co., Ltd. (formerly Central Trust Bureau) by law, we hold regular committee meetings to audit pension contribution and utilization, in order to protect the rights and interests of employees.

In addition, for employees selecting the pension system under the Labor Pension Act, we contribute pension to the employee’s personal account at the Bureau of Labor Insurance every month to maintain the rights and interests of employees.

By the date of report publication, no significant loss from labor–management disputes has been reported.

5.6 Important contracts

Type of Contract	Client	Contract Term	Description	Limitations
New cement carrier contract	CARDINAL MARITIME S.A.	Delivered in November 2015	New cement carrier contract	Payment as scheduled
New cement carrier loading/unloading equipment contract	SUPERO SEIKI CO., LTD.	Delivered in November 2013	New cement carrier loading/unloading equipment contract	Payment as scheduled
New bulk carrier contract	SUMITOMO CORPORATION	Delivered in November 2015	New bulk carrier contract	Payment as scheduled
Power procurement contract	Taiwan Power Company	August 4, 1998 to June 29, 2027	Electricity purchase and sales	No significant limitation terms
Power plant long-term service contract	GE Power	July 1, 2008 to June 30, 2020	Power plant maintenance and repair services	No significant limitation terms
Coal procurement	Pt. Indominco C&A	January 1, 2005 to December 31, 2018 January 1, 2007 to March 31, 2018	Coal procurement	No significant limitation terms
Fuel coal transportation contract	NYK Bocimar Norden	April 1, 2011 to March 31, 2023 April 1, 2011 to March 31, 2026 April 1, 2011 to March 31, 2026	Fuel coal transportation	No significant limitation terms
Transmission circuit cleaning and cable inspection contract	Emerald Pacific Airlines	January 1, 2004 to December 31, 2018	Helicopter live wire cleaning on transmission circuit insulators	No significant limitation terms
Hoping Plant Maintenance and Repair Service Contract	Taiwan Power Company	January 30, 2014 to February 22, 2019	Overhaul and inspection/repair of generation sets	No significant limitation terms
Consortium loan contract	Consortium led by the Mega International Bank	June 28, 2013 to June 28 2018	Five-year term	Maintenance of a steady finance.
Consortium loan contract	Consortium led by the Mega International Bank	December 30, 2013 to December 30, 2018	Five-year term	Maintenance of a steady finance.
Consortium loan contract	Consortium led by the Bank of Taiwan	February 11, 2014 to February 11, 2019	Five-year term	Maintenance of a steady finance.
Consortium loan contract	Consortium led by the Mega International Bank	March 2, 2015 to March 2, 2020	Five-year term	Maintenance of a steady finance.
Consortium loan contract	Consortium led by the Hua Nan Bank	September 22, 2016 to September 22, 2021	Five-year term	Maintenance of a steady finance.
Consortium loan contract	Consortium led by the Mega International Bank	September 16, 2014 to September 16, 2019	Five-year term	Maintenance of a steady finance.
Consortium loan contract	Consortium led by the Mega International Bank	March 8, 2018 to March 8, 2023	Five-year term	Maintenance of a steady finance.
Insurance policy	Property insurers including Fubon, Cathay Century, Shin Kong, First Insurance, South China, Tokio Marine Nawa, and Chung Kuo Insurance	December 31, 2017 to December 31, 2018	Power plant assets and operations insurance	No significant limitation terms
Sublicense Agreement	Compagnia Tecnica Internazionale Progetti S.P.A	Commencing on August 8, 1994, without and ending date.	Cyclohexanone Process Patent	Confidentiality Term Permanent
EM-5100 Catalyst and EM-5510 Catalyst Lease Agreement	ExxonMobil Catalyst Technologies LIC	August 1, 2004 to August 1, 2019	Placement fees and periodic fees	-
Cumene Process and Technology License Agreement	Badger Licensing LLC	October 22, 2004 to October 21, 2019	Isopropylbenzene and zeolite catalyst process patent	The confidentiality term is permanently effective.
License and Basic Engineering Agreement	Huntsman Petrochemical Corporation	Commencing on December 4, 2006, without the ending date	Maleic anhydride process patent	The confidentiality term is permanently effective.
Raw material procurement	CPC Taiwan	January 1, 2018 to December 31, 2018	Benzene, acetone and hydrogen gas procurement	Non-transferrable

Financial position

6.1 Condensed statements of financial positions and statements of comprehensive income of the past five years

1. Condensed consolidated statements of financial positions

(expressed in NT\$ thousands)

Item	Year	Financial Information Over the Past Five Years ¹					By March 31, 2018 Financial Information ³
		2017	2016	2015	2014	2013	
Current assets		92,719,914	77,884,012	90,593,376	96,605,816	87,788,055	75,261,374
Property, plant and equipment		94,709,404	101,799,766	113,310,134	108,445,563	109,369,671	95,243,836
Intangible assets		20,852,624	21,175,282	22,607,552	19,542,637	19,495,931	21,011,468
Other assets		64,275,107	66,129,636	66,555,293	68,149,816	66,027,082	91,571,906
Total assets		272,557,049	266,988,696	293,066,355	292,743,832	282,680,739	283,088,584
Current liabilities	Before allocation	65,192,960	55,104,919	68,083,832	68,632,044	70,398,494	53,357,480
	After allocation	Note 2	60,458,574	72,994,426	77,825,562	78,890,498	NA
Non-current liabilities		54,716,873	64,487,106	69,498,271	62,094,107	58,663,668	63,969,234
Total liabilities	Before allocation	119,909,833	119,592,025	137,582,103	130,726,151	129,062,162	117,326,714
	After allocation	Note 2	124,945,680	142,492,697	139,919,669	137,554,166	NA
Equity attributed to owners of the parent company		136,348,204	106,768,051	108,042,985	117,958,870	113,077,945	149,537,942
Share capital		42,465,090	36,921,759	36,921,759	36,921,759	36,921,759	42,465,090
Capital Surplus		25,739,065	13,534,162	12,309,615	12,225,528	12,193,297	25,870,809
Retained earnings	Before allocation	49,019,510	47,337,524	45,573,057	49,530,227	47,265,512	51,870,788
	After allocation	Note 2	41,983,869	40,662,463	40,336,709	38,773,508	NA
Other equity		19,124,539	8,974,606	13,238,554	19,281,356	16,697,377	29,549,421
Treasury stock		-	-	-	-	-	(218,166)
Non-control equity		16,299,012	40,628,620	47,441,267	44,058,811	40,540,632	16,223,928
Total equity	Before allocation	152,647,216	147,396,671	155,484,252	162,017,681	153,618,577	165,761,870
	After allocation	Note 2	142,043,016	150,573,658	152,824,163	145,126,573	NA

¹The financial information has been audited by CPAs.

²The proposal on 2017 profit distribution is pending for resolution by the AGM.

³The financial information has been reviewed by CPAs.

2. Condensed Consolidated Statements of Comprehensive Income

(expressed in NT\$ thousands, except for EPS expressed in NT\$)

Item	Year	Financial Information Over the Past Five Years ¹					By March 31, 2018 Financial Information ³
		2017	2016	2015	2014	2013	
Revenue		98,311,776	89,564,306	93,679,076	118,325,809	116,098,947	24,179,214
Gross profit		18,912,914	17,981,004	14,528,017	24,872,595	22,822,997	5,790,640
Profit (loss) from operations		13,962,885	13,034,136	9,673,699	19,857,669	17,775,975	4,650,691
Non-operating income and expenses		(138,226)	(1,518,801)	(1,007,684)	1,341,051	828,481	(33,103)
Profit before income tax		13,824,659	11,515,335	8,666,015	21,198,720	18,604,456	4,617,588
Profit from continuing operations Net profit		10,322,800	8,842,075	6,925,626	16,583,876	15,118,683	2,865,370
Loss of discontinued operations		-	-	-	-	-	-
Net profit		10,322,800	8,842,075	6,925,626	16,583,876	15,118,683	2,865,370
Other comprehensive income (loss) (net of income tax)		9,976,772	(6,987,714)	(7,518,044)	3,225,651	6,121,882	5,511,078
Total comprehensive income		20,299,572	1,854,361	(592,418)	19,809,527	21,240,565	8,376,448
Net profit attributed to the owner of parent company		7,594,247	6,358,452	5,775,989	10,828,868	10,026,731	2,945,170
Net profit attributed to non-control equity		2,728,553	2,483,623	1,149,637	5,755,008	5,091,952	(79,800)
Total comprehensive income attributed to the owner of parent company		17,775,812	2,411,113	(806,454)	13,340,699	14,336,481	8,436,811
Total comprehensive income attributed to non-control equity		2,523,760	(556,752)	214,036	6,468,828	6,904,084	(60,363)
EPS ²		2.03	1.72	1.56	2.93	2.72	0.69

¹The financial information has been audited by CPAs.

²Calculated as per the number of weighted average shares circulated in the market.

³The financial information has been reviewed by CPAs.

3. Condensed Individual balance sheets

(expressed in NT\$ thousands)

Item	Year	Financial Information Over the Past Five Years ¹				
		2017	2016	2015	2014	2013
Current assets		9,912,028	8,006,764	8,697,661	8,916,096	9,221,934
Property, plant and equipment		27,577,177	28,064,674	28,635,070	29,491,105	30,296,310
Intangible assets		21,394	69,359	105,600	142,153	178,710
Other assets		125,178,129	96,318,761	98,246,219	104,571,268	96,245,108
Total assets		162,688,728	132,459,558	135,684,550	143,120,622	135,942,062
Current liabilities	Before allocation	20,929,218	13,036,677	11,719,056	5,616,776	3,357,947
	After allocation	Note 2	18,390,332	16,629,650	14,810,294	11,849,951
Non-current liabilities		5,411,306	12,654,830	15,922,509	19,544,976	19,506,170
Total liabilities	Before allocation	26,340,524	25,691,507	27,641,565	25,161,752	22,864,117
	After allocation	Note 2	31,045,162	32,552,159	34,355,270	31,356,121
Share capital		42,465,090	36,921,759	36,921,759	36,921,759	36,921,759
Capital Surplus		25,739,065	13,534,162	12,309,615	12,225,528	12,193,297
Retained earnings	Before allocation	49,019,510	47,337,524	45,573,057	49,530,227	47,265,512
	After allocation	Note 2	41,983,869	40,662,463	40,336,709	38,773,508
Other equity		19,124,539	8,974,606	13,238,554	19,281,356	16,697,377
Treasury stock		-	-	-	-	-
Total equity	Before allocation	136,348,204	106,768,051	108,042,985	117,958,870	113,077,945
	After allocation	Note 2	101,414,396	103,132,391	108,765,352	104,585,941

¹The financial information has been audited by CPAs.

²The proposal on 2017 profit distribution is pending for resolution by the AGM.

4. Condensed Individual Statements of Comprehensive Income

(expressed in NT\$ thousands, except for EPS expressed in NT\$)

Item	Year	Financial Information Over the Past Five Years ¹				
		2017	2016	2015	2014	2013
Revenue		16,215,877	17,218,999	20,567,560	21,504,150	22,810,228
Gross profit		1,715,225	2,138,762	2,223,512	1,656,219	2,512,408
Profit (loss) from operations		895,292	1,275,775	1,473,255	678,272	1,548,758
Non-operating income and expenses		6,908,006	5,259,947	4,461,334	10,353,976	8,674,433
Profit before income tax		7,803,298	6,535,722	5,934,589	11,032,248	10,223,191
Profit from continuing operations		7,594,247	6,358,452	5,775,989	10,828,868	10,026,731
Loss of discontinued operations		-	-	-	-	-
Net profit		7,594,247	6,358,452	5,775,989	10,828,868	10,026,731
Other comprehensive income (loss) (net of income tax)		10,181,565	(3,947,339)	(6,582,443)	2,511,831	4,309,750
Total comprehensive income		17,775,812	2,411,113	(806,454)	13,340,699	14,336,481
EPS ²		2.03	1.72	1.56	2.93	2.72

¹The financial information has been audited by CPAs.

²Calculated as per the number of weighted average shares circulated in the market.

5. Independent auditors' names and their audit opinions for the past five years:

(1) Names of CPAs in the past five years:

Year	Name of CPA
2017	Ya-ling Won and Chih-ming Shao
2016	Ya-ling Won and Chih-ming Shao
2015	Ya-ling Won and Mei-hui Wu
2014	Ya-ling Won and Mei-hui Wu
2013	Ya-ling Won and Mei-hui Wu

(2) Audit opinion: Unqualified opinion for 2013–2017.

(3) CPA changed in 2016 in coordination to the job rotation of the CPA firm.

6.2 Important financial ratio analysis

1. Consolidated financial ratio analysis

Subject	Year	Financial Analysis for the Past Five Years ¹					By March 31, 2018 Financial Information ²
		2017	2016	2015	2014	2013	
Financial structure (%)	Liabilities to assets ratio	43.99	44.79	46.95	44.66	45.66	41.45
	Long-term capital to property, plant and equipment ratio	218.95	208.14	198.55	206.66	194.10	241.20
Solvency	Current ratio (%)	142.22	141.34	133.06	140.76	124.70	141.05
	Quick ratio (%)	128.72	124.52	119.28	124.35	110.88	122.38
	Times interest earned (times)	8.92	7.58	6.07	13.11	12.42	10.17
Operation	A/R turnover (times)	4.16	4.46	4.01	4.54	5.15	3.48
	Average days of cash receipts	87.74	81.83	91.02	80.39	70.87	104.89
	Inventory turnover (times)	9.21	8.03	8.15	9.29	9.85	8.38
	A/P turnover (times)	10.27	9.70	11.03	11.91	11.44	9.56
	Average daily sales	39.63	45.45	44.79	39.28	37.05	43.56
	Property, plant and equipment turnover (times)	1.00	0.83	0.84	1.09	1.09	1.02
	Total assets turnover (times)	0.36	0.32	0.32	0.41	0.42	0.35
Portability	Return on assets (%)	4.36	3.68	2.85	6.27	5.92	1.18
	Return on equity (%)	6.88	5.84	4.36	10.51	10.24	1.80
	Net income before tax as a percentage of paid-in capital (%)	32.56	31.19	23.47	57.42	50.39	10.87
	Net profit rate (%)	10.50	9.87	7.39	14.02	13.02	11.85
Cash flow	EPS (NT\$)	2.03	1.72	1.56	2.93	2.72	0.69
	Cash flow ratio (%)	18.88	34.03	31.97	29.12	31.21	4.19
	Cash flow adequacy ratio (%)	116.16	124.56	109.73	104.69	103.54	103.92
Leverage	Cash reinvestment ratio (%)	1.57	3.87	3.19	2.85	6.27	0.68
	Operation leverage	1.82	1.92	2.27	1.59	1.69	1.60
	Financial leverage	1.14	1.15	1.21	1.10	1.10	1.12

- Increase in the times interest earned, ROI, ROE and Net income before tax as a percentage of paid-in capital: It is mainly because of the profit increase in 2017.
- Reduction of cash flow ratio: It is mainly because of the reduction of the net cash flow of business activities in 2017 and the increase in one-year term long-term liabilities.
- Reduction of cash reinvestment ratio: It is mainly because of the balance of the net cash flow of business activities in 2017 deducting the amount of cash dividends is less than that of 2016.

¹The financial information has been audited by CPAs.

²Financial data have been reviewed and certified by CPAs.

Note: The equations for calculation in financial analysis.

(1) Financial structure

- Liabilities to assets ratio = total liabilities/ total assets
- Long-term capital to PP&E ratio = (Gross shareholder's equity + Non-current liabilities) / Net PP&E

(2) Solvency

- Current ratio = current assets / current liabilities
- Quick ratio = (current assets - inventory - prepayments) / current liabilities
- Times interest earned=EBIT/interest expense for current period.

(3) Operation

- Account receivable (including account receivable and note

receivable from operation) turnover = net revenue/balance of average account receivable (including account receivable and note receivable from operation).

- Average daily receivables=365/account receivable turnover
- Inventory turnover= cost of goods sold/average inventory
- Account payable (including account payable and note payable from operation) turnover = cost of goods sold/ balance of average account payable (including account payable and note payable from operation).
- Average daily sales = 365/inventory turnover
- PP&E turnover = Net revenue /Average Net PP&E.
- Total assets turnover = net sales/ Average total assets.

2. Analysis of individual financial ratio

Subject	Year	Financial Analysis for the Past Five Years ¹				
		2017	2016	2015	2014	2013
Financial structure (%)	Liabilities to assets ratio	16.19	19.40	20.37	17.58	16.82
	Long-term capital to property, plant and equipment ratio	514.05	425.53	432.91	466.26	437.62
Solvency	Current ratio (%)	47.36	61.42	74.22	158.74	274.63
	Quick ratio (%)	39.33	49.71	60.02	132.12	237.36
	Times interest earned (times)	39.30	28.49	25.85	50.67	128.71
Operation	A/R turnover (times)	4.44	4.36	4.67	4.69	4.81
	Average days of cash receipts	82.20	83.71	78.15	77.82	75.88
	Inventory turnover (times)	9.22	9.71	11.79	14.71	12.33
	A/P turnover (times)	8.87	9.36	11.59	12.67	11.66
	Average daily sales	39.58	37.59	30.95	24.81	29.60
	Property, plant and equipment turnover (times)	0.58	0.61	0.71	0.72	0.74
	Total assets turnover (times)	0.11	0.13	0.15	0.15	0.18
Portability	Return on assets (%)	5.26	4.89	4.29	7.89	7.85
	Return on equity (%)	6.25	5.92	5.11	9.37	9.16
	Net income before tax as a percentage of paid-in capital (%)	18.38	17.70	16.07	29.88	27.69
	Net profit rate (%)	46.83	36.93	28.08	50.36	43.96
Cash flow	EPS (NT\$)	2.03	1.72	1.56	2.93	2.72
	Cash flow ratio (%)	4.27	19.41	20.14	21.59	83.71
	Cash flow adequacy ratio (%)	19.49	24.75	34.74	52.25	64.28
Leverage	Cash reinvestment ratio (%)	(2.53)	(1.55)	(4.34)	(4.26)	(2.54)
	Operation leverage	2.56	2.24	2.14	3.84	2.24
	Financial leverage	1.29	1.23	1.19	1.49	1.05

- Increase in capital to PP&E ratio: It is mainly because of the increase in net equity amount.
- Reduction of the current ratio and quick ratio: It is mainly because of the increase in one-year term long-term liabilities in 2017.
- Increase in times interest earned and net profit: It is mainly because of increase in profit in 2017.
- Reduction of cash flow ratio: It is mainly because of the reduction of the net cash inflow from business activities in 2017 and the increase in one-year term long-term liabilities.
- Reduction of the cash adequacy ratio and cash reinvestment ratio: It is mainly because of the reduction of the net cash inflow from business activities in 2017.

¹The financial information has been audited by CPAs.

(4) Profitability

- ROA = [profit(loss) after tax + interest expenses x (1-tax rate)]/average total assets.
- ROE = profit/loss after tax /Average equity
- Net profit rate = profit(loss) after tax /net revenue
- EPS = (Net profit attributable to owners of the parent - dividend from preferred shares)/weighted average number of outstanding shares

(5) Cash flow

- Cash flow ratio = net cash flow from operating activities / current liabilities
- Cash flow adequacy ratio = net cash flow from operating activities for the past five years/(capital

expenditure+increases in inventory + cash dividends) over the past five years.

- Cash reinvestment ratio = (net cash flow from operating activities - cash dividends)/ (gross PP&E + long-term investments + other non-current assets + working capital)
- #### (6) Leverage
- Operation leverage= (net revenue - variable cost and expenses from operation)/operating profit
 - Financial leverage= operating profit/(operating profit-interest expenses)

6.3 Audit Committee's report on financial statements

Audit Committee Audit Report

The business report, financial statements (including consolidated financial statements) and proposal for profit distribution of 2017 produced by the Board of Directors have been audited and certified by Deloitte Taiwan. After reviewing such documents, this Audit Committee found no nonconformity and thus presented this report to the AGM for approval in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company

To
Taiwan Cement Corporation 2018 Annual General Meeting of Shareholders

Taiwan Cement Corporation
Audit Committee Convener: Victor Wang
May 10, 2018

6.4 Consolidated financial statements of the previous year

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

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

Very truly yours,

TAIWAN CEMENT CORPORATION
AN-PING CHANG
Chairman

March 28, 2018

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan Cement Corporation

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

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

Impairment Loss of Property, Plant and Equipment and Goodwill

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

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

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

1. Understood the Group's asset impairment evaluation processes and implementation of related controls, including the assumption basis and information sources.
2. Understood and assessed whether the recent operating results and industry conditions were considered in the calculation and the achievability measure of expected recoverable amounts.
3. Evaluated the reasonableness of the discount rates that the Group used.

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2017 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Ya-Ling Wong

Chih-ming Shao

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 28, 2018

Notice to Readers

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

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

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

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

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

(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

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

(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

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

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

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Shareholders of the Parent				Others		Total	Non-controlling Interests	Total Equity		
	Share Capital	Capital Surplus	Legal Reserve	Retained Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain on Available-for-sale Financial Assets				Cash Flow Hedges	
BALANCE, JANUARY 1, 2016	\$ 36,921,729	\$ 12,309,615	\$ 12,811,665	\$ 13,050,495	\$ 19,710,897	\$ 45,573,057	\$ 2,239,003	\$ 10,993,974	\$ 108,042,985	\$ 47,441,267	\$ 155,484,252
Appropriation of prior year's earnings	-	-	577,599	-	(577,599)	-	-	-	-	-	(4,910,594)
Legal reserve	-	-	-	-	(4,910,594)	-	-	-	-	-	(2,299,291)
Cash dividends	-	-	-	-	-	-	-	-	-	-	8,842,075
Cash dividends distributed by subsidiaries	-	-	-	-	6,358,452	-	-	-	-	-	6,358,452
Net income for the year ended December 31, 2016	-	-	-	-	316,609	316,609	(4,472,710)	206,349	(3,947,339)	(3,040,375)	(6,987,714)
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	6,675,061	6,675,061	(4,472,710)	206,349	2,411,113	(556,752)	1,854,361
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	-	-	-	-	1,224,547	(1,224,547)	(2,732,057)
Difference between consideration paid and the carrying amount of subsidiaries' net assets during actual acquisitions	-	1,224,547	-	-	-	-	-	-	-	-	(2,732,057)
Changes in non-controlling interests	-	-	-	(11)	11	-	-	-	-	-	-
Reversal of special reserve recognized from asset disposals	-	-	-	(11)	11	-	(2,233,617)	11,200,323	7,900	-	147,396,071
BALANCE, DECEMBER 31, 2016	36,921,729	13,534,162	13,389,264	13,050,484	20,897,776	47,337,524	-	-	106,768,051	40,628,020	147,396,071
Appropriation of prior year's earnings	-	-	635,845	-	(635,845)	-	-	-	-	-	(5,353,655)
Legal reserve	-	-	-	-	(5,353,655)	-	-	-	-	-	(2,258,975)
Cash dividends	-	-	-	-	-	-	-	-	-	-	10,322,800
Cash dividends distributed by subsidiaries	-	-	-	-	7,594,247	7,594,247	-	-	-	-	7,594,247
Net income for the year ended December 31, 2017	-	-	-	-	31,632	31,632	1,443,142	8,714,691	(7,980)	(204,293)	9,976,772
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	7,625,879	7,625,879	1,443,142	8,714,691	(7,980)	2,523,760	30,299,572
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	(590,238)	(590,238)	-	-	(1,814,785)	1,408,336	(406,449)
Difference between consideration received/paid and the carrying amount of subsidiaries' net assets during actual acquisitions and disposals	-	(1,224,547)	-	-	-	-	-	-	-	-	(406,449)
Changes in ownership interests of subsidiaries	-	2,120	-	-	-	-	-	-	2,120	389	2,509
Issuance of new shares for the acquisition of shares in subsidiaries	5,543,331	13,427,330	-	-	-	-	-	-	18,970,661	-	18,970,661
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(26,003,118)	(26,003,118)
Reversal of special reserve recognized from asset disposals	-	-	-	(849)	849	-	-	-	-	-	-
BALANCE, DECEMBER 31, 2017	\$ 42,465,099	\$ 25,739,065	\$ 14,025,109	\$ 13,049,635	\$ 21,944,766	\$ 49,019,510	\$ (790,475)	\$ 19,915,014	\$ 136,348,204	\$ 16,299,012	\$ 152,647,216

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

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

(Continued)

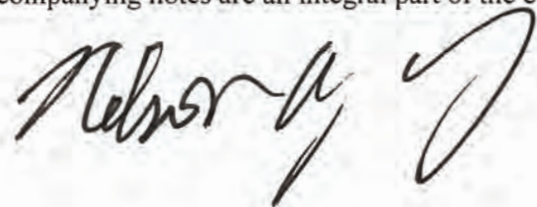
TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

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

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

(Concluded)



6.5 Individual financial statements of the previous year

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, 2017 and 2016, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

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

Impairment Loss of Equity-method Investments

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

For the impairment assessment process, management is required to calculate the expected recoverable amounts and determine a suitable discount rate. In this process, management's evaluation and judgment on the expected recoverable amounts is highly judgmental and is based on assumptions subject to changes in the market or economic conditions, which contain a significant level of uncertainty. Thus, the impairment of property, plant and equipment and goodwill included in investments accounted for by using the equity method is considered a key audit matter.

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

1. Understood the Corporation's asset impairment evaluation processes and implementation of related controls, including the assumption basis and information sources.
2. Understood and assessed whether the recent operating results and industry conditions were considered in the calculation and the achievability measure of expected recoverable amounts.
3. Evaluated the reasonableness of the discount rates that the Corporation used.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2017 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Ya-Ling Wong

Chih-ming Shao

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 28, 2018

Notice to Readers

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

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

TAIWAN CEMENT CORPORATION

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

	2017		2016	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 759,845	1	\$ 1,278,657	1
Available-for-sale financial assets (Notes 4 and 7)	3,740,687	2	1,342,777	1
Notes receivable (Notes 4 and 8)	981,158	1	848,116	1
Notes receivable from related parties (Notes 4 and 23)	121,381	-	153,730	-
Accounts receivable (Notes 4 and 8)	2,193,062	1	2,326,788	2
Accounts receivable from related parties (Notes 4 and 23)	303,945	-	374,558	-
Other receivables from related parties (Notes 4 and 23)	64,015	-	69,715	-
Inventories (Notes 4, 9 and 25)	1,655,298	1	1,489,695	1
Other current assets	92,637	-	122,728	-
Total current assets	9,912,028	6	8,006,764	6
NON-CURRENT ASSETS				
Available-for-sale financial assets (Notes 4 and 7)	2,419,650	1	3,449,980	3
Financial assets carried at cost (Note 4)	85,159	-	90,992	-
Investments accounted for by using the equity method (Notes 4, 5, 10 and 20)	118,108,972	73	88,378,924	67
Property, plant and equipment (Notes 4, 11 and 24)	27,577,177	17	28,064,674	21
Investment properties (Notes 4 and 12)	3,352,908	2	3,353,159	2
Intangible assets (Note 4)	21,394	-	69,359	-
Net defined benefit asset (Notes 4 and 15)	889,179	1	817,828	1
Other non-current assets (Notes 4, 18 and 24)	322,261	-	227,878	-
Total non-current assets	152,776,700	94	124,452,794	94
TOTAL	\$ 162,688,728	100	\$ 132,459,558	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Note 13)	\$ 8,522,150	5	\$ 5,839,557	4
Short-term bills payable (Note 13)	1,899,014	1	299,858	-
Accounts payable	797,820	1	1,015,577	1
Accounts payable to related parties (Note 23)	748,977	-	709,064	1
Other payables (Note 14)	1,443,197	1	1,643,926	1
Other payables to related parties (Note 23)	24,715	-	41,047	-
Current income tax liabilities (Notes 4 and 18)	132,708	-	39,626	-
Long-term loans - current portion (Note 13)	7,276,733	5	3,360,000	3
Other current liabilities	83,904	-	88,022	-
Total current liabilities	20,929,218	13	13,036,677	10
NON-CURRENT LIABILITIES				
Long-term loans (Note 13)	-	-	7,268,893	5
Deferred income tax liabilities (Notes 4 and 18)	5,164,505	3	5,141,802	4
Other non-current liabilities (Note 10)	246,801	-	244,135	-
Total non-current liabilities	5,411,306	3	12,654,830	9
Total liabilities	26,340,524	16	25,691,507	19
EQUITY (Notes 4 and 16)				
Share capital	42,465,090	26	36,921,759	28
Capital surplus	25,739,065	16	13,534,162	10
Retained earnings	49,019,510	30	47,337,524	36
Others	19,124,539	12	8,974,606	7
Total equity	136,348,204	84	106,768,051	81
TOTAL	\$ 162,688,728	100	\$ 132,459,558	100

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

TAIWAN CEMENT CORPORATION

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

	2017		2016	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 23)	\$ 16,274,654	100	\$ 17,299,027	100
LESS: SALES RETURNS AND ALLOWANCES	<u>58,777</u>	-	<u>80,028</u>	1
OPERATING REVENUE, NET	16,215,877	100	17,218,999	99
OPERATING COSTS (Notes 4, 9, 17 and 23)	<u>14,500,652</u>	89	<u>15,080,237</u>	87
GROSS PROFIT	1,715,225	11	2,138,762	12
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>1,228</u>	-	<u>1,228</u>	-
REALIZED GROSS PROFIT	<u>1,716,453</u>	11	<u>2,139,990</u>	12
OPERATING EXPENSES (Notes 17 and 23)				
Marketing	180,458	1	178,878	1
General and administrative	<u>640,703</u>	4	<u>685,337</u>	4
Total operating expenses	<u>821,161</u>	5	<u>864,215</u>	5
INCOME FROM OPERATIONS	<u>895,292</u>	6	<u>1,275,775</u>	7
NON-OPERATING INCOME AND EXPENSES				
Share of profit of subsidiaries and associates (Note 10)	6,950,116	43	5,266,258	30
Dividend income (Note 4)	323,812	2	357,916	2
Other income (Note 17)	163,379	1	153,258	1
Finance costs	(211,840)	(2)	(245,821)	(1)
Other expenses (Note 17)	(161,461)	(1)	(265,940)	(1)
Impairment loss (Note 10)	<u>(156,000)</u>	(1)	<u>(5,724)</u>	-
Total non-operating income and expenses	<u>6,908,006</u>	42	<u>5,259,947</u>	31
INCOME BEFORE INCOME TAX	7,803,298	48	6,535,722	38
INCOME TAX EXPENSE (Notes 4 and 18)	<u>209,051</u>	1	<u>177,270</u>	1
NET INCOME	<u>7,594,247</u>	47	<u>6,358,452</u>	37

(Continued)

TAIWAN CEMENT CORPORATION

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

	2017		2016	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 15)	\$ 70,524	-	\$ 379,357	2
Share of other comprehensive income (loss) of subsidiaries and associates	(26,903)	-	1,743	-
Income tax expense related to items that will not be reclassified subsequently to profit or loss (Note 18)	<u>(11,989)</u>	-	<u>(64,491)</u>	-
	<u>31,632</u>	-	<u>316,609</u>	2
Items that may be reclassified subsequently to profit or loss:				
Unrealized gain on available-for-sale financial assets	1,370,286	8	238,844	1
Share of other comprehensive income (loss) of subsidiaries and associates	<u>8,779,647</u>	54	<u>(4,502,792)</u>	(26)
	<u>10,149,933</u>	62	<u>(4,263,948)</u>	(25)
Other comprehensive income (loss) for the year, net of income tax	<u>10,181,565</u>	62	<u>(3,947,339)</u>	(23)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 17,775,812</u>	109	<u>\$ 2,411,113</u>	14
EARNINGS PER SHARE (NT\$, Note 19)				
Basic earnings per share	<u>\$2.03</u>		<u>\$1.72</u>	
Diluted earnings per share	<u>\$2.03</u>		<u>\$1.72</u>	

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

(Concluded)



TAIWAN CEMENT CORPORATION

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

	Issuance of Share Capital		Retained Earnings			Total	Exchange Differences on Translating Foreign Operations	Others Unrealized Gain/Loss on Available-for-sale Financial Assets	Cash Flow Hedges	Total Equity
	(In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve					
BALANCE, JANUARY 1, 2016	3,692,176	\$ 36,921,759	\$ 12,309,615	\$ 12,811,665	\$ 13,050,495	\$ 19,710,897	\$ 2,239,093	\$ 10,993,974	\$ 5,487	\$ 108,042,985
Appropriation of prior year's earnings	-	-	-	577,599	-	(577,599)	-	-	-	-
Legal reserve	-	-	-	-	-	(4,910,594)	-	-	-	(4,910,594)
Cash dividends	-	-	-	-	-	6,358,452	-	-	-	6,358,452
Net income for the year ended December 31, 2016	-	-	-	-	-	316,609	(4,472,710)	306,349	2,413	(3,947,339)
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	-	6,675,061	(4,472,710)	206,349	2,413	2,411,113
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	-	1,224,547	-	-	-	1,224,547
Difference between consideration paid and the carrying amount of subsidiaries' net assets during actual acquisitions	-	-	-	-	(11)	11	-	-	-	-
Reversal of special reserve recognized from asset disposals	-	-	-	-	(11)	11	-	-	-	-
BALANCE, DECEMBER 31, 2016	3,692,176	\$ 36,921,759	\$ 13,534,162	\$ 13,389,264	\$ 13,050,484	\$ 20,897,776	\$ (2,233,617)	\$ 11,200,323	\$ 7,900	\$ 106,768,051
Appropriation of prior year's earnings	-	-	-	635,845	-	(635,845)	-	-	-	(5,353,655)
Legal reserve	-	-	-	-	-	(5,353,655)	-	-	-	(5,353,655)
Cash dividends	-	-	-	-	-	7,594,247	-	-	-	7,594,247
Net income for the year ended December 31, 2017	-	-	-	-	-	31,632	1,443,142	8,714,691	(7,900)	10,181,565
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	7,625,879	1,443,142	8,714,691	(7,900)	17,775,812
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	(1,224,547)	-	-	-	(1,814,785)
Difference between consideration received/hand and the carrying amount of subsidiaries' net assets during actual acquisitions and disposals	-	-	-	-	-	2,120	-	-	-	2,120
Changes in ownership interests of subsidiaries	-	-	-	-	-	13,427,330	-	-	-	18,970,661
Issuance of new shares for the acquisition of shares in subsidiaries	554,333	5,543,331	-	-	-	-	-	-	-	-
Reversal of special reserve recognized from asset disposals	-	-	-	(849)	-	849	-	-	-	-
BALANCE, DECEMBER 31, 2017	4,246,509	\$ 42,465,090	\$ 25,739,065	\$ 14,025,109	\$ 13,049,635	\$ 21,944,766	\$ (790,475)	\$ 19,915,014	\$ -	\$ 136,348,204

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

TAIWAN CEMENT CORPORATION

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

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 7,803,298	\$ 6,535,722
Adjustments for:		
Depreciation expense	537,065	676,733
Amortization expense	36,553	36,554
Finance costs	211,840	245,821
Interest income	(6,102)	(8,453)
Dividend income	(323,812)	(357,916)
Share of profit of subsidiaries and associates	(6,950,116)	(5,266,258)
Gain on disposal of property, plant and equipment, net	(142)	(29,540)
Inventory write-downs	19,519	-
Impairment loss on financial assets	-	5,724
Impairment losses on non-financial assets	156,000	-
Loss on disposal of investment	745	-
Unrealized loss (gain) on foreign exchange, net	(4,067)	3,840
Changes in operating assets and liabilities:		
Notes receivable	(133,042)	322,718
Notes receivable from related parties	32,349	(46,757)
Accounts receivable	129,926	227,338
Accounts receivable from related parties	69,003	(7,976)
Other receivables from related parties	(2,888)	4,077
Inventories	(185,122)	127,397
Other current assets	30,190	15,620
Net defined benefit asset	(827)	4,312
Accounts payable	(217,514)	19,912
Accounts payable to related parties	40,173	208,019
Other payables	(202,465)	244,891
Other payables to related parties	(16,332)	(27,582)
Other current liabilities	(4,118)	(8,389)
Cash generated from operations	1,020,114	2,925,807
Income tax paid	(125,525)	(395,336)
Net cash generated from operating activities	894,589	2,530,471
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposals of available-for-sale financial assets	1,961	-
Purchases of financial assets carried at cost	-	(1)
Proceeds from the return of capital upon investees' capital reduction of financial assets carried at cost	5,833	11,584
Acquisitions of investments accounted for by using the equity method	(1,329,584)	(15,000)
Payments for property, plant and equipment	(32,268)	(79,854)
Proceeds from disposal of property, plant and equipment	6,992	29,613
Payments for intangible assets	-	(313)
Decrease in other receivables from related parties	20,000	255,000
Increase in other non-current assets	(98,012)	(25,012)

(Continued)

TAIWAN CEMENT CORPORATION

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

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

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

(Concluded)



Review of financial position and financial performance and risk management

7.1 Financial position

(expressed in NT\$ thousands)

Item	Year	2017	2016	Difference	
				Amount	%
Current assets		92,719,914	77,884,012	14,835,902	19
Property, plant and equipment		94,709,404	101,799,766	(7,090,362)	(7)
Intangible assets		20,852,624	21,175,282	(322,658)	(2)
Other assets		64,275,107	66,129,636	(1,854,529)	(3)
Total assets		272,557,049	266,988,696	5,568,353	2
Current liabilities		65,192,960	55,104,919	10,088,041	18
Non-current liabilities		54,716,873	64,487,106	(9,770,233)	(15)
Total liabilities		119,909,833	119,592,025	317,808	-
Share capital		42,465,090	36,921,759	5,543,331	15
Capital Surplus		25,739,065	13,534,162	12,204,903	90
Retained earnings		49,019,510	47,337,524	1,681,986	4
Other equity		19,124,539	8,974,606	10,149,933	113
Equity attributed to owners of the parent company		136,348,204	106,768,051	29,580,153	28
Non-control equity		16,299,012	40,628,620	(24,329,608)	(60)

Description:

1. The share capital and capital surplus changed because of issuance of shares at premium for capital increase.
2. The other equipment increased because of the increase in the unrealized gain or loss on valuation of financial assets in the 2017.
3. The equity attributed to owners of the parent company and non-control equity changed because TTC has acquired the shares of some affiliates.

6.6 Financial difficulties for the company and its affiliates: None

7.2 Financial performance

Comparison and analysis of financial performance

(expressed in NT\$ thousands)

Item	Year		Increased (Decreased) Amount	Change Ratio (%)
	2017	2016		
Net Revenue	98,311,776	89,564,306	8,747,470	10
Operating cost	79,398,862	71,583,302	7,815,560	11
Gross profit	18,912,914	17,981,004	931,910	5
Operating expenses	4,950,029	4,946,868	3,161	-
Profit from operations	13,962,885	13,034,136	928,749	7
Non-operating income and expenses	(138,226)	(1,518,801)	1,380,575	(91)
Profit before income tax	13,824,659	11,515,335	2,309,324	20
Income tax expense	3,501,859	2,673,260	828,599	31
Net profit after tax	10,322,800	8,842,075	1,480,725	17

Ratio change analysis:

1. Net profit before tax increased mainly because of the profit increase of the cement sector in 2017.
2. Non-operating expenses reduced mainly because of the reduction of loss from exchange and recognized loss in 2017.
3. Income tax expenses increased because of the increase in the net profit before tax in 2017.

7.3 Cash flow analysis

1. Change in consolidated cash flow in the previous year

(expressed in NT\$ thousands)

Beginning cash balance	Annual net cash flow from operating activities	Annual cash inflow and (outflow)	Cash balance (insufficiency)	Remedy for cash shortage	
				Investment Plans	Financial Management Plans
28,179,758	12,310,560	(1,848,540)	26,331,218	-	-

1. Analysis of cash flow changes:

- (1) Business activities: Mainly because of the profit from business operations.
 - (2) Investment activities: Mainly because of fixed asset procurement.
 - (3) Fundraising activities: Mainly because of debt repayment, release of cash dividends, and acquisition of shares from subsidiaries.
2. Remedies for cash shortages and improvements for low liquidity: NA

2. Liquidity analysis of the past two years

(expressed in NT\$ thousands)

Item	Year		Increased (Decreased) Ratio (%)
	2017	2016	
Cash flow ratio	18.88	34.03	(45)
Cash flow adequacy ratio	116.16	124.56	(7)
Cash reinvestment ratio	1.57	3.87	(59)

Analysis of ratio change

- (1) Reduction of cash flow ratio: It is mainly because of the reduction of net cash flow in business activities and the increase in the one-year term long-term liabilities in 2017.
- (2) Reduction of cash reinvestment ratio: It is mainly because of the reduction of net cash flow in business activities in 2017.

3. Analysis of cash liquidity in the next year

(expressed in NT\$ thousands)

Beginning cash balance	Annual net cash flow from operating activities	Annual cash (Outflow)	Cash balance (insufficiency)	Remedy for cash shortage	
				Investment Plans	Financial Management Plans
26,331,218	15,325,710	(4,105,418)	22,225,800	-	-

Analysis of cash liquidity in the next year

- (1) Business activities: Mainly because of the profit from business operation.
- (2) Investment activities: Mainly because of capital expenses.
- (3) Fundraising activities: Mainly because of debt repayment and release of cash dividends.

7.4 Influence of major capital spending on financial position and operation in recent years

The 2017 capital spending was routine, and no project required capital spending. In addition to the routine, we plan to increase capital spending for the following projects in 2018:

(1) In support of the government's green energy policy, we will invest in renewable energy projects, including solar energy and wind power, in Changhua Coastal Industrial Park and Chiayi through TCC Green Energy Corporation.

(2) In view of the business opportunities in construction brought by the government's Forward-Looking Infrastructure Project and in consideration of increasing own locations to service customers, we plan to increase the capacity for ready-mix concrete in Taiwan.

(3) Ta-Ho Maritime Corporation plans to eliminate six old carriers and invests in new energy-efficient equipment and energy-efficient ships.

(4) Plants in mainland China plans to invest in a dangerous waste disposal plant in collaboration with Orient Landscape Holdings.

The total amount of capital spending on the above projects is about NT\$14 billion to NT\$15 billion, and it is expected that these projects can increase revenue and reduce expenses at the same time.

7.5 Re-investment policies, main causes of profit or loss, and improvement plans in the previous year, and investment plans in the next year

The recognized income from re-investments made in 2017 was higher than that of 2016 for the following reasons:

(1) TCC International

The Chinese government has implemented the peak-off production policy to reduce air pollution. As this has also limited cement supply, the price escalates, and so

does the profit. As it is predicted that the Chinese government will implement stricter environmental policies in the future, environmental expenditure will increase to cope with its trend and further to comply with and even exceed the legal requirements. In addition, we will sign a collaboration contract with Orient Landscape Holdings on the collaborative disposal of dangerous waste to promote the development of dangerous waste disposal.

(2) Ho-Ping Power Company:

As an electricity tower was collapsed by a typhoon and the coal price soared in 2017, profit was not as good as that of 2016. While the energy charge is raised in 2018 as a result of the coal price rise, it is expected that profit will be higher in 2018.

(3) Taiwan Prosperity Chemical Corporation.

The profit of some products was not as good as expected due to oversupply across the world. Production cut, unit price raise on target customers, and import material cut were implemented from Q4 2015, in order to significantly reduce deficits. In addition, the output of products of higher profit and outsourced refining service was increased to boost revenue. BPA demand rose significantly following the mass production of new PC plants at downstream. The price kept rising as a result of serious undersupply. The BPA plant will be re-opened to fulfill the market demand and to increase revenue and profit. We will continue the above improvement measures to constantly boost revenue.

7.6 Risk analysis and assessment

7.6.1 Influence on income of changes in interest rate and exchange rate volatility and inflation, and future countermeasures:

(1) Interest rate volatility: While major advanced economies maintained a normal currency policy and the central bank mostly kept the interest rate unchanged, minor interest rate volatility is predicted for both TWD and RMB this year. The interest rate volatility of Taiwan,

mainland China, and the USA will affect the income from interest of cash equivalent and the expense for the interest from liabilities. Apart from constantly keeping track on the changes and trends of interest rate and timely assessing potential interest risks, we will continue to observe the market status to adjust the liability.

position or fixed interest rate for hedging as necessary (2) Exchange rate: Influenced mainly by USD and RMB, we have adopted net position natural hedging and constantly keep track on exchange rate volatility to make timely spot bank buying/selling, forward exchange, or adjustment of foreign currency debts for forex hedging. These hedging methods can help reduce exchange rate risk, and we will review such methods based on the market status and hedging cost as necessary. Overall, exchange rate volatility has comparatively limited influence on organizational operations.

(3) Inflation: Looking out into 2018 based on the latest statistics, the steady global economic expansion will bring raw material demands, global commodity prices, such as the global oil price, will rise steadily. The latest statistics show that CPI in Q1 2018 rose by 1.54% in Taiwan, 2.1% in the USA, and 2.2 in mainland China, all present a moderate inflation. According to the 2018 outlook of the Directorate General of Budget, Accounting and Statistics (DBGAS), Executive Yuan, the annual CPI growth will be 1.21%, suggesting that inflation will bring limited influence to our annual influence.

7.6.2 Policies, main reason(s) for profits or losses, and future countermeasures for engaging in high-risk and high-leverage investments, lending, offering guarantees and endorsements, and derivatives investments:

(1) Neither this company nor our subsidiaries have engaged in high-risk and high-leverage investments in recent years.

(2) Either this company or our subsidiaries offer lending, endorsement, and guarantees only to subsidiaries or affiliates. Apart from maintaining a normal financial status, we abide by related regulations of the Securities and Futures Bureau (SFB) and our Capital Lending Operating Procedures and the Endorsement and Guarantee Operating Procedures. Therefore, losses will hardly happen.

(3) Both this Company and our subsidiaries engage in derivatives transactions for hedging risks in exchange rate and the cost of raw materials required for operations. We also follow our Asset Acquisition or Disposal Operating Procedures without engaging in any non-hedging transactions.

7.6.3 Future R&D projects and planned R&D funds:

In addition to continually developing technologies for energy conservation and carbon reduction, new-typed carbon capture, and microalgae culture & CCSU, we will assess the expansion of the experimental plant to prepare for commercial operation. Currently, all the above projects are on schedule, where

(1) Future planning of the calcium looping technology: To enhance the overall effectiveness of calcium looping, we will enhance the modification rate of carbon-ation to reduce Ca/C mole ratio and energy consumption. Then, we will extend it to the design and planning of a 30MW demo plant. Therefore, we will invest NT\$4,000,000 (excl. sales tax) in 2018 to verify and extend the new-generation integrated steam hydration and cascade cyclone carbon capture system, develop the technology for producing high-purity PCC by recycling inactive absorbents (modification rate >85% as per bench-scale equipment tests and verification), implement the detailed design and planning of the 30MW demo calcium looping capture system, establish procurement specifications, make plant construction planning, and prepare EIA explanation.

(2) Microalgae culture technology: This project aims to expand the scope of biological carbon fixation, including the review of biological carbon fixation using microalgae and microorganisms, energy utilization, and development of value-added products. A microalgae culture for carbon fixation experiment will be conducted at the flue stakes to develop the technology to enhance the carbon fixation efficiency of algae using bioactive substances. The second-generation bag culture system will be experimented to test and demonstrate microalgae culture for carbon fixation. Therefore, we will invest NT\$5,000,000 (excl. sales tax) in 2018 to develop the high-efficiency microalgae culture model, study outdoor culture of carbon fixation microalgae, assess

the biological carbon fixation procedures, and investigate the fermentation of oleaginous microorganisms.

(3) Extraction of astaxanthin from *Haematococcus pluvialis* and back-end application development: Continue to investigate and assess the antioxidation ability, effectiveness, and mechanism of astaxanthin, and trial production of health foods and aesthetic medicine products. Therefore, we will invest NT\$12,000,000 (excl. sales tax) in 2018 to implement related research projects.

7.6.4 Influence of major policies and legal changes at home or abroad on finance and operations and countermeasures:

1. According to the amendment to the Electricity Act made on January 26, 2017, Article 64 proclaims: "Prior to allocating annual profit, an electricity generating enterprise shall prioritize the portion of net annual profit, excluding the portion gained from the generation of renewable-energy-based electricity, in excess of the total paid-in capital to improve the operation and maintenance of generation sets..." We will follow the government policy to actively plan and assess investments in related renewable-energy-based electricity generation facilities.

2. According to the amendment made to Regulations for the Emergency Control of Severe Air Quality Deterioration promulgated on June 9, 2017, when the air quality near a coal-fired power plant deteriorates severely, the plant must accept the dispatch of the power company to reduce load. As this will affect the income from generation, the BOE and the EPA are discussing the operation of this.

7.6.5 Influence of changes in technology and the industry on finance and operations and countermeasures:

We have equipped plants built in recent years with the latest technology. We have also started upgrading equipment in older plants to ensure full automation, green production, and energy conservation. Apart from producing high-quality competitive products at a lower cost, this can improve our market presence.

We constantly keep track on the development of related technologies and timely assess and introduce the latest technologies to ensure sustainable development.

In addition, due to the three high's characteristics of cement manufacture—high temperature, high duration, and high turbulence—of the cement process, cement kilns have been considered as the final disposal facility of waste in the industrial world. In either Taiwan or mainland China, collaborative waste processing with cement kilns has become a new policy trend. With over 30 years of experience in collaborative waste processing and the TFA-certified laboratory, we will extend the service to the processing of more types of solid waste and dangerous waste. In addition to business operations, we spare no efforts to maintain the interest of the country and society to maximize the ongoing benefits for environmental protection of the cement industry through the circular economy.

7.6.6 Influence of market presence change on crisis management and countermeasures:

Like the power, petrochemical, and steelmaking industries, the cement industry has been stereotyped by the public as an industry of high energy consumption and high carbon emission. Upholding the "environmental protection as a responsibility" concept, we endeavor to strictly control emissions, wastewater, and noise of all plants to meet or even exceed the latest environmental standards. With the high temperature operation at 1,300°C of the cement kiln, we began collaborative processing under government supervision in 1983 for waste from coal-fired power plants, sludge from water purification plants, construction waste, and so on, and the waste solvents, fluorspar, and so on from science parks. In recent years, our technology in collaborative waste processing has improved. In 2017, the alternate material rate of solid waste in cement manufacture increased to 186kg per tonnes. In 2017, the Hoping Plant discussed the final disposal of waste tires with the government. EPA data show that dioxin value from burning waste tires at TCC can be minimized to 0.02ng/Nm³, way lower than international standard at 0.1ng/Nm³. Furthermore, as a skillful high-temperature

work operator, we entered the environmental industry in 1992. Currently, our investee Onyx Ta-Ho Environmental Services Co., Ltd. operates eight refuse incineration plants and eight water treatment plants in Taiwan to provide services for up to 28.2% of the people and generate electricity up to 965 MWh.

In 2017, we began to use a brand-new corporate logo combining the implications of the “Möbiusband strip” and the “infinity symbol in Mathematics” to present TCC’s new image: “circulation and sustainability.” The new logo also symbolizes the spontaneity to communicate with society and the public. According to TCC Chairman An-ping Chang: “In addition to a cement manufacturer and supplier, we are a green business handling the complex relationship between nature and human beings.” From environmental work including sewage treatment, waste disposal, power generation through refuse incineration, energy conservation and carbon emission of cement plants, and collaborative processing of industrial waste with cement kilns; to winning the R&D 100 Awards for carbon capture and the National Innovation Award for entering the biotechnology and cosmetics industries with astaxanthin, our efforts in “environmental value change and organizational transformation” have increased our visibility in Taiwan and across the world. From self-practice of “pollution reduction” to “waste to resources” and then “environmental service provision”, and eventually to the “green value chain”, we have built a circular economic system featuring “integrated environment services”. This system will be our competitive tool in mainland China and even the global markets.

Furthermore, in 2017, we began actively engaging in the development of green-energy-based generation, including solar energy, wind power, and geothermal generation. Currently, we are building a 14MV PV plant and a 7.2MW wind farm on our plant site in the Changhua Coastal Industrial Park. It is estimated that grid connection will begin this year and the middle of next year. We are also making deployment for a number of other projects, in order to contribute to environmental sustainability through engagement in energy transformation.

7.6.7 Expected benefits and potential risks of mergers and acquisitions

The board meeting convened on April 19, 2017 passed on April 20, 2017 the resolution to privatize TCC interna-

tional Holdings Limited (TCCIH) in collaboration with subsidiary TCC International Limited (TCCI) by means of scheme of arrangement. At the board meeting held on October 18, 2017, BOD passed a resolution to increase capital by issuing 554,333,000 new shares to acquired part of the TCCIH shares through share exchange. The said capital increase by issuing new shares were reported for approval by the Securities and Futures Bureau (SFB) of the Financial Supervisory Commission (FSC) on November 6, 2017 with the Letter Jin-Guan-Zheng-Fa-Zi No. 1060041014, and the business registration change was approved by the MOEA in the Letter Jing-Shou-Shang-Zi No. 10701002110 on January 31, 2018, with February 12, 2018 as the last date of trading of the ordinary shares and the certificates of entitlement to new shares.

Expected benefits from acquisition:

- (1) Facilitate the financial, business, and operations integration between TCC and TCCIH.
- (2) Provide greater flexibility for TCC to support TCCIH’s future business development and to relieve the pressure from market prediction, profit visibility, and stock price volatility on the market where TCCIH is listed.
- (3) Fortify TCC’s rights and benefits at the TCCIH and simplify TCCIH’s share structure and enhance its operational efficiency.
- (4) Save the cost and expense to maintain the TCCIH’s listing qualifications.

7.6.8 Expected benefits and potential risks of factory expansion and countermeasures

To increase the clinker and cement capacity in mainland China and full up the vacancy between the Yingde Plant in Guangong and the Hunnan Plant, we have established a clinker and cement production line in Shaoguan, Guangdong Province. We have also invested in a waste processing project there. The Shaoguan Plant marks our new cement plant project with a waste processing facility right at the beginning of planning and design. The Shaoguan Plant is equipped with a clinker and cement production line with an annual capacity of 2 million tonnes. This will be our forward command center for expansion to northern Guangdong. As the procedures and lead time of the mining permit are time consuming, operations will be postponed to

the end of 2019.

In addition, in support of the government’s “nuclear-free homeland” vision in 2025 and the proportion of renewable-energy-based generation at 20%, as the leader of traditional industries, we will follow the energy transformation step of the government to actively engage in the development of and investment in renewable energy. Currently, the integrated wind-solar project featuring one 14MW PV plant and one 7.2MW wind farm is under construction on our plant site in the Changhua Coastal Industrial Park. Grid connection expected this year and in the middle of the next year will bring stable income to the group.

7.6.9 Potential risk of procurement or sales centralization and acquisitions:NA

7.6.10 Influence and potential risk of the massive transaction or conversion of shares by directors, supervisors or dominant shareholders holding over 10% of the stakes and countermeasures:NA

7.6.11 Influence and risks of management change and countermeasures:NA

7.6.12 Litigious or non-litigious events

Major litigious events, non-litigious events, or administrative remedies with confirmed verdicts in recent years and by the date of report publication or in progress by the date of report publication of the company: NA.

Major litigious events, non-litigious events, or administrative remedies with confirmed verdicts in recent years and by the date of report publication or in progress by the date of report publication of directors, presidents, actual responsible persons, and shareholders holding over 10% of the stakes; subsidiaries; and affiliates, with results that may cause significant impact to the rights and interests of shareholders or the stock price.

Company Name	Ta-Ho Onyx RSEA Environment
Fact in dispute	The Incineration Plant BOO Contract between Ta-Ho Onyx RSEA Environment and the Yunlin County Government was terminated through arbitration. The Yunlin County Government should pay a sum of NT\$1.5 billion by November 30, 2008 and the balance of NT\$1.44 billion (including USD and JPN) by June 30, 2009. Ta-Ho Onyx RSEA Environment has also transferred the asset to the Yunlin County Government.
Contract value(NT\$):	approx. 2.95 billion
Trial start date	Date of arbitration decision: October 1, 2008
Parties concerned	Ta-Ho Onyx RSEA Environment vs. Yunlin County Government
Status	1. Ta-Ho Onyx RSEA Environment has applied for compulsory enforcement for the compensation at NT\$2.95 billion. Currently, the Yunlin County Government has repaid about NT\$2.55 billion, principal and interest. Apart from continuing the compulsory enforcement, we will continue to negotiate the repayment plan with the Yunlin County Government. 2. Projects in progress 10 lots of THSR land: one lot was auctioned at NT\$31,620,000 on January 17, 2017, five lots were auctioned at NT\$454,790,000 on February 21, 2017; pending for court allocation for compensation. The three-month auction notice from February 27, 2018 to May 26, 2018 for the remaining four lots was cancelled by the execution court on February 27, 2018. Ta-Ho Onyx RSEA Environment has filed an appeal for this.

Company Name	Ta-Ho Onyx RSEA Environment
Fact in dispute	The Yunlin County Government claimed that the approval of the entitlement foreclosure of this case will conflict with the reason of claim of Ta-Ho Onyx RSEA Environment, therefore, the auction should be held. The Yunlin County Government has further filed a obligor appeal.
Contract value(NT\$):	approx. 1.44 billion
Trial start date	Date of filing of the Yunlin County Government: February 4, 2016
Parties concerned	Yunlin County Government vs. Ta-Ho Onyx RSEA Environment
Status	Yunlin County Government made an appeal on June 23, 2016 after losing the case on June 3, 2016. The Tainan Branch of the Taipei High Court denied the appeal on June 20, 2017. If the Yunlin County Government did not make another appeal, the compulsory enforcement of the whole case will be confirmed. The case is closed after the Yunlin County Government lost it. Then, the auction followed suit. Please update the post-auction situation according to the previous case.

(2)

Company Name	Ho-Ping Power Company
Fact in dispute	The Hualien County Government fined the Hoping Power Company about NT\$440 million for the unjust enrichment gained by the use of raw coal in excess of the ceiling limit in 2009 and 2010, which violated Article 24 of the Air Pollution Control Act, according to Article 18 of the Administrative Penalty Act.
Contract value(NT\$):	441,929,966
Arbitration/trial start date:	December 17, 2012
Parties concerned	Ho-Ping Power Company vs. Hualien County Government
Status	In June 2014 the Supreme Administrative Court dismissed the decision made by the Taipei High Court and ordered a retrial of the case. In the decision made for the retrial on December 23, 2016, the Taipei High Court withdrew the second penalty requesting for a fine exceeding NT\$436,017,405 and the previous decision. The Hoping Plant thus made an appeal to the Taiwan Supreme Administrative Court. On April 22, 2016, we were informed that appeal was denied by the Taiwan Supreme Administrative Court, and the fine remained over NT\$436 million. We applied for a retrial in May 2016, the application was denied by the Taiwan Supreme Administrative Court and Taiwan High Administrative Court in June 2017, and the case is confirmed.

Company Name	Ho-Ping Power Company
Fact in dispute	The Fair Trade Commission fined Ho-Ping Power Company a sum of NT\$1.35 billion for violation of Article 14 of the Fair Trade Act.
Contract value(NT\$):	1,350,000,000
Trial/administrative appeal start date:	April 17, 2013
Parties concerned	Ho-Ping Power Company vs. Fair Trade Commission
Status	In the second penalty, the Fair Trade Commission changed the fine of the Ho-Ping Power Company to NT\$1,320,000,000 on November, 2013. The Taiwan Supreme Administrative Court denied the original decision (Ho-Ping Power Company won the case) and returned the case to the Taiwan High Administrative Court on June 30, 2015. The Taiwan High Administrative Court made a decision on May 25, 2017 to drop the concerted effort charge in the previous decision and the administrative appeal and maintained our victory. However, the litigant made an appeal, and the case is in progress at the Taiwan Supreme Administrative Court.

Company Name	Ho-Ping Power Company
Fact in dispute	After claiming for a minimum of NT\$5.2 billion, NT\$5.5 billion, and their interest to the Taipei High Administrative Court and the Taipei District Court, TPC expand the scope of claim to NT\$1,076,000,000.
Contract value(NT\$):	Totaling about 16 billion.
Trial/administrative appeal start date:	September 2015
Parties concerned	Ho-Ping Power Company vs. Taiwan Power Company
Status	1. TPC filed two trials for this case: (1) In September 2015 Ho-Ping Power Company received a declaration submitted to the Taipei High Administrative Court by TPC, which then referred the whole case to the Civil Court of the Taipei District Court in February 2017 and expanded the scope of claim to NT\$10.76 billion. TPC already paid the court cost in November 2017, and the case is in progress by the Taipei District Court. (2) In addition, In November 2015 Ho-Ping Power Company a declaration filed by TPC to the Taipei District Court for a civil trial on the same administrative trail. The case is in progress by the Taipei District Court. 2. TPC sued other IPPs (Ever Power IPP Co., Ltd. and Star Buck Power Plant) with similar reasons in sperate cases. Both IPPs lost the case as per the court decision made on February 8, 2018. Ho-Ping had reported the results to the jurisdiction court in order to win the case.

7.6.13 Other important risks:NA

7.7 Other material information:NA

Special Notes

8.1 Information of affiliates

The scope of business covered by all TCC affiliates include the generation of electricity and the manufacture and sales of and chemicals; land transportation;

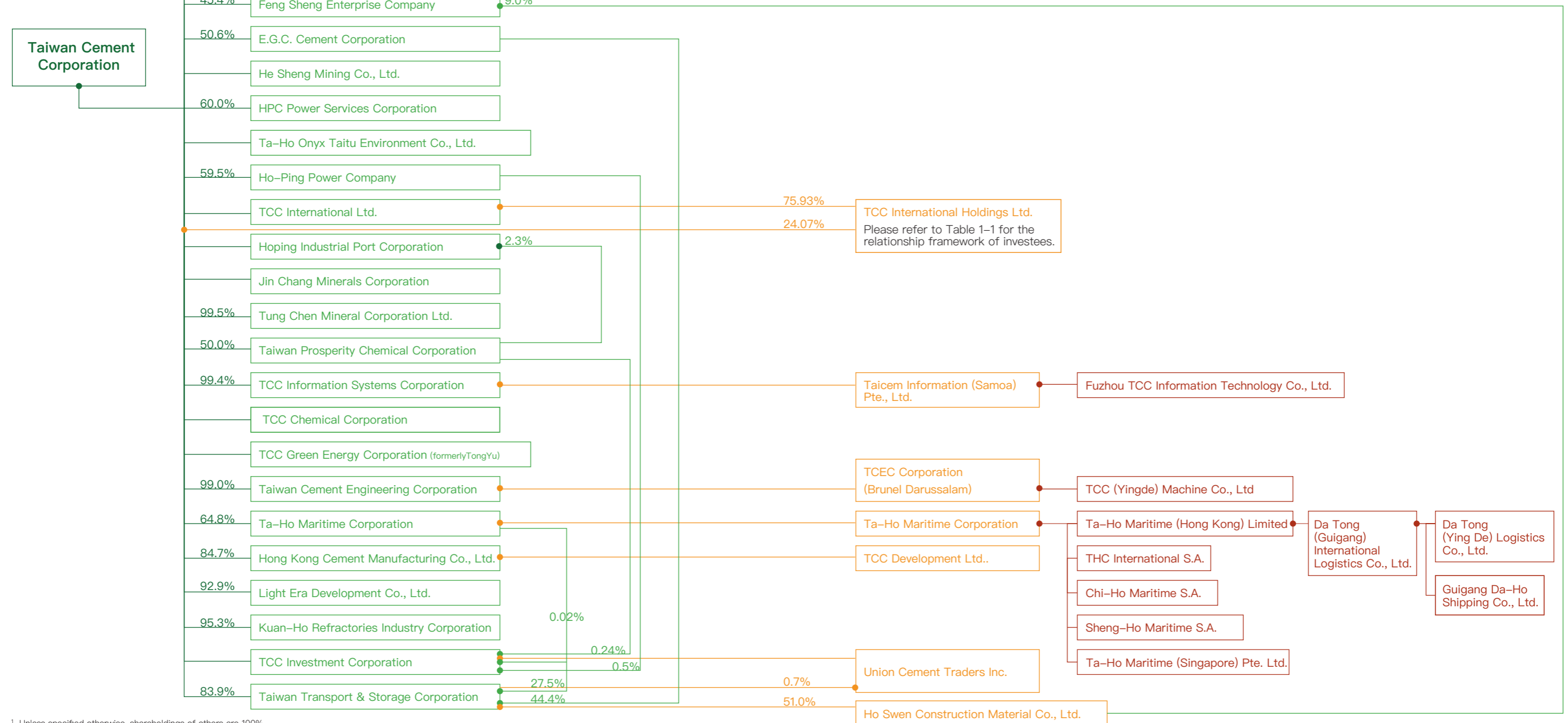
sea transportation; manufacture and sales of fire-retardant materials; the undertaking of environmental control projects, the manufacture, service and sales of related products and equipment, and the undertaking of

waste disposal; the design, production, installation, service, sales, and consultation service of information products; outsourcing constructors to build public housing and the lease and sales of office buildings; and coal-fired generation.

The connection of affiliates is: TCC manufactures cement, Taiwan Transport & Storage Corporation offers land transaction within Taiwan, Ta-Ho Maritime Corporation and its subsidiaries provides sea transportation

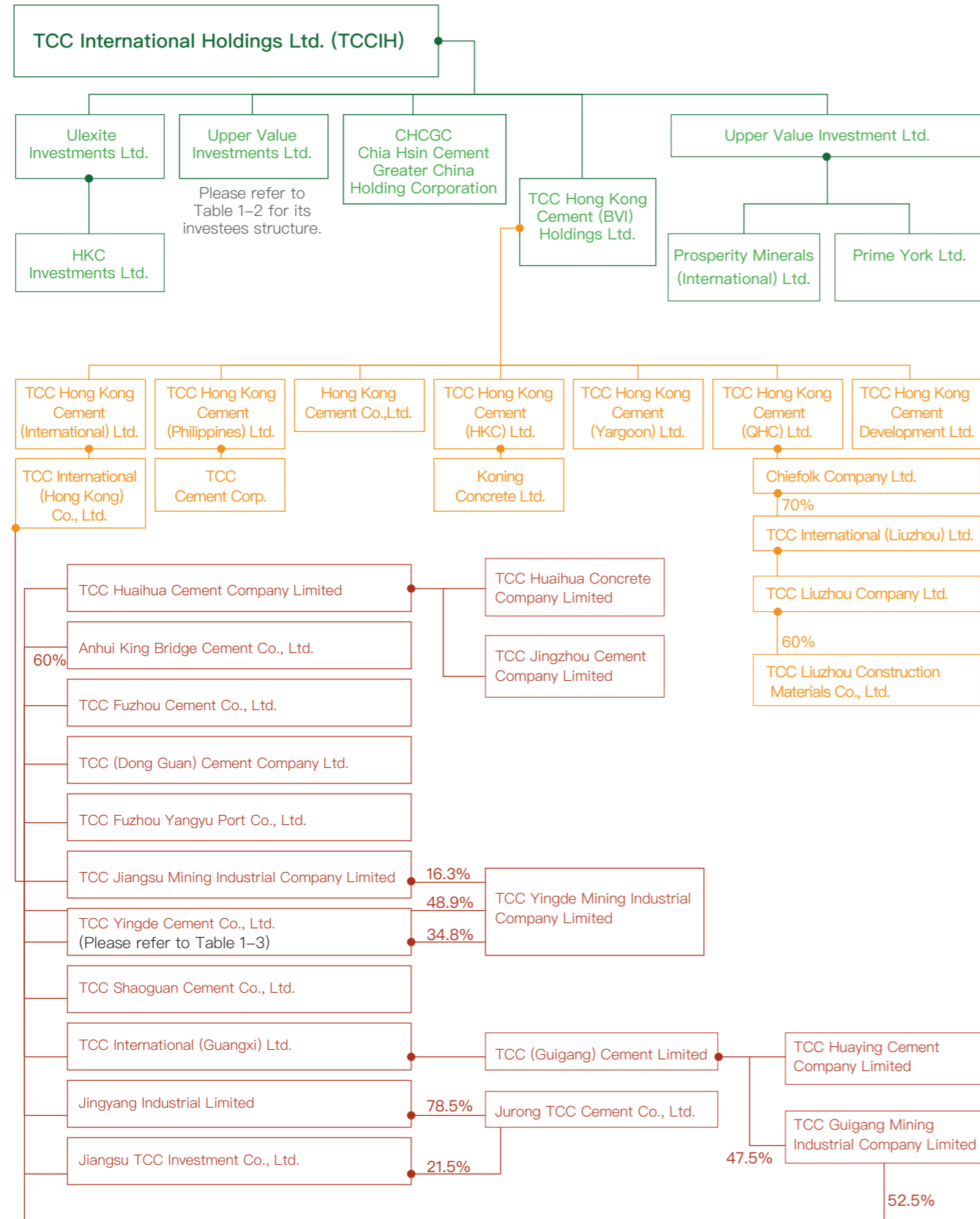
and land transportation in mainland China, TCC Information Systems Corporation takes charge of data processing, and Kuan-Ho Refractories Industry Corporation supplies fire-retardant materials. Transactions among affiliates are governed by contracts or purchase orders to specify the rights and obligations of each party. Prices are determined based on the market price. The price of products without a price is set upon a fair principle.

Table 1
Taiwan Cement Corporation and its subsidiaries
December 31, 2017



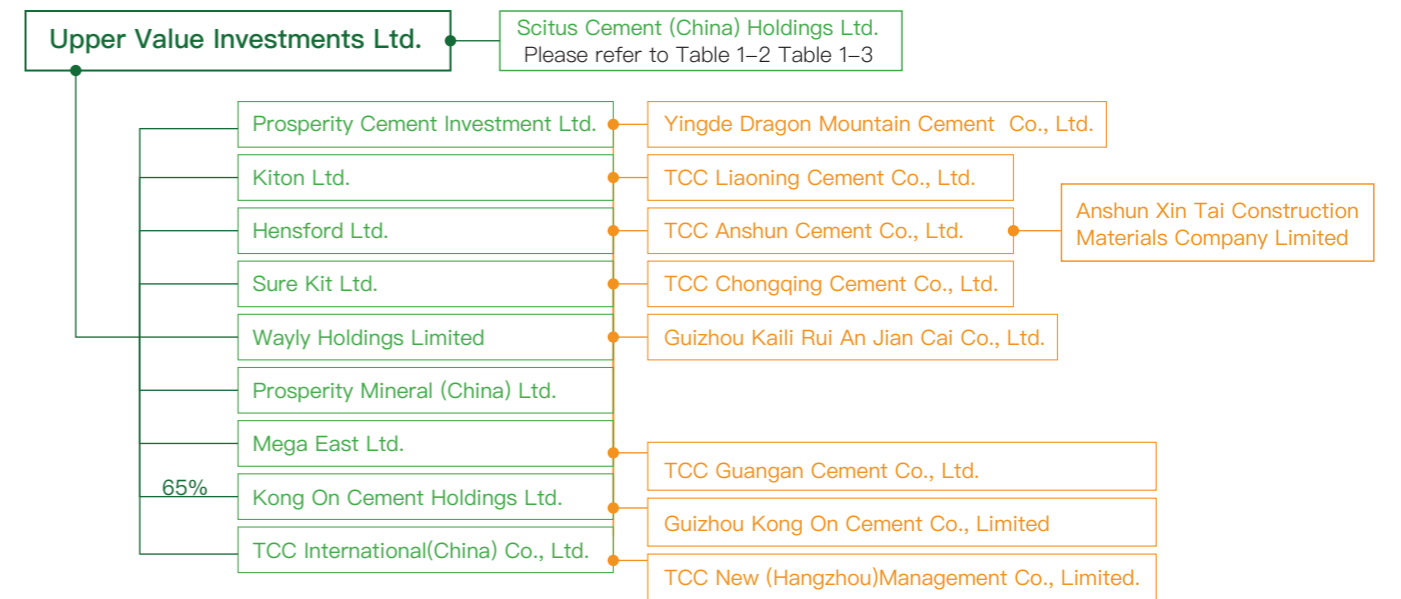
¹ Unless specified otherwise, shareholdings of others are 100%.

Table 1-1
Taiwan Cement Corporation and its subsidiaries
Organization Chart of TCC International Holdings Ltd. and Subsidiaries
 December 31, 2017



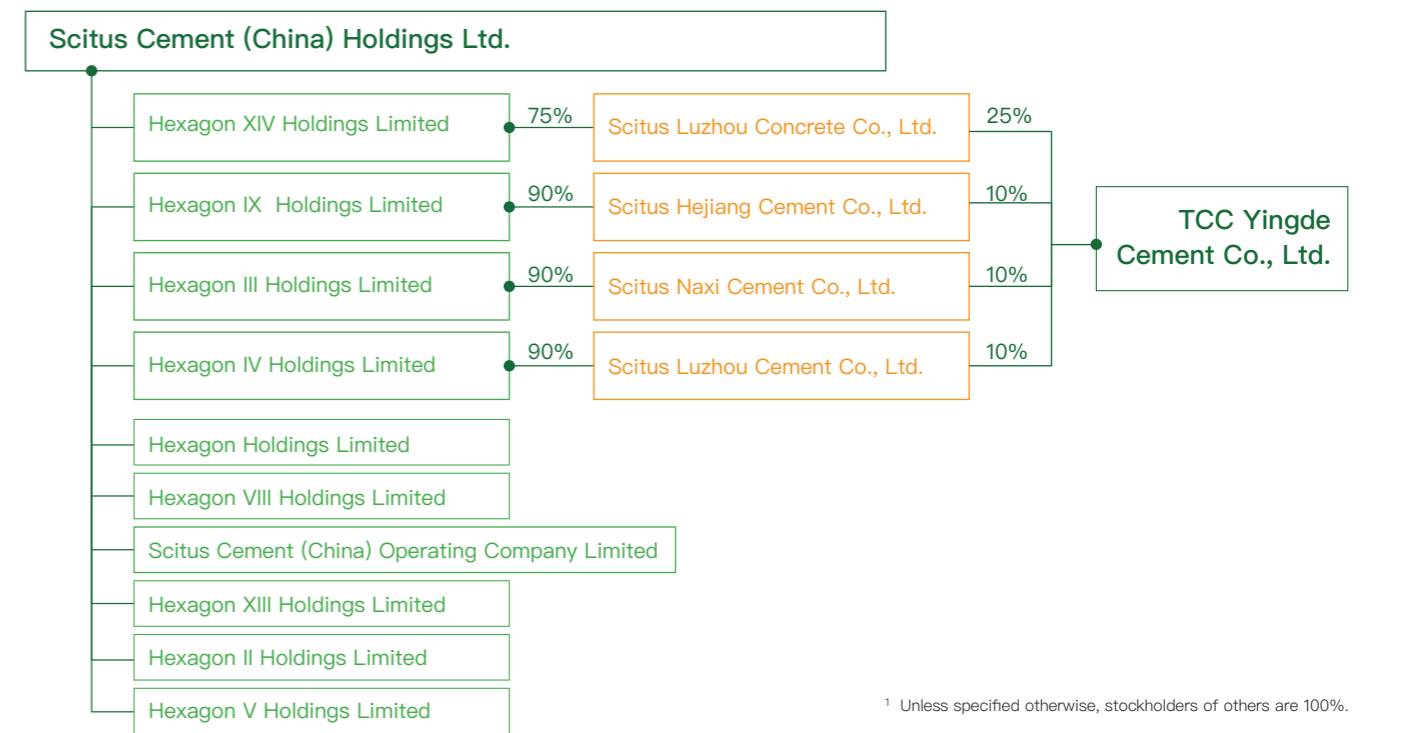
¹ Unless specified otherwise, all shareholdings are 100%.

Table 1-2
Taiwan Cement Corporation and its subsidiaries
Organization Chart of Upper Value Investments Ltd. and Its Subsidiaries
 December 31, 2017



¹ Unless specified otherwise, all shareholdings are 100%.

Table 1-3
Taiwan Cement Corporation and its subsidiaries
Organization chart of Scitus Cement (China) Holdings Ltd. and its subsidiaries
 December 31, 2017



¹ Unless specified otherwise, stockholders of others are 100%.

Data of affiliates

December 31, 2017 (expressed in NT\$ thousands)

Affiliate	Establishing Date	Address	Paid-in Capital	Scope of Business
Taiwan Transport & Storage Corporation	1955/12/30	10F, No. 113, Section 2, Zhongshan North Road, Zhongshan District, Taipei City	389,620	Cargo transportation, cargo storage, customs clearance, construction material wholesale, sea transportation understanding, coal and coal product wholesale, automobile container transportation, construction material wholesale, desilting.
Ho Swen Construction Material Co., Ltd.	2000/5/25	No. 69-2, Huadong Road, Hualien City, Hualien County	20,000	Manufacture of non-metallic mineral products, wholesale and retail of bricks, tiles, and stones for construction.
Taiwan Cement Engineering Corporation	1974/9/2	10F, No. 113, Section 2, Zhongshan North Road, Taipei City	601,656	1. Manufacture and sales of chemical engineering machinery and its accessories. 2. Design, manufacture, and installation of equipment for pollution prevention and waste disposal. 3. Repair and manufacture of railroad carriers for bulk cement, stone, and coal; bulk cement trailers; and related parts.
TCEC Corporation (Brunei Darussalam)	2004/3/11	Rm51, 5th Floor Britannia House, Jalan Cator, Bandar Seri Begawan BS 8811, Brunei Darussalam	16,295	Offshore investee
TCC (Yingde) Machine Co., Ltd.	2005/1/13	Inside the TCC (Yingde) Cement Plant in Aishanping Village, Yingcheng, Yingde City	RMB 4,075,000	Production and sales of cement machinery; and design and assembly of accessories for power plant equipment, incinerator equipment, and environmental equipment.
Kuan-Ho Refractories Industry Corporation	1973/7/26	No. 932, Jianfeng Road, Neighborhood 13, Lankeng Borough, Toufeng Town, Miaoli County	190,000	1. Manufacture and trading of fire-retardant materials, heat insulation materials, and acid- and alkaline-resistant instruments. 2. Manufacture and trading of ceramics and construction materials. 3. Processing and trading of silver sand clay and red sand clay. 4. Trading of fire-retardant and ceramic materials and accessories. 5. Investment in production-sales or government supported special economic development projects relating to fire-retardant and ceramic materials. 6. Design and installation of furnace lining.
Kuan-Ho Construction & Development Corporation	1977/3/4	9F, No. 113, Section 2, Zhongshan North Road, Taipei City	387,200	Outsourcing contractors to build public housing and lease (sales) of office buildings.
TCC Green Energy Corporation (formerly Tong Yu Industrial Corporation)	1989/8/7	No. 11, Changbin East 1st Road, Wenzhi Village, Xianxi Township, Changhua County	100,000	Manufacture of machinery for the generation, transmission, and distribution of electricity, and own-use generation equipment.
Hong Kong Cement Manufacturing Co Ltd.	1962/8/29	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 45,000,000	Investment holdings.
TCC Development Ltd.	1997/5/22	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	Ordinary shares : USD 10 Non-voting deferred shares : USD 90	Investment holdings.
Ta-Ho Maritime Corporation	1979/9/4	10F, No. 113, Section 2, Zhongshan North Road, Taipei City	1,831,367	Ship transportation and shipping agent.

Data of affiliates

December 31, 2017 (expressed in NT\$ thousands)

Affiliate	Establishing Date	Address	Paid-in Capital	Scope of Business
Ta-Ho Maritime Holdings Ltd.	1995/6/20	Offshore, Chambers, P.O. Box 217, Apia, Western Samoa	USD 10,300,000	Investment holdings
THC International S.A.	1990/4/12	53rd Street, Urbanizacion Obarrio Torre Swiss Bank, 16th Floor, Panama, R.O. Panam	USD 2,010,000	Ship transportation
Chi Ho Maritime S.A.	1994/1/26	54th Street, Urbanizacion Obarrio Torre Swiss Bank, 16th Floor, Panama, R.O. Panam	USD 6,510,000	Ship transportation
Sheng Ho Maritime S.A.	1994/2/3	55th Street, Urbanizacion Obarrio Torre Swiss Bank, 16th Floor, Panama, R.O. Panam	USD 2,010,000	Ship transportation
Ta-Ho Maritime (Hong Kong) Limited	2008/5/30	30 Canton Road, Room 511, Silvercord Tower 1, Tsimshatsui, Kowloon, Hong Kong SAR	USD 5,100,000	Ship transportation
Ta-Ho Maritime (Singapore) Pte. Ltd.	2008/9/25	8 Cross Street#11-00 Pwc Building Singapore 048424	USD 100,000	Ship transportation
Da Tong (Guigang) International Logistics Co., Ltd.	2008/9/28	People's Government, Hualian Town, Qintang District, Guigang City	USD 5,000,000	Logistics
Guigang Da-Ho shipping Co., Ltd.	2008/11/19	People's Government, Hualian Town, Qintang District, Guigang City	RMB 4,000,000	Ship transportation
Da Tong (Ying De) Logistics Co., Ltd.	2012/3/8	2nd Floor, Honglou, Guanyinshan, Yingcheng Subdistrict, Yingde City	RMB 5,000,000	Logistics
TCC Investment Corporation	1988/6/21	11F, No. 113, Section 2, Zhongshan North Road, Taipei City.	541,500	Investment holdings
Union Cement Traders Inc.	1990/11/15	11F, No. 113, Section 2, Zhongshan North Road, Taipei City.	219,450	Trading
TCC Chemical Corporation	1991/4/11	9F, No. 113, Section 2, Zhongshan North Road, Taipei City	2,400,000	Property Leasing Energy technology service
TCC Information Systems Corporation	1991/4/10	9F, No. 113, Section 2, Zhongshan North Road, Taipei City	150,000	1. Design, installation, sales, maintenance, and lease of computer and information software products. 2. EPC contracting of automation control projects and computerization projects. 3. Enquiries and consultation for computerization.
Taicem Information (Samoa) Pte., Ltd.	2003/2/24	Trust Chambers, Lotemau Centre, P. O. Box 1225, Apia, Samoa.	3,412	Investment holdings.
Fuzhou TCC Information Technology Co., Ltd.	2003/8/9	TCC (Fuzhou) Corporation Building, Yangyu Village, Hangcheng Street, Changle City, Fujian Province	RMB 827,000	Development and production of software products; maintenance and after-sale service of precision instruments and equipment.
Taiwan Prosperity Chemical Corporation	1991/5/28	9F, No. 113, Section 2, Zhongshan North Road, Taipei City	2,919,750	Isopropylbenzene, phenol, acetone, cyclohexanone, BPA, and maleic anhydride.
Tung Chen Mineral Corporation	1973/1/6	No. Heping 263, Heping Village, Xiulin Township, Hualien County	2,000	Mining, sales, processing, and trading of minerals

Data of affiliates

December 31, 2017 (expressed in NT\$ thousands)

Affiliate	Establishing Date	Address	Paid-in Capital	Scope of Business
Jin Chang Minerals Corporation	1999/7/1	No. Heping 263, Heping Village, Xiulin Township, Hualien County	18,000	Wholesale of minerals, bricks, tiles, and stone; and sand and gravel excavation.
Hoping Industrial Port Corporation	1996/5/8	No. 6, Hegong 5th Road, Heping Village, Xiulin Township, Hualien County	3,200,000	Operations, maintenance and management of Hoping Industrial Port.
Ho Sheng Mining Co., Ltd.	2011/3/31	10F, No. 113, Section 2, Zhongshan North Road, Taipei City	301,000	sand and gravel excavation
Ho-Ping Power Company	1997/10/29	No. 6, Hegong 2nd Road, Heping Village, Xiulin Township, Hualien County	10,134,000	1. Coal-fired power plant. 2. Import and trading of fuel coal for power generation. 3. Import and trading of raw materials and parts for generation equipment. 4. Manufacture, processing, and trading of gypsum, coal dust, and bottom ash. 5. All business items that are not prohibited or restricted by law, except those that are subject to special approval.
Ta-Ho Onyx Taitung Environment Co., Ltd.	2000/12/12	7F, No. 16-2, Dehui Street, Taipei City	371,000	J101040 waste disposal
HPC Power Services Corporation	1999/01/29	No. 6, Hegong 2nd Road, Heping Village, Xiulin Township, Hualien County	3,107	Operations, management, and consultation of power plants, and business activities permitted under the law of the British Virgin Islands
Ta-Ho Onyx RSEA Environment	2002/12/11	7F, No. 16-2, Dehui Street, Taipei City	1,000,000	J101040 waste disposal
E.G.C. Cement Corporation	1992/5/26	Lane 23, No. 6, Xingang Road, Tainan City	159,200	Sales and processing of cement, asphalt, and gypsum.
Feng Sheng Enterprise Company	1997/9/25	No. 294, Fengren Road, Renwu District, Kaohsiung City.	600,000	Soil and gravel mining, leasing, ready mixed concrete manufacture, international trade, manufacture and retail of stone and construction materials, other environmental services, all business items that are not prohibited or restricted by law, except those that are subject to special approval.
Taicorn Minerals Corp.	1995/6/20	8th Fl., Unit A, Legaspi Towers 300, 2600 Roxas Boulevard, Malate, Manila, the Philippines	PHP 16,500,000	Mining
Trans Philipines Mineral Corp.	1996/2/2	8th Fl., Unit A, Legaspi Towers 300, 2600 Roxas Boulevard, Malate, Manila, the Philippines	PHP 5,000,000	Mining
TCC International Ltd.	1997/5/22	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 600,876,000	Investment holdings.

Data of affiliates

December 31, 2017 (expressed in NT\$ thousands)

Affiliate	Establishing Date	Address	Paid-in Capital	Scope of Business
TCC International Holdings Ltd.	1997/7/4	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	Common share capital HKD 548,294,000	Investment holdings.
TCC International (Guangxi) Limited	2004/10/13	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 203,000,000	Investment holdings.
TCC (Guigang) Cement Ltd.	2005/12/28	Huanglian Valley, Huanglian Town, Qintang District, Guigang City	USD 332,876,000	Manufacture and distribution of clinkers and cement
TCC Hong Kong Cement (BVI) Holdings Ltd.	1997/5/22	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 16,000	Investment holdings.
Ulexite Investments Ltd.	1999/8/12	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD200	Investment holdings.
HKC Investments Ltd.	2000/3/3	11F, No. 113, Section 2, Zhongshan North Road, Taipei City.	155,000	Investment holdings.
TCC Hong Kong Cement Development Ltd.	1997/5/22	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	Ordinary shares : USD 10 Non-voting deferred shares: USD 90	Property held
TCC Hong Kong Cement (QHC) Ltd.	1997/5/22	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD100	Investment holdings.
Chiefolk Company Ltd.	1989/4/18	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1,000,000	Investment holdings.
TCC International (Liuzhou) Ltd.	2003/2/26	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD50,000	Investment holdings.
TCC Liuzhou Company Ltd.	2007/11/9	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 10,000	Investment holdings.
TCC Hong Kong Cement (Yargoon) Ltd.	1997/3/12	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD100	Investment holdings.
TCC Hong Kong Cemenet (HKC) Ltd.	1997/5/22	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD100	Investment holdings.
Koning Concrete Ltd.	1992/5/14	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD100	Investment holdings.
Hong Kong Cement Company Ltd.	1997/6/11	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 164,391,000	Import and distribution of cement
TCC Hong Kong Cement (Philippines) Ltd.	1997/5/22	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD100	Investment holdings.
TCC Cement Corporation	1996/2/21	Unit 16-E, Legaspi Towers 300 Roxas Blvd., Malate, Manila, Phils.	PHP 91,021,000	Investment holdings.
TCC Hong Kong Cement (International) Ltd.	1997/6/11	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 1,600	Investment holdings.

Data of affiliates

December 31, 2017 (expressed in NT\$ thousands)

Affiliate	Establishing Date	Address	Paid-in Capital	Scope of Business
TCC International (Hong Kong) Co., Ltd.	2007/10/25	16/F, Hong Kong Diamond Exchange Bldg.,No. 8-10 Duddell Street, Central, Hong Kong	HKD 9,935,123,000	Investment holdings.
TCC Fuzhou Yangyu Port Co., Ltd.	2002/5/17	West Side, Xizhe Line, Yangyu Village, Hangcheng Town, Changle City, Fujian Province, China	USD 5,000,000	Pier facilities and services
TCC Liuzhou Construction Materials Co., Ltd.	2003/10/21	102 Anchunjiang Road, Liuzhou City, Guangxi Zhuang Autonomous Region, China	USD 13,500,000	Manufacture and distribution of bottom ash
TCC Fuzhou Cement Co., Ltd.	2002/5/17	West Side, Xizhe Line, Yangyu Village, Hangcheng Town, Changle City, Fujian Province, China	USD 16,250,000	Manufacture and distribution of cement
Anhui King Bridge Cement Co., Ltd.	1997/12/18	Gangyi Road, Wuhu City Economic and Technology Development Zone, Anhui Province, China	USD 15,000,000	Manufacture and distribution of bottom ash
TCC Yingde Cement Co., Ltd.	2003/9/15	Guanyinshan, Yingcheng Subdistrict, Yingde City	USD 254,400,000	Manufacture and distribution of clinkers and cement
Jurong TCC Cement Co., Ltd.	1993/6/26	Qiaotou Town, Jurong City, Jiangsu Province, China	USD 233,000,000	Limestone mining, and production and sales of cement and cement products.
Chia Hsin Cement Greater China Holding Corp.	2003/6/10	16/F, Hong Kong Diamond Exchange Bldg.,No. 8-10 Duddell Street, Central, Hong Kong	USD 11,429,000	Investment holdings.
Jingyang Industrial Ltd.	1991/2/12	16/F, Hong Kong Diamond Exchange Bldg.,No. 8-10 Duddell Street, Central, Hong Kong	HKD 101,615,000	Investment holdings.
JiangSu TCC Investment Co., Ltd.	2009/5/27	Block 11, Mianzhongchang, Qiaotou Town, Jurong City, Jiangsu Province, China	USD 50,000,000	Investment holdings.
TCC Liuzhou Company Limited	2007/11/9	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 10,000	Investment holdings.
Upper Value Investments Limited	2008/2/1	16/F, Hong Kong Diamond Exchange Bldg.,No. 8-10 Duddell Street, Central, Hong Kong	USD 13,000	Investment holdings.
Prosperity Cement Investment Limited	2006/1/24	16/F, Hong Kong Diamond Exchange Bldg.,No. 8-10 Duddell Street, Central, Hong Kong	HKD 759,956,000	Investment holdings.
Yingde Dragon Mountain Cement Co., Ltd.	2003/9/8	Wanpu Town, YingdeCity, Guangdong Province, China	RMB 428,110,000	Manufacture and distribution of clinkers and cement
Prosperity Minerals (International) Limited	2004/4/23	16/F, Hong Kong Diamond Exchange Bldg.,No. 8-10 Duddell Street, Central, Hong Kong	HKD 28,534,000	Investment holdings.
Kiton Limited	2007/12/17	16/F, Hong Kong Diamond Exchange Bldg.,No. 8-10 Duddell Street, Central, Hong Kong	HKD 685,927,000	Investment holdings.
TCC Liaoning Cement Company Limited	2007/12/12	Xidayao Town, Dengta City, Liaoyang, Liaoning Province, China	RMB 371,000,000	Manufacture and distribution of clinkers and cement
Hensford Limited	2007/12/19	16/F, Hong Kong Diamond Exchange Bldg.,No. 8-10 Duddell Street, Central, Hong Kong	HKD 1,191,946,000	Investment holdings.

Data of affiliates

December 31, 2017 (expressed in NT\$ thousands)

Affiliate	Establishing Date	Address	Paid-in Capital	Scope of Business
TCC Anshun Cement Company Limited	2008/5/27	Chengguan Town, Pingba District, Anshun City, Guizhou Province, China	USD 153,490,000	Manufacture and distribution of clinkers and cement
Sure Kit Limited	2008/2/13	16/F, Hong Kong Diamond Exchange Bldg.,No. 8-10 Duddell Street, Central, Hong Kong	HKD 953,819,000	Investment holdings.
TCC Chongqing Cement Company Limited	2008/6/3	Yanjing Town, Hechuan District, Chongqing City, China	USD 118,000,000	Manufacture and distribution of clinkers and cement
Prime York Limited	2007/12/17	16/F, Hong Kong Diamond Exchange Bldg.,No. 8-10 Duddell Street, Central, Hong Kong	HKD 532,148,000	Investment holdings.
Prosperity Minerals (China) Limited	2007/7/26	16/F, Hong Kong Diamond Exchange Bldg.,No. 8-10 Duddell Street, Central, Hong Kong	USD10,000	Investment holdings.
Mega East Limited	2008/4/16	16/F, Hong Kong Diamond Exchange Bldg.,No. 8-10 Duddell Street, Central, Hong Kong	HKD597,603,000	Investment holdings.
TCC Guangan Cement Company Limited	2009/8/25	Jijian Village, Qianfeng Town, Guangan District, Guangan City, Sichuan Province, China	USD 76,990,000	Manufacture and distribution of clinkers and cement
TCC (DongGuan) Cement Company Limited	2010/5/10	4 th Floor, 8 Jinniu Road, Wannitudun Town, Dongguan City, China	USD 20,000,000	Transfer of cement and cement products
TCC International(China) Company Limited	2011/1/14	16/F, Hong Kong Diamond Exchange Bldg.,No. 8-10 Duddell Street, Central, Hong Kong	HKD 62,143,000	Investment holdings.
TCC New (Hangzhou) Management Company Limited	2011/5/13	586 Jiaguo North Road, 19 th Floor, Jialianhua Building, Hangzhou, China	USD 8,000,000	Business management
Kong On Cement Holdings Ltd.	2009/4/29	16/F, Hong Kong Diamond Exchange Bldg.,No. 8-10 Duddell Street, Central, Hong Kong	HKD 127,440,000	Investment holdings.
Guizhou Kaili Rui An Jian Cai Co., Ltd.	2009/9/6	Shibanjing Village, Tingyun Township, Guanling County, Anshun City, Guizhou Province, China	USD 20,300,000	Manufacture and distribution of clinkers and cement
Wayly Holdings Limited	2007/1/16	16/F, Hong Kong Diamond Exchange Bldg.,No. 8-10 Duddell Street, Central, Hong Kong	USD 11,000	Investment holdings.
Guizhou Kaili Rui An Jian Cai Co., Ltd.	2008/2/20	Xintai Village, Ximahe District, Kaili City, Guizhou Province, China	RMB 389,661,000	Manufacture and distribution of clinkers and cement
TCC Shaoguan Cement Co., Ltd.	2011/11/3	Shijao Village, Wushi Town, Cujiang District Shaoguan City, Guangdong Province, China	USD 40,000,000	Manufacture and distribution of clinkers and cement (in preparation)
TCC Yingde Mining Industrial Company Limited	2004/4/13	Aishanping Village, Yingde City, Guangdong Province, China (inside the mining site of TCC Yingde Cement Co., Ltd.)	USD11,500,000	Provision of limestone mining service
TCC Guigang Mining Industrial Company Limited	2007/6/28	Aishanping Village, Yingde City, Guangdong Province, China (inside the mining site of TCC Yingde Cement Co., Ltd.)	USD 5,000,000	Provision of limestone mining service

Data of affiliates

December 31, 2017 (expressed in NT\$ thousands)

Affiliate	Establishing Date	Address	Paid-in Capital	Scope of Business
TCC Jiangsu Mining Industrial Company Limited	1996/10/21	Dazhuo Township, Jurong City, Jiangsu Province, China	USD 4,000,000	Provision of limestone mining service
Scitus Cement (China) Holdings Limited	2007/10/30	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1,245,257,000	Investment holdings.
Scitus Cement (China) Operating Company Limited	2008/1/9	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD10,000	Investment holdings.
Hexagon Holdings Limited	2007/3/1	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1	Investment holdings.
Hexagon II Holdings Limited	2008/1/11	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1	Investment holdings.
Upper Value Investment Ltd.	2008/5/20	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1	Investment holdings.
Hexagon III Holdings Limited	2008/1/11	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 79,500,000	Investment holdings.
Hexagon IV Holdings Limited	2008/3/11	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 136,430,000	Investment holdings.
Hexagon V Holdings Limited	2008/3/11	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1	Investment holdings.
Hexagon VIII Holdings Limited	2008/5/20	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1	Investment holdings.
Hexagon IX Holdings Limited	2008/5/20	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1	Investment holdings.
Hexagon XIII Holdings Limited	2008/11/6	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1	Investment holdings.
Hexagon XIV Holdings Limited	2008/11/6	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 1	Investment holdings.
Scitus Luzhou Cement Co.,Ltd.	2008/5/5	Community 1, Fulong Village, Zhendong Township, Xuyong County, Luzhou City	RMB 395,000,000	Manufacture and distribution of clinkers and cement
Scitus Hejiang Cement Co.,Ltd.	2002/8/7	Communities 3 and 4, Chaofang Village, Hejiang Town, Hejiang County, Luzhou City, Sichuan Province	RMB 23,250,000	Manufacture and distribution of cement
Scitus Luzhou Concrete Co.,Ltd.	2009/5/13	Naxi District Industrial Development Zone, Luzhou City, Sichuan Province	RMB 25,000,000	Manufacture and distribution of concrete
Scitus Naxi Cement Co.,Ltd.	2009/5/13	Naxi District Industrial Development Zone, Luzhou City, Sichuan Province	RMB 146,510,000	Manufacture and distribution of cement
Anshun Xin Tai Construction Materials Company Limited	2012/2/13	Matian Village, Chengguan Town, Pingba County, Anshun City, Guizhou Province, China	RMB 15,000,000	Manufacture and distribution of sand, gravels, and aggregates
TCC Huaying Cement Company Limited	2009/7/24	Longqiao Village, Xikou Town, Huaying City, Sichuan Province	RMB 949,880,000	Manufacture and distribution of clinkers and cement
TCC Huaihua Cement Company Limited	2001/1/12	Wuli Village, Luyang Town, Zhongfang County, Hunan Province	RMB 93,000,000	Manufacture and distribution of clinkers and cement
TCC Jingzhou Cement Company Limited	2008/8/20	Pukou Township, Jingzhou County, Huihua City, Hunan Province	RMB 10,000,000	Manufacture and distribution of clinkers and cement
TCC Huaihua Concrete Company Limited	2009/9/24	Wuli Village, Luyang Town, Zhongfang County, Huihua City, Hunan Province	RMB 10,000,000	Manufacture and distribution of concrete

Profiles of directors, supervisors, and presidents of affiliates

May 10, 2018 (expressed in shares and %)

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
Taiwan Transport & Storage Corporation	Chairman	Representatives of Taiwan Cement Corporation: An-ping Chang	32,668,031	83.85
	Director	Representatives of Taiwan Cement Corporation: John Li, Edward Huang, Lin-tian Huang		
	Supervisor President	Representative of Union Cement Traders Inc.: Xiao-en Tseng An-ping Chang	261,278 -	0.67 -
Ho Swen Construction Material Co., Ltd.		The AGM on April 25, 2017 made a resolution to perform liquidation and determined April 30, 2017 was the date if dissolution and March 31, 2018 as the date of liquidation. The declaration of liquidation was completed on April 24, 2018, and the court certification of liquidation is pending.	-	-
Taiwan Cement Engineering Corporation	Chairman	Representative of Taiwan Cement Corporation: Qing-song Guo	59,593,414	99.05
	Director	Representatives of Taiwan Cement Corporation: Ker-fu Lu, Edward Huang		
	Supervisor President	Representative of Taiwan Cement Corporation: Jian-quan Wang Qing-song Guo	-	-
TCEC Corporation (Brunei Darussalam)	Chairman	Representative of Taiwan Cement Engineering Corporation: Yu-wen Qiu	Contribution: USD 501,000	100.00
TCC (Yingde) Machine Co., Ltd.	Chairman	Representative of TCEC Corporation (Brunei Darussalam): Ker-fu Lu	Contribution: RMB4,075,000	100.00
	Director	Representatives of TCEC Corporation (Brunei Darussalam): Cen-wei Lan, Cheng-dao Qiang		
Kuan-HO Refractories Industry Corporation	Chairman	Representative of Taiwan Cement Corporation: Ker-fu Lu	18,105,000	95.29
	Director	Representatives of Taiwan Cement Corporation: Qing-song Guo, Chien-chuan Wang, Chia-pei Wei		
	Supervisor President	Representative of Taiwan Cement Corporation: Guo-hong Yeh Yi-cai Hu	-	-
TCC Green Energy Corporation (formerly Tong Yu Industrial Corporation) (3)	Chairman	Representative of Taiwan Cement Corporation: Ker-fu Lu	10,000,000	100.00
	Director	Representatives of Taiwan Cement Corporation: Wei-jue Hong, Jin-lung Yu		
	Supervisor President	Representative of Taiwan Cement Corporation: Xiao-en Tseng Chien-chuan Wang		
Hong Kong Cement Manufacturing Co. Ltd.	Director	Representatives of Taiwan Cement Corporation: An-ping Chang, Rong-Chang, Jason Koo	38,094	84.65
		Representative of Wing Fat Investments Inc.: Zhuo-wei Chen	881	1.96
		Lydia Chao	-	-
	President	Han-dong Lin	100	0.22
		Jia-cheng Lin	-	-
		Thomas Wu Jason Koo	- -	- -
TCC Development Ltd.	Director	Representative of Hong Kong Cement Manufacturing Company Limited: Chang An-ping	Ordinary share 10 Non-voting deferred share 90	100.00
	President	Jason Koo	-	-

Profiles of directors, supervisors, and presidents of affiliates

May 10, 2018 (expressed in shares and %)

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
Ta-Ho Maritime Corporation	Chairman	Representatives of Taiwan Cement Corporation: An-ping Chang	118,649,441	64.79
	Director	Representatives of Taiwan Cement Corporation: John Li, Edward Huang, Ker-fu Lu, Li-wen Tsai		
	Supervisor President	Representatives of Taiwan Transport & Storage Corporation : Lin-tian Huang, Min-xong Xie	50,311,165 -	27.47 -
Ta-Ho Maritime Holdings Ltd.	Director	Ta-Ho Maritime Corporation	10,300,000	100.00
THC International S.A.	Director	Representatives of Ta-Ho Marine Corporation: Chang An-Ping, John Li, Wei-lung Gao	2,010	100.00
	President	Min-xong Xie	-	-
Chi Ho Maritime S.A.	Director	Representatives of Ta-Ho Marine Corporation: Chang An-Ping, John Li, Wei-lung Gao	6,510	100.00
	President	Min-xong Xie	-	-
Chi Ho Maritime S.A..	Director	Representatives of Ta-Ho Marine Corporation: Chang An-Ping, John Li, Wei-lung Gao	2,010	100.00
	President	Min-xong Xie	-	-
Ta-Ho Maritime (Hong Kong) Limited	Director	Representative of Ta-Ho Marine Corporation: Chang An-Ping	5,100,000	100.00
	President	Wei-lung Gao	100,000	100.00
Ho Sheng Mining Co., Ltd.	Chairman	Representative of Taiwan Cement Corporation: Ker-fu Lu	30,100,000	100.00
	Director	Representatives of Taiwan Cement Corporation: Chia-pei Wei, Yan-ting Lin		
	Supervisor President	Representative of Taiwan Cement Corporation: Li-wen Tsai Ker-fu Lu	-	-
Da Tong (Guigang) International Logistics Co., Ltd.	Executive Director	Representative of Ta-Ho Marine (Hong Kong) Limited): Chen-chia Song	Contribution: USD500,000	100.00
	President	Chuan-feng Shih	-	-
Guigang Da-Ho Shipping Co., Ltd.	Executive Director	Representative of Da Tong (Guigang) International Logistics Co., Ltd.: Chen-chia Song	Contribution: RMB4,000,000	100.00
	President	Chuan-feng Shih	-	-
Da Tong (Ying De) Logistics Co., Ltd.	Executive Director	Representative of Da Tong (Guigang) International Logistics Co., Ltd.: Cheng-dao Qiang	Contribution: RMB5,000,000	100.00
	President	Cheng-dao Qiang	-	-
TCC Investment Corporation	Chairman	Representatives of Taiwan Cement Corporation: An-ping Chang	54,150,000	100.00
	Director	Representatives of Taiwan Cement Corporation: John Li, Yu-zhi Qiu		
	Supervisor President	Representative of Taiwan Cement Corporation: Guo-hong Yeh An-ping Chang	-	-

Profiles of directors, supervisors, and presidents of affiliates

May 10, 2018 (expressed in shares and %)

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
Union Cement Traders Inc.	Chairman	Representative of TCC Investment Corporation: Chang An-Ping	21,945,000	100.00
	Director	Representatives of TCC Investment Corporation: John Li, Lin-tian Huang		
	Supervisor President	Representative of TCC Investment Corporation: Li-wen Tsai An-ping Chang	-	-
TCC Chemical Corporation	Chairman Director	Representatives of Taiwan Cement Corporation: An-ping Chang Representatives of Taiwan Cement Corporation: John Li and Jason Koo	240,000,000	100.00
	Supervisor President	Representative of Taiwan Cement Corporation: Li-wen Tsai Tian-fu Zhao	-	-
TCC Information Systems Corporation	Chairman Director	Representatives of Taiwan Cement Corporation: An-ping Chang Representatives of Taiwan Cement Corporation: John Li, Ker-fu Lu, Xiao-en Tseng, Edward Huang	14,904,000	99.36
	Supervisor President	Guo-hong Yeh Jian-zhi Chang	-	-
Taicem Information (Samoa) Pte., Ltd.	Director	Representative of TCC Information Systems Corporation: Jian-zhi Chang	3,412	100.00
Fuzhou TCC Information Technology Co., Ltd.	Chairman	Representative of Taicem Information (Samoa) Pte., Ltd.: Jian-zhi Chang	Contribution: RMB 827,000	100.00
Taiwan Prosperity Chemical Corporation	Chairman	Representatives of Taiwan Cement Corporation: An-ping Chang	134,752,998 ^d	46.15
	Director	Representatives of Taiwan Cement Corporation: Jason Koo, Fu-long Chen, Ji-yeh Chen	-	-
	Independent Director	Jen-ho Chao, Chih-jen Emile Sheng, Zi-nan Jia	-	-
	President	Tian-fu Zhao	-	-
Tung Chen Mineral Corporation	Chairman Director	Representative of Taiwan Cement Corporation: Ker-fu Lu Representatives of Taiwan Cement Corporation: Chien-chuan Wang, Chia-pei Wei	19,890	99.45
	Supervisor	Representative of Taiwan Cement Corporation: Yan-ting Lin		
Jin Chang Mineral Corporation	Chairman Director	Representative of Taiwan Cement Corporation: Ker-fu Lu Representatives of Taiwan Cement Corporation: Chia-pei Wei, Yan-ting Lin	1,800,000	100.00
Supervisor	Supervisor	Representative of Taiwan Cement Corporation: Chia-hsien Lin		
	President			
Hoping Industrial Port Corporation	Chairman Director	Representatives of Taiwan Cement Corporation: An-ping Chang Representatives of Taiwan Cement Corporation: Edward Huang and Chia-hsien Lin	319,990,000	100.00
	Supervisor	Xiao-en Tseng	-	-
	President	Edward Huang	-	-

Profiles of directors, supervisors, and presidents of affiliates

May 10, 2018 (expressed in shares and %)

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
Ho-Ping Power Company	Chairman	Representatives of Taiwan Cement Corporation: An-ping Chang	602,973,000	59.50
	Vice Chairman	Power Infrastructure Holdings (Malaysia) Limited: Ian George Tuft	403,333,200	39.80
	Director	Representatives of Taiwan Cement Corporation: Qing-song Guo, Edward Huang, Jason Koo, John Li (change registration in progress), Ker-fu Lu	602,973,000	59.50
	Director	Representatives of Power Infrastructure Holdings (Malaysia) Limited: Guo-rong He, Shunichi Tanaka and Yoichiro Matsumoto	403,333,200	39.80
	Supervisor	Representatives of TCC Investment Corporation: Li-wen Tsai, Xiao-en Tseng		
	Supervisor	Representative of Power Infrastructure Holdings (Labuan) Limited: Guo-liang Luo	5,067,000	0.50
Ta-Ho Onyx Taitung Environment Co., Ltd.	President	An-ping Chang	2,026,800	0.20
	Chairman	Representative of Taiwan Cement Corporation: Qing-song Guo	-	-
	Director	Representative of Taiwan Cement Corporation: Edward Huang	37,100,000	100.00
	Director	Representative of Taiwan Cement Corporation: Chen-de Liu		
HPC Power Services Corporation	Supervisor President	Representative of Taiwan Cement Corporation: Wei-ling Gao Chen-de Liu		
	Chairman	Representative of Taiwan Cement Corporation: Yi-chang Liu	-	-
	Vice Chairman	Representative of OneEnergy Taiwan Ltd.: Guo-rong He	6,000	60.00
	Director	Representatives of Taiwan Cement Corporation: Qing-song Guo and Chia-pei Wei	4,000	40.00
Director	Director	Representative of OneEnergy Taiwan Ltd.: Di-hui Li	6,000	60.00
	President	Yi-meng Huang	4,000	40.00
Ta-Ho Onyx RSEA Environment	Chairman	Representative of Taiwan Cement Corporation: Qing-song Guo	-	-
	Director	Representative of Taiwan Cement Corporation: Chen-de Liu	66,600,000	66.60
	Director	Representative of RSEA Engineering Corporation: Yi-qing Huang		
	Supervisor President	Wei-ling Gao, Xiao-en Tseng Chen-de Liu	33,400,000	33.40
E.G.C. Cement Corporation	Supervisor Manager		66,600,000	66.60
	Chairman	Representative of Taiwan Cement Corporation: Edward Huang	-	-
	Director	Representatives of Taiwan Cement Corporation: Chong-Zhi Hong, Wei-jue Hong	8,062,600	50.64
Feng Sheng Enterprise Company	Supervisor	Representative of Tainan Enterprises Co., Ltd.: Qing-feng Yang		
	Director	Edward Huang	796,000	5.00
	Director	Representative of Taiwan Cement Corporation: Edward Huang	-	-
Supervisor President	Supervisor	Representatives of Taiwan Cement Corporation: Wei-jue Hong, Chong-Zhi Hong	27,260,611	45.43
	President	Representatives of Quintain Steel Co., Ltd.: Ji-sheng Chu and Xie-jia Chen		
	Supervisor	Fu-cai Liu	27,116,689	45.19
	President	Ji-sheng Chu	1,827,373	3.05
Taicorn Minerals Corp.	Chairman	Chien Chiang Huang	-	-
	Director	Katz N. Tierra	1	0.00
	Director	Jin Yang Hung	1	0.00
	Director	Yih Chin Wu	1	0.00
	Director	Renato L. Gonzales	1	0.00

Profiles of directors, supervisors, and presidents of affiliates

May 10, 2018 (expressed in shares and %)

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
Trans Philipines Mineral Corp.	Chairman	Chien Chiang Huang	1	0.00
	Director	Katz N. Tierra	1	0.00
	Director	Jin Yang Hung	1	0.00
	Director	Yih Chin Wu	1	0.00
	Director	Renato L. Gonzales	1	0.00
TCC International Ltd.	Director	Representatives of Taiwan Cement Corporation: Chang An-Ping and Jason Koo	600,875,900	100.00
	Manager	Jason Koo	-	-
TCC International Holdings Limited	Chairman	Representatives of Taiwan Cement Corporation: An-ping Chang	5,482,938,093	100.00
	Director and President	Representative of TCC International Ltd. and Taiwan Cement Corporation: Jason Koo	5,482,938,093	100.00
TCC International (Guangxi) Limited	Director	Representatives of TCC International (Hong Kong) Co., Ltd.: Chang An-Ping and Jason Koo	203,000,100	100.00
	Manager	Jason Koo	-	-
TCC (Guigang) Cement Ltd.	Chairman	Representative of TCC International (Guangxi) Limited: Ker-fu Lu	Contribution: USD 332,876,000	100.00
	Director	Representatives of TCC International (Guangxi) Limited: Yu-wen Qiu, Chien-chuan Wang	-	-
	President	Yu-wen Qiu	-	-
TCC Hong Kong Cement (BVI) Holdings Limited	Director	Representative of TCC International Holding Limited: An-ping Chang	16,000	100.00
	Manager	Jason Koo	-	-
Ulexite Investments Limited	Director	Representative of TCC International Holding Limited: An-ping Chang	200	100.00
	Manager	Jason Koo	-	-
HKC Investments Ltd.	Chairman	Representative of Ultexite Investments Limited: An-ping Chang	Contribution: NTD 155,000,000	100.00
	Director	Representative of Ultexite Investments Limited: Jason Koo	-	-
	Supervisor Manager	Representative of Ultexite Investments Limited: Yu-zhi Qiu Jason Koo	-	-
TCC Hong Kong Cement Development Limited	Director	Representative of TCC Hong Kong Cement (BVI) Holdings Limited: An-ping Chang	Ordinary share 10	100.00
	Director	Representative of Hong Kong Cement Manufacturing Company Limited: Chang An-ping	Non-voting deferred share 90	100.00
	President	Jason Koo	-	-
TCC Hong Kong Cement (QHC) Limited	Director	Representative of TCC Hong Kong Cement (BVI) Holdings Limited: An-ping Chang	100	100.00
	Manager	Jason Koo	-	-
Chiefolk Company Limited	Director	Representatives of TCC Hong Kong Cement (QHC) Limited: An-ping Chang, Jason Koo	70,000	70.00
	Director	Representatives of Top Form Construction Limited: Edward Huang	30,000	30.00
	Manager	Jason Koo	-	-

Profiles of directors, supervisors, and presidents of affiliates

May 10, 2018 (expressed in shares and %)

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
TCC International (Liuzhou) Limited	Director	Representatives of Chiefolk Company Limited: An-ping Chang, Cho-Wei, Chen, Jason Koo	50,000	100.00
	Manager	Jason Koo	-	-
TCC Liuzhou Company Limited	Director	Representative of TCC International (Liuzhou) Limited: An-ping Chang	10,000	100.00
	Manager	Jason Koo	-	-
TCC Hong Kong Cement (Yargoon) Limited	Director	Representative of TCC Hong Kong Cement (BVI) Holdings Limited: An-ping Chang	100	100.00
	Manager	Jason Koo	-	-
TCC Hong Kong Cement (HKC) Limited	Director	Representative of TCC Hong Kong Cement (BVI) Holdings Limited: An-ping Chang	100	100.00
	Manager	Jason Koo	-	-
Koning Concrete Limited	Director	Representative of TCC Hong Kong Cement (HKC) Limited: An-ping Chang	100	100.00
	Manager	Jason Koo	-	-
Hong Kong Cement Company Limited	Director	Representative of TCC Hong Kong Cement (BVI) Holdings Limited: An-ping Chang,	10,000	100.00
	Manager	Jason Koo	-	-
TCC Hong Kong Cement (Philippines) Limited	Director	Representative of TCC Hong Kong Cement (BVI) Holdings Limited: An-ping Chang	100	100.00
	Manager	Jason Koo	-	-
TCC Cement Corporation	Chairman	Jin Yang Hung	910,199	100.00
	Director	Chien Chiang Huang		
	Director	Yih Chin Wu		
	Director	Yu Tzu Chiu		
TCC Hong Kong Cement (International) Limited	Director	Representative of TCC Hong Kong Cement (BVI) Holdings Limited: An-ping Chang,	1,600	100.00
	Manager	Jason Koo	-	-
TCC International (Hong Kong) Co., Ltd.	Director	Representative of TCC Hong Kong Cement (International) Limited: An-ping Chang	11,800	100.00
	Manager	Jason Koo	-	-
TCC Fuzhou Yangyu Port Co., Ltd.	Chairman	Representative of TCC International (Hong Kong) Company Limited: Jian-qiang Huang	Contribution: USD500,000	100.00
	Director	Representatives of TCC International (Hong Kong) Limited: Chien-chuan Wang, Jia-lin Chen		
	Supervisor	Guo-hong Yeh		
	President	Jao-gui Lin		

Profiles of directors, supervisors, and presidents of affiliates

May 10, 2018 (expressed in shares and %)

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
TCC Liuzhou Construction Materials Co., Ltd.	Chairman	Representatives of Guangxi Liuzhou Iron and Steel Group Company Limited: Liu-ping Shen	Contribution: USD 5,400,000	40.00
	Vice Chairman	Representative of TCC Liuzhou Company Limited: Edward Huang	Contribution: USD 8,100,000	60.00
	Director	Representatives of TCC Liuzhou Company Limited: Zhi-fengwu, An-ping Chang, Yi-meng Huang	Contribution: USD 5,400,000	40.00
	Director	Representatives of Guangxi Liuzhou Iron and Steel Group Company Limited: Chuang Jin, Jian-qiang Hsu	Contribution: USD 8,100,000	60.00
	Supervisor	Representative of TCC Liuzhou Company Limited: Xiao-en Tseng	Contribution: USD 5,400,000	40.00
	Supervisor	Representative of Guangxi Liuzhou Iron and Steel Group Company Limited: De-yun Lee	Contribution: USD 5,400,000	40.00
	President	Zhi-feng Wu	-	-
TCC Fuzhou Cement Co., Ltd.	Chairman	Representative of TCC International (Hong Kong) Company Limited: Edward Huang	Contribution: USD 16,250,000	100.00
	Director	Representative of TCC International (Hong Kong) Company Limited: Jian-quan Wang, Jia-lin Chen	-	-
	Supervisor	Guo-hong Yeh	-	-
	President	Jao-gui Lin	-	-
Anhui King Bridge Cement Ltd.	Chairman	Representative of Anhui Conch Cement Co., Ltd.: Sheng-li Qi	Contribution: USD6,000,000	40.00
	Vice Chairman	Representative of TCC International (Hong Kong) Company Limited: Edward Huang	Contribution: USD 9,000,000	60.00
	Director	Representatives of International (Hong Kong) Company Limited: Li-wen Tsai (change registration in progress), Jason Koo (change registration in progress), Yu-wen Qiu,	Contribution: USD6,000,000	40.00
	Director	Representatives of Anhui Conch Cement Co., Ltd.: Po Zhou, Ming-jing Chang	Contribution: USD9,000,000	60.00
	Supervisor	Representative of TCC International (Hong Kong) Company Limited: John Li (change registration in progress)	Contribution: USD6,000,000	40.00
	Supervisor	Representative of Anhui Conch Cement Co., Ltd.: Shu-sheng He	-	-
	President	Peng-fei Zhou	-	-
TCC Yingde Cement Co., Ltd.	Chairman	Representative of TCC International (Hong Kong) Company Limited: Ker-fu Lu	Contribution: USD 254,400,000	100.00
	Director	Representative of TCC International (Hong Kong) Company Limited: Yi-meng Huang, Cheng-dao Qiang	-	-
	President	Cheng-dao Qiang	-	-
Jurong TCC Cement Co., Ltd.	Chairman	Representative of Jingyang Industrial Limited: Ker-fu Lu	Contribution: USD 233,000,000	100.00
	Director	Representative of Jingyang Industrial Limited: Cheng-fu Yao (change registration in progress), Chien-chuan Wang, Jason Koo (change registration in progress), Yi-meng Huang	-	-
	Supervisor	Representative of Jingyang Industrial Limited: Guo-hong Yeh (change registration in progress)	-	-
	President	Cheng-fu Yao (change registration in progress)	-	-

Profiles of directors, supervisors, and presidents of affiliates

May 10, 2018 (expressed in shares and %)

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
Chia Hsin Cement Greater China Holding Corporation	Director	Representatives of TCC International Holdings Ltd.: An-ping Chang, Jason Koo	1,142,900,000	100.00
Jingyang Industrial Limited	Director	Representative of TCC International (Hong Kong) Company Limited: An-ping Chang Jason Koo	24,000,100	100.00
JiangSu TCC Investment Co., Ltd.	Chairman	Representative of TCC International (Hong Kong) Company Limited: Ker-fu Lu	Contribution: USD 50,000,000	100.00
	Director	Representative of TCC International (Hong Kong) Company Limited: Edward Huang, Jennifer Wang	-	-
	Supervisor	Representatives TCC International (Hong Kong) Company Limited: Hong-zhen Huang	-	-
	President	Hai-hau Wu	-	-
Upper Value Investments Limited	Director	Representative of TCC International Holdings Limited: An-ping Chang	12,700	100.00
	Manager	Jason Koo	-	-
Prosperity Cement Investment Limited	Director	Representative of Upper Value Investments Limited: An-ping Chang	10,100	100.00
	Manager	Jason Koo	-	-
Yingde Dragon Mountain Cement Co, Ltd.	Chairman	Representative of Prosperity Cement Investment Limited: Ker-fu Lu	Contribution: RMB 428,110,000	100.00
	Director	Representatives of Prosperity Cement Investment Limited: Tie-jun Wu, Jason Koo (change registration in progress)	-	-
	Supervisor President	Shao-ming Lee Dao-qiu Ja	- -	- -
Prosperity Minerals (International) Limited	Director	Representative of Upper Value Investments Limited: An-ping Chang	3	100.00
	Manager	Jason Koo	-	-
Kiton Limited	Director Manager	Representative of Upper Value Investments Limited: An-ping Chang Jason Koo	10,400	100.00
TCC Liaoning Cement Company Limited	Chairman	Representative of Kiton Limited: Jason Koo (change registration in progress)	Contribution: RMB 371,000,000	100.00
	Director	Representatives of Kiton Limited: Ker-fu Lu, Lin-tian Huang	-	-
	Supervisor President	Representative of Kiton Limited: Li-wen Tsai Zhi-heng Peng	- -	- -
Hensford Limited	Director Manager	Representative of Upper Value Investments Limited: An-ping Chang Jason Koo	10,500	100.00
TCC Anshun Cement Company Limited	Chairman	Representative of Hensford Ltd: Jason Koo (change registration in progress)	Contribution: USD 153,490,000	100.00
	Director	Representatives of Hensford Ltd.: Edward Huang, Ker-fu Lu, Li-wen Tsai (change registration in progress)	-	-
	Supervisor	Representative of Hensford Ltd: Cheng-fu Yao	-	-
	President	Yu-bing Hsieh	-	-

Profiles of directors, supervisors, and presidents of affiliates

May 10, 2018 (expressed in shares and %)

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
Sure Kit Limited	Director Manager	Representative of Upper Value Investments Limited: An-ping Chang Jason Koo	10,400 -	100.00 -
TCC Chongqing Cement Company Limited	Chairman Director Supervisor President	Representative of Sure Kit Limited: Jason Koo (change registration in progress) Representatives of Sure Kit Limited: Edward Huang, Ker-fu Lu Representative of Sure Kit Limited: Cheng-fu Yao Jao-wen Wang (change registration in progress)	Contribution: USD 118,000,000 - -	100.00 - -
Prime York Limited	Director Manager	Representative of Upper Value Investments Limited: An-ping Chang Jason Koo	10,300 -	100.00 -
Prosperity Minerals (China) Limited	Director Manager	Representative of Upper Value Investments Limited: An-ping Chang Jason Koo	10,300 -	100.00 -
Mega East Limited	Director Manager	Representative of Upper Value Investments Limited: An-ping Chang Jason Koo	10,300 -	100.00 -
TCC Guangan Cement Company Limited	Chairman Director Supervisor President	Representative of Mega East Limited: Li-wen Tsai Representatives of Mega East Limited: Edward Huang, Ker-fu Lu Representative of Mega East Limited: Cheng-fu Yao Tao Yang	Contribution: USD 76,990,000 - -	100.00 - -
TCC (DongGuan) Cement Company Limited	Chairman Director Supervisor President	Representative of TCC International (Hong Kong) Company Limited: Edward Huang Representative of TCC International (Hong Kong) Company Limited: Yi-meng Huang, Ker-fu Lu Representative of TCC International (Hong Kong) Company Limited: Jin-long Yu Bo-jun Lin	Contribution: USD 20,000,000 - -	100.00 - -
TCC International (China) Company Limited	Director Manager	Representative of Upper Value Investments Limited: An-ping Chang Jason Koo	38,830 -	100.00 -
TCC New (Hangzhou) Management Company Limited	Chairman Director Supervisor President	Representative of TCC International (China) Company Limited: John Li (change registration in progress) Representatives of TCC International (China) Company Limited: Ker-fu Lu, Edward Huang, Li-wen Tsai Representative of TCC International (China) Company Limited: Jason Koo Cheng-fu Yao	Contribution: USD8,000,000 - -	100.00 - -
Kong On Cement Holdings Limited	Director Director Manager	Representatives of Upper Value Investments Limited: Chang An-Ping and Jason Joo Representative of Chengguan Investment: Jie-lian Hsu Jason Koo	15,801,500 8,508,500 -	65.00 35.00 -
Guizhou Kaili Rui An Jian Cai Co., Ltd.	Chairman Director Supervisor President	Representative of Kong On Cement Holdings Limited: Li-wen Tsai Representatives of Kong On Cement Holdings Limited: Edward Huang Representative of Kong On Cement Holdings Limited: Cheng-fu Yao Shi-ming Wang	Contribution: USD 20,300,000 - -	100.00 - -

Profiles of directors, supervisors, and presidents of affiliates

May 10, 2018 (expressed in shares and %)

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
Wayly Holdings Limited	Director Manager	Representative of Upper Value Investments Limited: An-ping Cha Jason Koo	10,501 -	100.00 -
Guizhou Kaili Rui An Jian Cai Co., Ltd.	Chairman Director Supervisor President	Representative of Wayly Holdings Limited: Li-wen Tsai Representatives of Wayly Holdings Limited: Ker-fu Lu, Cheng-fu Yao Representative of Wayly Holdings Limited: Chien-chiang Wang Sheng-tao Qiao	Contribution: RMB 389,661,000 - -	100.00 - -
TCC Shaoguan Cement Co., Ltd.	Chairman Director Supervisor President	Representative of TCC International (Hong Kong) Co., Ltd: Ker-fu Lu TCC International (Hong Kong) Co., Ltd Representatives: Yi-meng Huang, Edward Huang Representative of TCC International (Hong Kong) Co., Ltd: Cen-wei Lan Ming-de Li	Contribution: USD 40,000,000 - -	100.00 - -
TCC Yingde Mining Industrial Company Limited	Chairman Director Director Supervisor President	Representative of TCC International (Hong Kong) Co., Ltd: Ker-fu Lu Representative of TCC Yingde Cement Co., Ltd.: Cheng-dao Qiang (change registration in progress) Representative of TCC Jiangsu Mining Industrial Company Limited Shin-Sheng Liang Cen-wei Lan Cheng-dao Qiang (change registration in progress)	Contribution: USD 5,624,650 Contribution: USD 3,999,700 Contribution: USD 1,875,650 - -	48.91 34.78 16.31 - -
TCC Guigang Mining Industrial Company Limited	Chairman Director Supervisor President	Representative of TCC International (Hong Kong) Co., Ltd: Ker-fu Lu Representatives of TCC (Guigang) Cement Ltd.: Chen-chia Song and Chia-pei Wei Yuo-xin Song Yu-wen Qiu	Contribution: USD 2,625,000 Contribution: USD 2,375,000 - -	52.50 47.50 - -
TCC Jiangsu Mining Industrial Company Limited	Chairman Director Supervisor President	Representative of TCC International (Hong Kong) Co., Ltd: Ker-fu Lu Representatives of TCC International (Hong Kong) Co., Ltd.: Cheng-fu Yao, Jason Koo Representative of TCC International (Hong Kong) Co., Ltd.: Guo-hong Yeh Cheng-fu Yao	Contribution: USD 4,000,000 - -	100.00 - -
Anshun Xin Tai Construction Materials Company Limited	Chairman President Supervisor	Representative of TCC Anshun Cement Company Limited: Lin-tian Huang Guo-hong Hu Yuo-xin Song	Contribution: RMB 15,000,000 - -	100.00 - -
Scitus Cement (China) Holdings Limited	Director Director Director Manager	Representative of Upper Value Investments Limited: An-ping Chang Representative of TCC International (Hong Kong) Co., Ltd: An-ping Chang Ker-fu Lu, Jason Koo Jason Koo	109,163,251 1 - -	100.00 0.00 - -
Scitus Cement (China) Operating Company Limited	Director Manager	Representative of Scitus Cement (China) Holdings Limited: An-ping Chang Jason Koo	10,000 -	100.00 -

Profiles of directors, supervisors, and presidents of affiliates

May 10, 2018 (expressed in shares and %)

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
Hexagon Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: An-ping Chang	1	100.00
	Manager	Jason Koo	-	-
Hexagon II Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: An-ping Chang	1	100.00
	Manager	Jason Koo	-	-
Hexagon III Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: An-ping Chang	201	100.00
	Manager	Jason Koo	-	-
Hexagon IV Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: An-ping Chang	201	100.00
	Manager	Jason Koo	-	-
Hexagon V Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: An-ping Chang	1	100.00
	Manager	Jason Koo	-	-
Upper Value Investment Limited	Director	Representative of TCC International Holdings Limited: An-ping Chang	1	100.00
	Manager	Jason Koo	-	-
Hexagon VIII Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: An-ping Chang	1	100.00
	Manager	Jason Koo	-	-
Hexagon IX Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: An-ping Chang	1	100.00
	Manager	Jason Koo	-	-
Hexagon XIII Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: An-ping Chang	1	100.00
	Manager	Jason Koo	-	-
Hexagon XIV Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: An-ping Chang	1	100.00
	Manager	Jason Koo	-	-
Scitus Luzhou Cement Co.,Ltd.	Chairman	Representative of Hexagon IV Holdings Limited: Cheng-fu Yao	Contribution:	90.00
	Director	Representatives of Hexagon IV Holdings Limited: Ker-fu Lu, Li-wen Tsai, Edward Huang	RMB 355,500,000	
	Director	Representative of TCC Yingde Cement Co., Ltd.: Li-wen Tsai	Contribution:	10.00
	Supervisor	Representative of Hexagon IV Holdings Limited: Yan-xiang Wang	RMB 39,500,000	
	Supervisor	Representative of Hexagon IV Holdings Limited: Yan-xiang Wang	Contribution:	90.00
	President	Zhong-hong Yang	RMB 355,500,000	
			-	-

Profiles of directors, supervisors, and presidents of affiliates

May 10, 2018 (expressed in shares and %)

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
Scitus Hejiang Cement Co.,Ltd.	Chairman	Representative of Hexagon IX Holdings Limited: Cheng-fu Yao	Contribution:	90.00
	Director	Representative of Hexagon IX Holdings Limited: Ker-fu Lu	RMB 20,925,000	
	Director	Representative of TCC Yingde Cement Co., Ltd.: Li-wen Tsai	Contribution:	10.00
	Supervisor	Representative of Hexagon IX Holdings Limited: Yan-xiang Wang	RMB 2,325,000	
	President	Zhong-hong Yang	Contribution:	90.00
			RMB 20,925,000	
			-	-
Scitus Luzhou Concrete Co.,Ltd.	Chairman	Representative of Hexagon XIV Holdings Limited: Cheng-fu Yao	Contribution:	75.00
	Director	Representatives of Hexagon XIV Holdings Limited: Ker-fu Lum, Cheng-fu Yao	RMB 18,750,000	
	Director	Representative of TCC Yingde Cement Co., Ltd.: Li-wen Tsai	Contribution:	25.00
	Supervisor	Representative of Hexagon XIV Holdings Limited: Yen-xiang Wang	RMB 6,250,000	
	President	Zhong-hong Yang	Contribution:	75.00
			RMB 18,750,000	
			-	-
Scitus Naxi Cement Co.,Ltd.	Chairman	Representative of Hexagon III Holdings Limited: Cheng-fu Yao	Contribution:	90.00
	Director	Representative of Hexagon III Holdings Limited: Ker-fu Lu	RMB 131,859,000	
	Director	Representative of TCC Yingde Cement Co., Ltd.: Li-wen Tsai	Contribution:	10.00
	Supervisor	Representative of Hexagon III Holdings Limited: Yan-xiang Wang	RMB 14,651,000	
	President	Gao-ying Dong	Contribution:	90.00
			RMB 131,859,000	
			-	-
TCC Huaying Cement Company Limited	Chairman	Representation of TCC (Guigang) Cement Ltd.: Ker-fu Lu	Contribution:	100.00
	Director	Representation of TCC (Guigang) Cement Ltd. Cheng-fu Yao, Ku,Kung-Yi	RMB 949,880,000	
	Supervisor	Representation of TCC (Guigang) Cement Ltd. Xiao-en Tseng	-	
	President	Dao-ping Wang	-	
			-	-
TCC Huaihua Cement Company Limited	Chairman	Representative of TCC International (Hong Kong) Co., Ltd: Ker-fu Lu	Contribution:	100.00
	Director	Representatives of TCC International (Hong Kong) Co., Ltd: Cheng-fu Yao, Jason Koo	RMB 93,000,000	
	Supervisor	Representative of TCC International (Hong Kong) Co., Ltd.: Guo-hong Yeh	-	
	President	Cheng-fu Yao	-	
			-	-
TCC Jingzhou Cement Company Limited	Chairman	Representative of TCC Huaihua Cement Company Limited: Ker-fu Lu	Contribution:	100.00
	Director	Representative of TCC Huaihua Cement Company Limited: Cheng-fu Yao, Jason Koo	RMB 10,000,000	
	Supervisor	Guo-hong Yeh	-	
	President	Zhong-hong Yang	-	
			-	-
TCC Huaihua Concrete Company Limited	Chairman	Representative of TCC Huaihua Cement Company Limited: Ker-fu Lu	Contribution:	100.00
	Director	Representative of TCC Huaihua Cement Company Limited: Cheng-fu Yao, Jason Koo	RMB 10,000,000	
	Supervisor	Guo-hong Yeh	-	
	President	Cheng-fu Yao	-	
			-	-

¹ TCC Chemical Corporation was renamed in December 2017.

² TCC Resource Recycling Corporation and Kuan-Ho Construction & Development Corporation were merged with each other on January 1, 2018.

³ Tong Yu Industrial Corporation was renamed TCC Green Energy Corporation in March 2018.

⁴ Shareholdings of Taiwan Prosperity Chemical Corporation by the book closing date for AGM on April 23, 2018.

Business highlights of affiliates

2017.12.31 (expressed in NT\$ thousands)

Affiliate	Capital amount	Total asset	Total liabilities	Net worth	Revenue	Profit from operations	Profit (after tax)	EPS (NT\$) (after tax)
Taiwan Transport & Storage Corporation	389,620	2,363,727	337,458	2,026,269	1,148,007	71,745	119,815	3.08
Ho Swen Construction Material Co., Ltd.	20,000	342	0	342	-	(93)	2,058	1.03
Taiwan Cement Engineering Corporation	601,656	740,959	21,503	719,456	-	(2,975)	(2,458)	(0.04)
TCEC Corporation (Darussalam, Brunei)	16,295	115,233	-	115,233	-	-	(225)	NA
TCC (Yingde) Machine Co., Ltd.	RMB 4,075,000	RMB 26,083,000	RMB 841,000	RMB 25,242,000	RMB 25,000	RMB(183,000)	RMB(50,000)	NA
Kuan-Ho Refractories Industry Corporation	190,000	869,587	455,139	414,448	1,132,762	93,999	79,314	4.174
Kuan-Ho Construction & Development Corporation	387,200	1,223,625	534,247	689,378	114,624	80,525	230,102	5.94
TCC Green Energy Corporation (formerly Tong Yu Industrial Corporation)	100,000	131,232	2,766	128,466	39,600	9,711	9,986	1.49
Hong Kong Cement Manufacturing Company Limited	HKD 45,000,000	HKD72,008,000	HKD233,000	HKD71,775,000	HKD1,584,000	HKD(307,000)	HKD(307,000)	NA
TCC Development Limited	Ordinary shares: USD 10 Non-voting deferred shares: USD 90	HKD55,527,000	HKD2,159,000	HKD53,368,000	HKD19,720,000	HKD17,713,000	HKD14,806,000	HKD148,057.34
Ta-Ho Maritime Corporation	1,831,367	6,435,036	3,302,768	3,132,268	2,251,306	184,625	212,634	1.16
Ta-Ho Maritime Holdings Ltd.	USD10,300,000	USD131,453,000	USD5,000	USD131,448,000	USD0,000	(US\$11,000)	USD1,929,000	USD 0.19
THC International S.A.	USD2,010,000	USD83,245,000	USD597,000	USD82,648,000	USD5,552,000	(US\$800,000)	(US\$157,000)	(USD 78.11)
Chi Ho Maritime S.A.	USD6,510,000	USD11,660,000	USD200,000	USD11,460,000	USD1,516,000	(US\$669,000)	(US\$544,000)	(USD 83.56)
Chi Ho Maritime S.A.	USD2,010,000	USD15,675,000	USD242,000	USD15,433,000	USD2,713,000	(US\$70,000)	USD39,000	USD 19.40
Ta-Ho Maritime (Hong Kong) Limited	USD5,100,000	USD19,158,000	USD9,000	USD19,149,000	USD0,000	(US\$48,000)	USD2,632,000	USD 0.52
Ta-Ho Maritime (Singapore) Pte. Ltd.	USD100,000	USD2,671,000	USD274,000	USD2,397,000	USD1,484,000	(US\$66,000)	(US\$36,000)	(USD 0.36)
Da Tong (Guigang) International Logistics Co., Ltd.	USD5,000,000	RMB137,000,000	RMB15,488,000	RMB121,512,000	RMB69,063,000	RMB2,159,000	RMB18,054,000	NA
Guigang Da-Ho Shipping Co., Ltd.	RMB4,000,000	RMB93,627,000	RMB32,754,000	RMB60,873,000	RMB183,663,000	RMB17,137,000	RMB13,423,000	NA
Da Tong (Ying De) Logistics Co., Ltd.	RMB5,000,000	RMB24,597,000	RMB6,127,000	RMB18,470,000	RMB15,967,000	RMB3,639,000	RMB2,815,000	NA
TCC Investment Corporation	541,500	4,079,041	2,022,434	2,056,607	-	(353)	117,787	2.18
Union Cement Traders Inc.	219,450	1,552,010	851,106	700,904	-	(1,042)	45,202	2.06
TCC Chemical Corporation	2,400,000	3,734,864	1,638,875	2,095,989	58,603	54,229	(402,803)	(1.68)
TCC Information Systems Corporation	150,000	329,881	56,083	273,798	208,617	34,483	25,243	1.68
Taicem Information (Samoa) Pte., Ltd.	3,412	57,872	10,312	47,560	-	(29)	2,911	NA
Fuzhou TCC Information Technology Co., Ltd.	RMB 827,000	RMB 9,337,000	RMB 358,000	RMB 8,979,000	RMB 2,121,000	RMB 928,000	RMB 718,000	NA

Business highlights of affiliates

2017.12.31 (expressed in NT\$ thousands)

Affiliate	Capital amount	Total asset	Total liabilities	Net worth	Revenue	Profit from operations	Profit (after tax)	EPS (NT\$) (after tax)
Taiwan Prosperity Chemical Corporation	2,919,750	10,811,223	7,593,431	3,217,792	13,192,984	(240,266)	(354,571)	(1.21)
Tung Chen Mineral Corporation	2,000	1,435	33	1,402	–	(42)	(41)	(2.05)
Jin Chang Minerals Corporation	18,000	223,524	174,772	48,752	308,176	44,636	38,171	21.20
Hoping Industrial Port Corporation	3,200,000	7,494,626	1,968,881	5,525,745	1,657,481	974,408	799,222	2.50
Ho–Ping Power Company	10,134,000	39,038,601	7,757,034	31,281,567	10,353,637	3,388,009	2,975,364	2.94
Ta–Ho Onyx Taitung Environment Co., Ltd.	371,000	340,018	43,689	296,329	–	(219)	1,221	0.03
HPC Power Services Corporation	3,107	267,552	88,885	178,667	400,689	225,071	186,843	NA
Ta–Ho Onyx RSEA Environment	1,000,000	3,139,259	2,828,307	310,952	–	(11,412)	(17,148)	(0.17)
E.G.C. Cement Corporation	159,200	262,778	69,055	193,723	587,999	22,255	4,839	0.30
Feng Sheng Enterprise Company	600,000	2,118,231	1,352,878	765,353	2,349,289	35,873	34,768	0.58
Ho Sheng Mining Co., Ltd.	301,000	214,420	144,695	69,725	308,555	(54,708)	(54,247)	(1.80)
Taicorn Minerals Corp.	PHP 16,500,000	–	PHP 35,201,000	(PHP 35,201,000)	–	–	–	NA
Trans Philipines Mineral Corp.	PHP 5,000,000	–	PHP 10,004,000	(PHP10,004,000)	–	–	–	NA
TCC International Limited	USD 600,876,000	HKD11,803,227,000	HKD4,325,235,000	HKD7,477,992,000	HKD145,598,000	HKD(25,141,000)	HKD(31,732,000)	NA
TCC International Holdings Ltd.	Common share capital HKD 548,294,000	HKD26,223,817,000	HKD9,385,509,000	HKD16,838,308,000	HKD123,194,000	HKD(304,391,000)	HKD(304,469,000)	NA
TCC International (Guangxi) Limited	USD 203,000,000	HKD2,588,643,000	HKD69,825,000	HKD2,518,818,000	HKD1,239,000	HKD(6,427,000)	HKD(6,427,000)	NA
TCC (Guigang) Cement Ltd.	USD 332,876,000	HKD6,295,357,000	HKD1,481,452,000	HKD4,813,905,000	HKD2,620,733,000	HKD622,320,000	HKD543,803,000	NA
TCC Hong Kong Cement (BVI) Holdings Ltd.	USD 16,000	HKD10,513,045,000	HKD31,331,000	HKD10,481,714,000	HKD97,142,000	HKD97,132,000	HKD97,132,000	HKD8,094.36
Ulexite Investments Ltd.	USD200	HKD39,765,000	–	HKD39,765,000	–	HKD(2,000)	HKD(2,000)	NA
HKC Investments Ltd.	155,000	HKD65,403,000	HKD52,000	HKD65,351,000	–	HKD(15,000)	HKD(15,000)	NA
TCC Hong Kong Cement Development Ltd.	Ordinary shares: USD 10 Non–voting deferred shares: USD 90	HKD72,460,000	HKD6,404,000	HKD66,056,000	HKD960,000	HKD(649,000)	HKD(512,000)	NA
TCC Hong Kong Cement (QHC) Ltd.	USD100	HKD18,114,000	–	HKD18,114,000	HKD35,700,000	HKD35,692,000	HKD35,692,000	HKD356,924.73
Chiefolk Company Ltd.	HKD 1,000,000	HKD47,748,000	HKD40,000	HKD47,708,000	HKD21,000,000	HKD20,958,000	HKD20,958,000	HKD209.58
TCC International (Liuzhou) Ltd.	USD50,000	HKD364,000	HKD571,000	HKD(207,000)	–	HKD(542,000)	HKD(542,000)	NA
TCC Liuzhou Company Ltd.	HKD10,000	HKD68,999,000	HKD20,000	HKD68,979,000	HKD6,619,000	HKD6,639,000	HKD5,977,000	HKD597.72
TCC Hong Kong Cement (Yargoan) Ltd.	USD100	HKD3,374,000	–	HKD3,374,000	–	HKD(8,000)	HKD(8,000)	NA
TCC Hong Kong Cement (HKC) Ltd.	USD100	HKD47,719,000	–	HKD47,719,000	–	HKD(8,000)	HKD(8,000)	NA
Koning Concrete Ltd.	HKD100	–	–	–	–	–	–	NA

Business highlights of affiliates

2017.12.31 (expressed in NT\$ thousands)

Affiliate	Capital amount	Total asset	Total liabilities	Net worth	Revenue	Profit from operations	Profit (after tax)	EPS (NT\$) (after tax)
Hong Kong Cement Company Ltd.	HKD 164,391,000	HKD234,338,000	HKD29,274,000	HKD205,064,000	HKD262,785,000	HKD31,802,000	HKD26,272,000	HKD2,627.21
TCC Hong Kong Cement (Philippines) Ltd.	USD100	HKD22,233,000	HKD6,142,000	HKD16,091,000	–	HKD(8,000)	HKD(8,000)	NA
TCC Cement Corporation	Peso 91,021,000	HKD11,819,000	HKD9,789,000	HKD2,030,000	–	–	–	NA
TCC Hong Kong Cement (International) Ltd.	USD 1,600	HKD9,938,920,000	HKD291,200,000	HKD9,647,720,000	–	HKD(15,637,000)	HKD(15,637,000)	NA
TCC International (Hong Kong) Company Limited	HKD 9,935,123,000	HKD9,961,216,000	HKD7,718,000	HKD9,953,498,000	HKD45,000	HKD(293,000)	HKD(293,000)	NA
TCC Fuzhou Yangyu Port Co., Ltd.	USD 5,000,000	HKD80,809,000	HKD3,843,000	HKD76,966,000	HKD10,480,000	HKD547,000	HKD410,000	NA
TCC Liuzhou Construction Materials Co., Ltd.	USD 13,500,000	HKD277,979,000	HKD29,176,000	HKD248,803,000	HKD189,160,000	HKD25,726,000	HKD22,823,000	NA
TCC Fuzhou Cement Co., Ltd.	USD 16,250,000	HKD375,376,000	HKD138,395,000	HKD236,981,000	HKD299,188,000	HKD(17,834,000)	HKD(20,233,000)	NA
Anhui King Bridge Cement Co., Ltd.	USD 15,000,000	HKD163,597,000	HKD60,447,000	HKD103,150,000	HKD634,000	HKD(14,620,000)	HKD(15,663,000)	NA
TCC Yingde Cement Co., Ltd.	USD 254,400,000	HKD5,562,766,000	HKD804,490,000	HKD4,758,276,000	HKD2,290,218,000	HKD502,963,000	HKD336,600,000	NA
Jurong TCC Cement Co., Ltd.	USD 233,000,000	HKD3,409,745,000	HKD508,607,000	HKD2,901,138,000	HKD1,203,450,000	HKD205,960,000	HKD137,202,000	NA
Chia Hsin Cement Greater China Holding Corporation	USD 11,429,000	HKD46,000	HKD81,000	HKD(35,000)	–	HKD(57,000)	HKD(57,000)	NA
Jingyang Industrial Limited	HKD 101,615,000	HKD1,426,317,000	HKD1,251,073,000	HKD175,244,000	–	HKD(10,000)	HKD(10,000)	NA
JiangSu TCC Investment Co., Ltd.	USD 50,000,000	HKD678,400,000	–	HKD678,400,000	–	HKD(6,000)	HKD37,102,000	NA
Upper Value Investments Limited	USD 12,000	HKD8,448,007,000	HKD1,338,778,000	HKD7,109,229,000	HKD209,000	HKD(1,524,000)	HKD(1,524,000)	NA
Prosperity Cement Investment Limited	HKD 759,956,000	HKD973,856,000	HKD5,790,000	HKD968,066,000	–	HKD(13,000)	HKD(13,000)	NA
Yingde Dragon Mountain Cement Co., Ltd.	RMB 428,110,000	HKD3,216,223,000	HKD312,992,000	HKD2,903,231,000	HKD1,575,068,000	HKD361,456,000	HKD269,653,000	NA
Prosperity Minerals (International) Limited	HKD 28,534,000	HKD639,218,000	HKD42,298,000	HKD596,920,000	HKD10,000	HKD53,000	HKD53,000	HKD17,508.36
Kiton Ltd.	HKD 685,927,000	HKD685,948,000	HKD48,000	HKD685,900,000	–	HKD(41,000)	HKD(41,000)	NA
TCC Liaoning Cement Company Limited	RMB 371,000,000	HKD900,882,000	HKD426,389,000	HKD474,493,000	HKD250,890,000	HKD(34,178,000)	HKD(51,481,000)	NA
Hensford Ltd.	HKD 1,191,946,000	HKD1,192,533,000	HKD387,000	HKD1,192,146,000	–	HKD(44,000)	HKD(44,000)	NA
TCC Anshun Cement Company Limited	USD 153,490,000	HKD1,889,494,000	HKD181,472,000	HKD1,708,022,000	HKD977,751,000	HKD174,851,000	HKD150,035,000	NA
Sure Kit Ltd.	HKD 953,819,000	HKD956,546,000	HKD48,000	HKD956,498,000	–	HKD2,268,000	HKD2,268,000	NA
TCC Chongqing Cement Company Limited	USD 118,000,000	HKD1,993,534,000	HKD590,221,000	HKD1,403,313,000	HKD975,986,000	HKD145,073,000	HKD104,030,000	NA
Prime York Ltd.	HKD 532,148,000	HKD552,427,000	HKD673,000	HKD551,754,000	HKD19,312,000	HKD20,158,000	HKD20,158,000	HKD1,957.12
Prosperity Minerals (China) Limited	HKD10,000	HKD129,614,000	HKD2,607,000	HKD127,007,000	–	HKD(1,024,000)	HKD(1,024,000)	NA
Mega East Limited	HKD597,603,000	HKD597,934,000	HKD418,000	HKD597,516,000	–	HKD(48,000)	HKD(48,000)	NA
TCC Guangan Cement Company Limited	USD 76,990,000	HKD933,341,000	HKD122,498,000	HKD810,843,000	HKD515,986,000	HKD99,967,000	HKD73,893,000	NA

Business highlights of affiliates

2017.12.31 (expressed in NT\$ thousands)

Affiliate	Capital amount	Total asset	Total liabilities	Net worth	Revenue	Profit from operations	Profit (after tax)	EPS (NT\$) (after tax)
TCC (DongGuan) Cement Company Limited	USD 20,000,000	HKD82,843,000	HKD531,000	HKD82,312,000	HKD2,198,000	HKD(63,033,000)	HKD(61,147,000)	NA
TCC International (China) Company Limited	HKD 62,143,000	HKD62,132,000	HKD142,000	HKD61,990,000	–	HKD(23,000)	HKD(23,000)	NA
TCC New (Hangzhou) Management Company Limited	USD 8,000,000	HKD150,782,000	HKD103,895,000	HKD46,887,000	HKD29,286,000	HKD9,199,000	HKD9,199,000	NA
Kong On Cement Holdings Ltd.	HKD 127,440,000	HKD157,608,000	HKD24,039,000	HKD133,569,000	HKD18,000	HKD(15,000)	HKD(15,000)	NA
Guizhou Kaili Rui An Jian Cai Co., Ltd.	USD 20,300,000	HKD487,726,000	HKD310,462,000	HKD177,264,000	HKD290,829,000	HKD24,834,000	HKD26,743,000	NA
Wayly Holdings Limited	USD 11,000	HKD612,571,000	HKD127,044,000	HKD485,527,000	HKD1,469,000	HKD2,257,000	HKD2,155,000	HKD205.20
Guizhou Kaili Rui An Jian Cai Co., Ltd.	RMB 389,661,000	HKD1,115,677,000	HKD333,555,000	HKD782,122,000	HKD776,166,000	HKD181,691,000	HKD136,223,000	NA
TCC Shaoguan Cement Co., Ltd.	USD 40,000,000	HKD432,199,000	HKD115,877,000	HKD316,322,000	–	HKD(2,180,000)	HKD(2,180,000)	NA
TCC Yingde Mining Industrial Company Limited	USD11,500,000	HKD128,598,000	HKD12,149,000	HKD116,449,000	HKD60,718,000	HKD423,000	HKD70,000	NA
TCC Guigang Mining Industrial Company Limited	USD 5,000,000	HKD110,305,000	HKD10,935,000	HKD99,370,000	HKD57,811,000	HKD12,686,000	HKD9,508,000	NA
TCC Jiangsu Mining Industrial Company Limited	USD 4,000,000	HKD89,661,000	HKD11,012,000	HKD78,649,000	HKD31,429,000	HKD(2,839,000)	HKD(2,925,000)	NA
Scitus Cement (China) Holdings Limited	HKD 1,245,257,000	HKD1,270,218,000	HKD390,062,000	HKD880,156,000	HKD69,000	HKD(641,000)	HKD(641,000)	NA
Scitus Cement (China) Operating Company Limited	HKD10,000	–	HKD6,183,000	HKD(6,183,000)	–	HKD(15,000)	HKD(15,000)	NA
Hexagon Holdings Limited	HKD 1	HKD211,649,000	HKD12,000	HKD211,637,000	–	HKD(14,000)	HKD(14,000)	NA
Hexagon II Holdings Limited	HKD 1	HKD75,924,000	HKD12,000	HKD75,912,000	–	HKD(16,000)	HKD(16,000)	NA
Hexagon III Holdings Limited	HKD 79,500,000	HKD158,503,000	HKD68,998,000	HKD89,505,000	–	HKD(51,000)	HKD(51,000)	NA
Hexagon IV Holdings Limited	HKD 136,430,000	HKD439,544,000	HKD281,540,000	HKD158,004,000	–	HKD(47,000)	HKD(47,000)	NA
Hexagon V Holdings Limited	HKD 1	HKD89,137,000	HKD14,014,000	HKD75,123,000	–	HKD(15,000)	HKD(15,000)	NA
Upper Value Investment Ltd.	HKD 1	HKD560,687,000	HKD448,961,000	HKD111,726,000	–	HKD(23,000)	HKD(23,000)	NA
Hexagon VIII Holdings Limited	HKD 1	HKD14,576,000	HKD12,000	HKD14,564,000	–	HKD159,000	HKD159,000	HKD158,853.18
Hexagon IX Holdings Limited	HKD 1	HKD19,293,000	HKD20,510,000	HKD(1,217,000)	–	HKD(51,000)	HKD(51,000)	NA
Hexagon XIII Holdings Limited	HKD 1	HKD6,873,000	HKD12,000	HKD6,861,000	–	HKD27,000	HKD27,000	HKD26,713.71
Hexagon XIV Holdings Limited	HKD 1	HKD21,444,000	HKD21,717,000	HKD(273,000)	–	HKD(51,000)	HKD(51,000)	NA
Scitus Luzhou Cement Co.,Ltd.	RMB 395,000,000	HKD993,724,000	HKD457,078,000	HKD536,646,000	HKD536,645,000	HKD75,062,000	HKD59,573,000	NA
Scitus Hejiang Cement Co.,Ltd.	RMB 23,250,000	HKD6,581,000	HKD1,804,000	HKD4,777,000	–	HKD(536,000)	HKD(536,000)	NA
Scitus Luzhou Concrete Co.,Ltd.	RMB 25,000,000	HKD56,985,000	HKD20,153,000	HKD36,832,000	HKD50,246,000	HKD3,567,000	HKD3,505,000	NA
Scitus Naxi Cement Co.,Ltd.	RMB 146,510,000	HKD293,737,000	HKD257,498,000	HKD36,239,000	HKD188,743,000	HKD6,062,000	HKD6,062,000	NA
Anshun Xin Tai Construction Materials Company Limited	RMB 15,000,000	HKD27,461,000	HKD10,185,000	HKD17,276,000	HKD10,495,000	HKD566,000	HKD566,000	NA

Business highlights of affiliates

2017.12.31 (expressed in NT\$ thousands)

Affiliate	Capital amount	Total asset	Total liabilities	Net worth	Revenue	Profit from operations	Profit (after tax)	EPS (NT\$) (after tax)
TCC Huaying Cement Company Limited	RMB 949,880,000	HKD1,017,021,000	HKD427,478,000	HKD589,543,000	HKD418,044,000	HKD52,841,000	HKD52,841,000	NA
TCC Huaihua Cement Company Limited	RMB 93,000,000	HKD1,602,456,000	HKD1,073,501,000	HKD528,955,000	HKD580,724,000	HKD(4,428,000)	HKD10,108,000	NA
TCC Jingzhou Cement Company Limited	RMB 10,000,000	HKD589,620,000	HKD292,375,000	HKD297,245,000	HKD308,495,000	HKD17,957,000	HKD17,744,000	NA
TCC Huaihua Concrete Company Limited	RMB 10,000,000	HKD36,939,000	HKD18,510,000	HKD18,429,000	HKD15,712,000	HKD(1,602,000)	HKD(1,602,000)	NA

Representation Letter

The entities required to be included in the consolidated financial statements of Taiwan Cement Corporation between January 1, 2017 and December 31, 2017 as per the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10 Consolidated Financial Statements. In addition, the information required to be disclosed in the consolidated financial statement of affiliates is included in the consolidated financial statement of the parent company. Consequently, Taiwan Cement Corporation and Subsidiaries will not prepare a separate set of consolidated financial statements.

Very truly yours,

Taiwan Cement Corporation
Chang An-Ping, Chairman
Date: March 38, 2018

9. Events with material impacts on equity or stock price as specified in item 2, paragraph 2, Article 36 of the Securities and Exchange Act in the previous year and by the date of report publication

Chairman & President Mr. Leslie Koo Cheng-yun passed away on January 23, 2017. At the provisional board meeting held on January 23, 2017, directors recommended Mr. Chang An-Ping as the chairman & CDO of the company. On May 11, 2017, BOD appointed John Li as the company's presidents.

The above matters have been disclosed to the public and reported as per the Securities and Exchange Act and related laws and regulations. Assessment shows no material financial impact on the company.

8.2 Private placements of securities in the previous year and by the date of report publication:NA

8.3 Stocks of this Company held and disposed by subsidiaries in the previous year and by the date of report publication:NA

8.4 Other required supplementary notes:NA

Contact information

TCC Headquarter (02) 2531-7099

No.113, Section 2, Zhongshan North Rd., Zhongshan Dist., Taipei City 104, Taiwan

-

R&D (03) 321-7855

No.148, Section 1, Chang'an Rd., Luzhu Dist., Taoyuan City 338, Taiwan

-

Hoping cement plant (03) 868-2111

No.263, Hoping Village, Sioulin Township, Hualien County, 972, Taiwan

-

Suao cement plant (03) 996-2511-20

No.46, Yongchang Rd., Su-ao Township, Yilan County, 270, Taiwan

-

Hualien cement plant (03) 822-1161

No.103, Huadong, Hualien City, Hualien County 970, Taiwan

-

Hualien Ready Mix Concrete Site

(03)8228353

No.2-1, Jingmei Rd., Hualien City, Hualien County 970, Taiwan

-

TCC Taipei Plant (02) 2765-1260

No.52, Sec. 1, Keelung Rd., Songshan Dist., Taipei City 110, Taiwan

-

Tucheng Branch (02) 8676-3356

No.4, Ln. 223, Sec. 3, Jieshou Rd., Sanxia Dist., New Taipei City 237, Taiwan

-

Taoyuan Branch (03)3222166-68

No.220, Sec. 2, Nanshan Rd., Luzhu Township, Taoyuan County 338, Taiwan

-

Taipei Cement Plant

No.310, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City 221, Taiwan

-

Guishan Branch (03) 359-5633

No.688, Dongwanshou Rd., Guishan Dist., Taoyuan City 333, Taiwan

-

Bade Branch (03) 368-5785

No.32-1, Chung Hsiao alley, Changxing Rd., Bade City, Taoyuan County 334, Taiwan

-

Jhongli Branch (03) 490-7675-6

No.203, Sec. 6, Minzu Rd., Xinwu Township, Taoyuan County 327, Taiwan

-

Hsinchu Branch (03) 582-7660

No.18, Ln. 435, Yuanshan Rd., Zhudong Township, Hsinchu County 310, Taiwan

-

Yilan Branch (03) 922-0456

No.438, Sec. 2, Yuanshan Rd., Yuanshan Township, Yilan County 264, Taiwan

Taichung Cement Plant

(04) 2568-1691

No.785, Sec. 3, Zhongqing Rd., Daya Dist., Taichung City 428, Taiwan

-

Dadoo Branch (04) 2699-2826

No.303, Sec. 2, Shatian Rd., Dadu Dist., Taichung City 432, Taiwan

-

Taiping Branch (04) 2273-2506

No.120, Sec. 2, Yongping Rd., Taiping Dist., Taichung City 411, Taiwan

-

Taichung Port Cement Distribution Station

(04)26564394-5

No.2, Beiheng 7th Rd., Qingshui Dist., Taichung City 436, Taiwan

-

Shengang Branch (04) 2563-3980

No.502, Xizhou Rd., Shengang Dist., Taichung City 429, Taiwan

-

Caotun Branch (049) 225-3248

No.137, Renhe Rd., Nantou City, Nantou County 540, Taiwan

-

Gushan Cement Plant (07)561-1226

No.274, Gushan 2nd Rd., Gushan Dist., Kaohsiung City 804, Taiwan (R.O.C.)

-

Chiayi Branch (05) 221-7215

No.8, Xinseng St., Minxiong Township, Chiayi County 621, Taiwan

-

Tainan Branch (06)270-3259

No.36, Taiyi 7th St., Rende Dist., Tainan City 717, Taiwan

-

Luzhu Branch (07)607-1238

No.809, Daren Rd., Luzhu Dist., Kaohsiung City 821, Taiwan

-

Shanhua Branch (06)581-0685

No.33, Xingnong Rd., Shanhua Dist., Tainan City 741, Taiwan

-

Anping Branch (06)291-9809

No.84-2, Xinle Rd., South Dist., Tainan City 702, Taiwan

-

Renwu Plant (07)372-03436

No.16, Gongye 1st Rd., Renwu Dist., Kaohsiung City 814, Taiwan

-

Xiaogang Branch (07)8721166-7

No.12, Zhonglin Rd., Xiaogang Dist., Kaohsiung City 812, Taiwan

-

Xinshi Branch (06)589-3441

No.183, Zhongshan Rd., New Urban Dist., Tainan City 744, Taiwan

Kaohsiung Port Cement Distribution Station(Wharves No.44)

(07)8135047-9

No.12, Dahua 3rd Rd., Qianzhen Town, Kaohsiung City 806, Taiwan

-

Anping Port Cement Distribution Station

(06)292-3123

No.6, Lane 23, Xingang Rd., South Dist., Tainan City 702, Taiwan

-

The Taiwan Cement Corporation

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Deputy spokesperson : Vice President, Li-wen Tsai

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E-mail : leotsai@taiwancement.com

-

Stock Transfer Services

Name: Transfer Agency, CTCB Bank

Address: 5F., No.83, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan

TEL : (02)6636-5566

Website: <http://www.chinatrust.com.tw>

-

CPA:

Ya-ling Won and Chih-ming Shao

CPA Firm :Deloitte Taiwan

Address: 12F., No.156, Sec. 3, Minquan E. Rd., Songshan Dist., Taipei City 105, Taiwan

TEL:2545-9988: (Rep.)

Website : <http://www.deloitte.com>

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Overseas listings and access to the listing information: None



GREEN ENERGY
TOTAL CLIMATE COMMITMENT

CIRCULAR ECONOMY
TOTAL CARE COMMITMENT



The Taiwan Cement Corporation

Chairman :

A handwritten signature in black ink, written over a red square seal, which is the official seal of the Chairman.

The Taiwan Cement Corporation Annexes to 2017 Annual Report



Website <http://www.taiwancement.com>

(MOPS)Market Observation Post System website <http://mops.twse.com.tw>

Published on May 10, 2018

**Taiwan Cement Corporation and
Subsidiaries**

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

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

Very truly yours,

TAIWAN CEMENT CORPORATION
AN-PING CHANG
Chairman

March 28, 2018

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan Cement Corporation

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

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

Impairment Loss of Property, Plant and Equipment and Goodwill

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

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

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

1. Understood the Group's asset impairment evaluation processes and implementation of related controls, including the assumption basis and information sources.
2. Understood and assessed whether the recent operating results and industry conditions were considered in the calculation and the achievability measure of expected recoverable amounts.
3. Evaluated the reasonableness of the discount rates that the Group used.

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2017 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 28, 2018

Notice to Readers

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

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2017 AND 2016

(In Thousands of New Taiwan Dollars)

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

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

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

(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

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

(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

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

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

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

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

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

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

(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

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

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

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

1. GENERAL INFORMATION

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

- IFRS 9 “Financial Instruments” and related amendments

Classification, measurement and impairment of financial assets

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

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

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

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

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

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

- 1) Listed shares, emerging market shares, and unlisted shares classified as available-for-sale will be classified as at fair value through profit or loss or will be designated as at fair value through other comprehensive income and the fair value gains or losses accumulated in other equity will be transferred directly to retained earnings instead of being reclassified to profit or loss on disposal. Besides this, unlisted shares carried at cost will be measured at fair value instead; and
- 2) Mutual funds classified as available-for-sale will be classified as at fair value through profit or loss because the contractual cash flows are not solely payments of principal and interest on the principal outstanding and they are not equity instruments.

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

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

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

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

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

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

Hedge accounting

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2015-2017 Cycle”	January 1, 2019
Amendments to IFRS 9 “Prepayment Features with Negative Compensation”	January 1, 2019 (Note 2)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 16 “Leases”	January 1, 2019 (Note 3)
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019 (Note 4)
Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”	January 1, 2019
IFRIC 23 “Uncertainty Over Income Tax Treatments”	January 1, 2019

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

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

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

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

IFRS 16 “Leases”

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs on an asset or liability.

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents, unless an asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

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

d. Basis of consolidation

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

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

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

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

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

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

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

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

e. Business combinations

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

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

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

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

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

f. Foreign currencies

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

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

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

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

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

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

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

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

g. Inventories

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

h. Investments in associates and joint ventures

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

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

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

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

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

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

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

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

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

i. Property, plant and equipment

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

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

Freehold land is not depreciated.

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

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

j. Investment properties

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

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

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

k. Goodwill

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

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

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

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

l. Intangible assets

1) Intangible assets acquired separately

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

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

m. Impairment of tangible and intangible assets other than goodwill

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

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

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

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

n. Non-current assets held for sale

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

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

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

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

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

o. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, available-for-sale financial assets, and loans and receivables.

i. Financial assets at fair value through profit or loss

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

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

ii. Available-for-sale financial assets

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

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

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

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

iii. Loans and receivables

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

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

b) Impairment of financial assets

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

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

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

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

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

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

- i. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- ii. The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

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

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

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

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

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the contracts are not measured at fair value through profit or loss.

p. Hedge accounting

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

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

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

q. Revenue recognition

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

1) Sale of goods

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

- a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- c) The amount of revenue can be measured reliably;
- d) It is probable that the economic benefits associated with the transaction will flow to the Group;
and
- e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

2) Rendering of services

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

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

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

3) Sale of electric power

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

4) Dividend and interest income

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

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

r. Leasing

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

1) The Group as lessor

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

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

2) The Group as lessee

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

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

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

s. Borrowing costs

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

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

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

t. Government grants

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

u. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Other long-term employee benefits

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

v. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Impairment loss of goodwill

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

b. Impairment loss of property, plant and equipment

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

6. CASH AND CASH EQUIVALENTS

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

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

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

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

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

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

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

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

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

9. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

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

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

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

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

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

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

10. NOTES AND ACCOUNTS RECEIVABLE

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

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

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

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

The aging analysis of receivables was as follows:

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

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

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

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

11. FINANCE LEASE RECEIVABLES

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

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

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

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

12. INVENTORIES

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

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

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

	For the Year Ended December 31	
	2017	2016
(Reversals of) inventory write-downs	<u>\$ (112,076)</u>	<u>\$ 17,956</u>

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

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

13. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

The consolidated financial statements include subsidiaries which are as follows:

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

(Continued)

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

(Continued)

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

(Continued)

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

(Continued)

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

(Concluded)

Remarks:

- 1) Refer to Note 26 for information on the related acquisition transaction.
- 2) TCC Investment Corporation disposed of a part of its interest in Taiwan Prosperity Chemical Corporation in 2017.
- 3) Ho Swen Construction Material Co., Ltd. is still in the process of liquidation as of December 31, 2017.
- 4) Tunwoo Company Limited changed its Chinese-language name to TCC Green Energy Corporation in March 2018. Its original main business was warehousing and selling cement. A resolution of its board of directors changed its main business to renewable energy generation in October 2017.
- 5) TCC Chemical Corporation changed its Chinese-language name in December 2017. Its original main business was processing and selling chemical materials. A resolution of its board of directors changed its main business to leasing property and energy technology services in November 2017. For the propose of streamlining its investment structure, its board of directors approved to merge Kuan-Ho Construction & Development Corporation with TCC Chemical Corporation as the surviving company. The effective date of the merger was January 1, 2018.
- 6) The Group's percentages of ownership in Feng Sheng Enterprise Company and TPMC were both less than 50% for the years ended December 31, 2017 and 2016, but the Group has control over those entities. Thus, Feng Sheng Enterprise Company and TPMC are subsidiaries of the Group.

b. Details of subsidiaries with material non-controlling interests

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

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

The summarized financial information below represents amounts before intragroup eliminations.

TCCIH and TCCIH's subsidiaries

	December 31, 2016
Current assets	\$ 38,257,168
Non-current assets	90,416,308
Current liabilities	(20,655,454)
Non-current liabilities	<u>(33,476,383)</u>
Equity	<u>\$ 74,541,639</u>
Equity attributable to:	
Owners of TCCIH	\$ 50,106,259
Non-controlling interests of TCCIH	23,459,020
Non-controlling interests of TCCIH's subsidiaries	<u>976,360</u>
	<u>\$ 74,541,639</u>
	For the Year Ended December 31, 2016
Operating revenue	<u>\$ 47,431,654</u>
Profit for the year	\$ 960,897
Other comprehensive loss for the year	<u>(7,468,674)</u>
Total comprehensive loss for the year	<u>\$ (6,507,777)</u>
Profit attributable to:	
Owners of TCCIH	\$ 632,717
Non-controlling interests of TCCIH	230,133
Non-controlling interests of TCCIH's subsidiaries	<u>98,047</u>
	<u>\$ 960,897</u>

(Continued)

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

Taiwan Prosperity Chemical Corporation

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

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

Ho-Ping Power Company

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

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

14. INVESTMENTS ACCOUNTED FOR BY USING THE EQUITY METHOD

	December 31	
	2017	2016
Investments in associates	<u>\$ 7,940,701</u>	<u>\$ 7,444,947</u>

a. Investments in associates

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

1) Material associates

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

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

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

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

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

2) Aggregate information of individually immaterial associates

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

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

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

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

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Property in Construction	Total
Cost						
Balance at January 1, 2016	\$ 20,766,374	\$ 54,191,589	\$ 103,905,771	\$ 12,257,492	\$ 4,849,487	\$ 195,970,713
Additions	6,129	87,729	271,032	114,960	462,473	942,323
Disposals	-	(7,483)	(496,037)	(185,919)	-	(689,439)
Reclassification	(93,551)	138,676	51,412	13,276	(551,045)	(441,232)
Effects of exchange rate changes	-	(2,876,305)	(4,339,023)	(160,719)	(171,368)	(7,547,415)
Balance at December 31, 2016	<u>\$ 20,678,952</u>	<u>\$ 51,534,206</u>	<u>\$ 99,393,155</u>	<u>\$ 12,039,090</u>	<u>\$ 4,589,547</u>	<u>\$ 188,234,950</u>
Accumulated depreciation and impairment						
Balance at January 1, 2016	\$ 274,188	\$ 13,440,651	\$ 59,128,303	\$ 9,817,437	\$ -	\$ 82,660,579
Disposals	-	(7,483)	(462,272)	(181,103)	-	(650,858)
Depreciation expenses	-	1,504,445	4,488,513	569,262	-	6,562,220
Impairment losses	-	293,586	180,622	1,983	31,951	508,142
Reclassification	-	(11,752)	-	-	-	(11,752)
Effects of exchange rate changes	-	(553,352)	(1,941,142)	(138,668)	15	(2,633,147)
Balance at December 31, 2016	<u>\$ 274,188</u>	<u>\$ 14,666,095</u>	<u>\$ 61,394,024</u>	<u>\$ 10,068,911</u>	<u>\$ 31,966</u>	<u>\$ 86,435,184</u>
Carrying amounts at December 31, 2016	<u>\$ 20,404,764</u>	<u>\$ 36,868,111</u>	<u>\$ 37,999,131</u>	<u>\$ 1,970,179</u>	<u>\$ 4,557,581</u>	<u>\$ 101,799,766</u>
Cost						
Balance at January 1, 2017	\$ 20,678,952	\$ 51,534,206	\$ 99,393,155	\$ 12,039,090	\$ 4,589,547	\$ 188,234,950
Additions	-	24,997	164,285	209,720	538,431	937,433
Disposals	(1,878)	(360,272)	(697,987)	(239,931)	-	(1,300,068)
Reclassification	(12,045)	40,921	178,064	342,224	(695,316)	(146,152)
Effects of exchange rate changes	-	(652,488)	(955,223)	(208,547)	(30,049)	(1,846,307)
Balance at December 31, 2017	<u>\$ 20,665,029</u>	<u>\$ 50,587,364</u>	<u>\$ 98,082,294</u>	<u>\$ 12,142,556</u>	<u>\$ 4,402,613</u>	<u>\$ 185,879,856</u>
Accumulated depreciation and impairment						
Balance at January 1, 2017	\$ 274,188	\$ 14,666,095	\$ 61,394,024	\$ 10,068,911	\$ 31,966	\$ 86,435,184
Disposals	-	(141,035)	(534,607)	(191,258)	-	(866,900)
Depreciation expenses	-	1,395,261	4,083,937	576,949	-	6,056,147
Impairment losses	-	5,922	32,903	-	55,797	94,622
Reclassification	-	(23)	(208,315)	208,338	-	-
Effects of exchange rate changes	-	(97,095)	(291,847)	(155,560)	(4,099)	(548,601)
Balance at December 31, 2017	<u>\$ 274,188</u>	<u>\$ 15,829,125</u>	<u>\$ 64,476,095</u>	<u>\$ 10,507,380</u>	<u>\$ 83,664</u>	<u>\$ 91,170,452</u>
Carrying amounts at December 31, 2017	<u>\$ 20,390,841</u>	<u>\$ 34,758,239</u>	<u>\$ 33,606,199</u>	<u>\$ 1,635,176</u>	<u>\$ 4,318,949</u>	<u>\$ 94,709,404</u>

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

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

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

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

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

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

16. INVESTMENT PROPERTIES

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

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

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

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

17. INTANGIBLE ASSETS

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

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

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

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

18. PREPAYMENTS FOR LEASES

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

19. BORROWINGS

a. Short-term loans

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

b. Short-term bills payable

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

c. Long-term loans

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

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

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

20. OTHER PAYABLES

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

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

b. Defined benefit plan

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

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

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

Movements in net defined benefit asset were as follows:

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

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

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

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

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

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

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

22. EQUITY

a. Ordinary shares

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

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

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

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

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

b. Capital surplus

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

(Continued)

	December 31	
	2017	2016

May not be used for any purpose

Changes in interests in associates accounted for by using the equity method	\$ <u>520</u>	\$ <u>520</u>
	\$ <u>25,739,065</u>	\$ <u>13,534,162</u> (Concluded)

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulting from equity transactions, other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for by using the equity method.

c. Retained earnings and dividend policy

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

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

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

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

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

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

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

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

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

d. Special reserve

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

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

e. Other equity items

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

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

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

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

3) Cash flow hedges

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

f. Non-controlling interests

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

23. NET INCOME

Net income includes the following items:

a. Depreciation and amortization

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

b. Employee benefits expense

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

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

For the year ended December 31, 2017, if there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2016 and 2015.

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

c. Finance costs

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

Information about capitalized interest was as follows:

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

d. Other income

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

e. Other expenses

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

24. INCOME TAX

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

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

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

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

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

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

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

b. Income tax recognized in other comprehensive income

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

c. Current tax assets and liabilities

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

d. Deferred income tax assets and liabilities

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

For the year ended December 31, 2017

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

For the year ended December 31, 2016

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

(Continued)

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

(Concluded)

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

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

f. Unused loss carryforwards information

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

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

g. Unrecognized deferred income tax liabilities in respect of investments

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

h. Integrated income tax information

	December 31	
	2017	2016
Unappropriated earnings		
Generated before January 1, 1998	\$ 38,366	\$ 38,366
Generated on and after January 1, 1998	<u>21,906,400</u>	<u>20,859,410</u>
	<u>\$ 21,944,766</u>	<u>\$ 20,897,776</u>
	(Note)	
Shareholder-imputed credit accounts	<u>\$ 1,682,466</u>	<u>\$ 1,702,678</u>
	(Note)	
	For the Year Ended December 31	
	2017	2016
Creditable ratio for distribution of earnings	(Note)	10.86%

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

i. Income tax assessments

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

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

25. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2017	2016
Basic earnings per share	<u>\$ 2.03</u>	<u>\$ 1.72</u>
Diluted earnings per share	<u>\$ 2.03</u>	<u>\$ 1.72</u>

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

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

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

26. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

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

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

2017

Investor	TCCI	Taiwan Cement Corporation	TCC Investment Corporation	
Investee	TCCIH	TCCIH	Taiwan Prosperity Chemical Corporation	Total
Cash consideration (paid) received	\$ (7,006,408)	\$	\$ 16,917	\$ (6,989,491)
Issuance of new shares for the acquisition of shares in subsidiaries	-	(18,970,661)		(18,970,661)
The proportionate share of the subsidiary's net assets' carrying amount transferred from (to) non-controlling interests	<u>6,143,410</u>	<u>18,010,172</u>	<u>(8,215)</u>	<u>24,145,367</u>
Differences arising from equity transactions	<u>\$ (862,998)</u>	<u>\$ (960,489)</u>	<u>\$ 8,702</u>	<u>\$ (1,814,785)</u>
Investor	TCCI	Taiwan Cement Corporation	TCC Investment Corporation	
Investee	TCCIH	TCCIH	Taiwan Prosperity Chemical Corporation	Total
Line items adjusted for equity Transactions				
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	\$ (862,998)	\$ (370,251)	\$ 8,702	\$ (1,224,547)
Retained earnings	<u>-</u>	<u>(590,238)</u>	<u>-</u>	<u>(590,238)</u>
	<u>\$ (862,998)</u>	<u>\$ (960,489)</u>	<u>\$ 8,702</u>	<u>\$ (1,814,785)</u>
Cash consideration				\$ (6,989,491)
Cost of privatization and issue of new shares				<u>(228,195)</u>
				<u>\$ (7,217,686)</u>

2016

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

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

Line items adjusted for equity transaction

Capital surplus - difference between consideration paid and the carrying amount of subsidiaries' net assets during actual disposal or acquisition	<u>\$ 1,224,547</u>
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The above transactions were accounted for as equity transactions, since there was no change in the Group's control over these subsidiaries.

27. CAPITAL MANAGEMENT

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

28. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2017

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

December 31, 2016

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

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

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

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

c. Categories of financial instruments

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

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

- 2) The balances include the carrying amount of available-for-sale financial assets carried at cost.
 - 3) The balances include financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payable, notes and accounts payable, other payables and long-term loans (including current portion).
- d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

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

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

The Group was mainly exposed to the USD.

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

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

b) Interest rate risk

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

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

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

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

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

c) Other price risk

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

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

2) Credit risk

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

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

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

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

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

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank facilities and ensures compliance with loan covenants. As of December 31, 2017 and 2016, the amount of unused financing facilities was \$53,787,990 thousand and \$66,943,374 thousand, respectively.

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

December 31, 2017

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

December 31, 2016

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

29. TRANSACTIONS WITH RELATED PARTIES

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

a. Name of the related parties and relationship

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

(Continued)

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

(Concluded)

a. Operating transactions

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

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

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

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

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

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

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

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

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

	For the Year Ended December 31	
	2017	2016
Interest income	\$ <u>-</u>	\$ <u>2,621</u>
c. Other receivables from related parties		
	December 31	
	2017	2016
Associates	\$ 1,561	\$ 33,264
Quon Hing Concrete Co., Ltd.	<u>307</u>	<u>306</u>
Others	<u>1,868</u>	<u>33,570</u>
Same key management personnel		
China Synthetic Rubber Corporation	434	538
E-ONE Moli Energy Corporation	399	252
Others	<u>117</u>	<u>907</u>
	<u>950</u>	<u>1,697</u>
Management personnel in substance	<u>274</u>	<u>934</u>
Joint ventures	<u>-</u>	<u>7,530</u>
	<u>\$ 3,092</u>	<u>\$ 43,731</u>

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

d. Compensation of key management personnel

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

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

e. Endorsements and guarantees

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

	December 31	
	2017	2016
Associates	\$ <u>-</u>	\$ <u>415,530</u>

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

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

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

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

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

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

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

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

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

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

e. Ho-Ping Power Company

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

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

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

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

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2017

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

December 31, 2016

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

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

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the share capital (Table 4)
- 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the share capital (None)
- 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the share capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the share capital (Table 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the share capital (Table 6)
- 9) Trading in derivative instruments (Notes 7 and 9)
- 10) Intercompany relationships and significant intercompany transactions (Table 9)
- 11) Information on investees (Table 7)

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

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area.
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.

- c) The amount of property transactions and the amount of the resultant gains or losses.
- d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.
- e) The highest balance during the year, the end of year balance, the interest rate range, and total current year interest with respect to financing of funds.
- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

34. SEGMENT INFORMATION

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

- a. Cement segment - production, processing and sale of cement goods
- b. Chemical engineering segment - production, processing and sale of chemical raw materials
- c. Electricity segment - thermal power generation
- d. Other segments - land and marine transportation
 - production and sale of refractory materials
 - others

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

- a. Segments revenue and results

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

(Continued)

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

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

b. Geographical information

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

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

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

c. Information about major customers

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

	For the Year Ended December 31	
	2017	2016
Taiwan Power Company	<u>\$ 10,353,637</u>	<u>\$ 11,752,037</u>

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

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

(Continued)

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

(Continued)

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

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

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

- 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.
- 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.
- For the above items a and b, the aggregate financing limits were 40% of Taiwan Cement Corporation's net equity as stated in its latest financial statements.

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

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

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

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

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

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

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

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

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

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

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

(Continued)

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

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

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

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

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

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

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

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

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

(Continued)

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

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

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

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE SHARE CAPITAL

DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars)

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

Note: All intercompany transactions have been eliminated upon consolidation.

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

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

(Continued)

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

Note: All intercompany transactions have been eliminated upon consolidation.

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

A.

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

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

(Continued)

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

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

Note 2: Including outward remittance from offshore subsidiaries.

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

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

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

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

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

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

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

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

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

(Continued)

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

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

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

(Concluded)

Taiwan Cement Corporation

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan Cement Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Impairment Loss of Equity-method Investments

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

For the impairment assessment process, management is required to calculate the expected recoverable amounts and determine a suitable discount rate. In this process, management's evaluation and judgment on the expected recoverable amounts is highly judgmental and is based on assumptions subject to changes in the market or economic conditions, which contain a significant level of uncertainty. Thus, the impairment of property, plant and equipment and goodwill included in investments accounted for by using the equity method is considered a key audit matter.

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

1. Understood the Corporation's asset impairment evaluation processes and implementation of related controls, including the assumption basis and information sources.
2. Understood and assessed whether the recent operating results and industry conditions were considered in the calculation and the achievability measure of expected recoverable amounts.
3. Evaluated the reasonableness of the discount rates that the Corporation used.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2017 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 28, 2018

Notice to Readers

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

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

TAIWAN CEMENT CORPORATION

BALANCE SHEETS

DECEMBER 31, 2017 AND 2016

(In Thousands of New Taiwan Dollars)

ASSETS	2017		2016	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 759,845	1	\$ 1,278,657	1
Available-for-sale financial assets (Notes 4 and 7)	3,740,687	2	1,342,777	1
Notes receivable (Notes 4 and 8)	981,158	1	848,116	1
Notes receivable from related parties (Notes 4 and 23)	121,381	-	153,730	-
Accounts receivable (Notes 4 and 8)	2,193,062	1	2,326,788	2
Accounts receivable from related parties (Notes 4 and 23)	303,945	-	374,558	-
Other receivables from related parties (Notes 4 and 23)	64,015	-	69,715	-
Inventories (Notes 4, 9 and 25)	1,655,298	1	1,489,695	1
Other current assets	92,637	-	122,728	-
Total current assets	<u>9,912,028</u>	<u>6</u>	<u>8,006,764</u>	<u>6</u>
NON-CURRENT ASSETS				
Available-for-sale financial assets (Notes 4 and 7)	2,419,650	1	3,449,980	3
Financial assets carried at cost (Note 4)	85,159	-	90,992	-
Investments accounted for by using the equity method (Notes 4, 5, 10 and 20)	118,108,972	73	88,378,924	67
Property, plant and equipment (Notes 4, 11 and 24)	27,577,177	17	28,064,674	21
Investment properties (Notes 4 and 12)	3,352,908	2	3,353,159	2
Intangible assets (Note 4)	21,394	-	69,359	-
Net defined benefit asset (Notes 4 and 15)	889,179	1	817,828	1
Other non-current assets (Notes 4, 18 and 24)	322,261	-	227,878	-
Total non-current assets	<u>152,776,700</u>	<u>94</u>	<u>124,452,794</u>	<u>94</u>
TOTAL	<u>\$ 162,688,728</u>	<u>100</u>	<u>\$ 132,459,558</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Note 13)	\$ 8,522,150	5	\$ 5,839,557	4
Short-term bills payable (Note 13)	1,899,014	1	299,858	-
Accounts payable	797,820	1	1,015,577	1
Accounts payable to related parties (Note 23)	748,977	-	709,064	1
Other payables (Note 14)	1,443,197	1	1,643,926	1
Other payables to related parties (Note 23)	24,715	-	41,047	-
Current income tax liabilities (Notes 4 and 18)	132,708	-	39,626	-
Long-term loans - current portion (Note 13)	7,276,733	5	3,360,000	3
Other current liabilities	83,904	-	88,022	-
Total current liabilities	<u>20,929,218</u>	<u>13</u>	<u>13,036,677</u>	<u>10</u>
NON-CURRENT LIABILITIES				
Long-term loans (Note 13)	-	-	7,268,893	5
Deferred income tax liabilities (Notes 4 and 18)	5,164,505	3	5,141,802	4
Other non-current liabilities (Note 10)	246,801	-	244,135	-
Total non-current liabilities	<u>5,411,306</u>	<u>3</u>	<u>12,654,830</u>	<u>9</u>
Total liabilities	<u>26,340,524</u>	<u>16</u>	<u>25,691,507</u>	<u>19</u>
EQUITY (Notes 4 and 16)				
Share capital	42,465,090	26	36,921,759	28
Capital surplus	25,739,065	16	13,534,162	10
Retained earnings	49,019,510	30	47,337,524	36
Others	19,124,539	12	8,974,606	7
Total equity	<u>136,348,204</u>	<u>84</u>	<u>106,768,051</u>	<u>81</u>
TOTAL	<u>\$ 162,688,728</u>	<u>100</u>	<u>\$ 132,459,558</u>	<u>100</u>

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

TAIWAN CEMENT CORPORATION

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

	2017		2016	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 23)	\$ 16,274,654	100	\$ 17,299,027	100
LESS: SALES RETURNS AND ALLOWANCES	<u>58,777</u>	<u>-</u>	<u>80,028</u>	<u>1</u>
OPERATING REVENUE, NET	16,215,877	100	17,218,999	99
OPERATING COSTS (Notes 4, 9, 17 and 23)	<u>14,500,652</u>	<u>89</u>	<u>15,080,237</u>	<u>87</u>
GROSS PROFIT	1,715,225	11	2,138,762	12
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	<u>1,228</u>	<u>-</u>	<u>1,228</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>1,716,453</u>	<u>11</u>	<u>2,139,990</u>	<u>12</u>
OPERATING EXPENSES (Notes 17 and 23)				
Marketing	180,458	1	178,878	1
General and administrative	<u>640,703</u>	<u>4</u>	<u>685,337</u>	<u>4</u>
Total operating expenses	<u>821,161</u>	<u>5</u>	<u>864,215</u>	<u>5</u>
INCOME FROM OPERATIONS	<u>895,292</u>	<u>6</u>	<u>1,275,775</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of subsidiaries and associates (Note 10)	6,950,116	43	5,266,258	30
Dividend income (Note 4)	323,812	2	357,916	2
Other income (Note 17)	163,379	1	153,258	1
Finance costs	(211,840)	(2)	(245,821)	(1)
Other expenses (Note 17)	(161,461)	(1)	(265,940)	(1)
Impairment loss (Note 10)	<u>(156,000)</u>	<u>(1)</u>	<u>(5,724)</u>	<u>-</u>
Total non-operating income and expenses	<u>6,908,006</u>	<u>42</u>	<u>5,259,947</u>	<u>31</u>
INCOME BEFORE INCOME TAX	7,803,298	48	6,535,722	38
INCOME TAX EXPENSE (Notes 4 and 18)	<u>209,051</u>	<u>1</u>	<u>177,270</u>	<u>1</u>
NET INCOME	<u>7,594,247</u>	<u>47</u>	<u>6,358,452</u>	<u>37</u>

(Continued)

TAIWAN CEMENT CORPORATION

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

	2017		2016	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 15)	\$ 70,524	-	\$ 379,357	2
Share of other comprehensive income (loss) of subsidiaries and associates	(26,903)	-	1,743	-
Income tax expense related to items that will not be reclassified subsequently to profit or loss (Note 18)	(11,989)	-	(64,491)	-
	<u>31,632</u>	<u>-</u>	<u>316,609</u>	<u>2</u>
Items that may be reclassified subsequently to profit or loss:				
Unrealized gain on available-for-sale financial assets	1,370,286	8	238,844	1
Share of other comprehensive income (loss) of subsidiaries and associates	8,779,647	54	(4,502,792)	(26)
	<u>10,149,933</u>	<u>62</u>	<u>(4,263,948)</u>	<u>(25)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>10,181,565</u>	<u>62</u>	<u>(3,947,339)</u>	<u>(23)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 17,775,812</u>	<u>109</u>	<u>\$ 2,411,113</u>	<u>14</u>
EARNINGS PER SHARE (NT\$, Note 19)				
Basic earnings per share	<u>\$2.03</u>		<u>\$1.72</u>	
Diluted earnings per share	<u>\$2.03</u>		<u>\$1.72</u>	

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

(Concluded)

TAIWAN CEMENT CORPORATION

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

	Issuance of Share Capital		Capital Surplus	Retained Earnings				Exchange Differences on Translating Foreign Operations	Others Unrealized Gain/Loss on Available-for-sale Financial Assets	Cash Flow Hedges	Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total				
BALANCE, JANUARY 1, 2016	3,692,176	\$ 36,921,759	\$ 12,309,615	\$ 12,811,665	\$ 13,050,495	\$ 19,710,897	\$ 45,573,057	\$ 2,239,093	\$ 10,993,974	\$ 5,487	\$ 108,042,985
Appropriation of prior year's earnings											
Legal reserve	-	-	-	577,599	-	(577,599)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(4,910,594)	(4,910,594)	-	-	-	(4,910,594)
Net income for the year ended December 31, 2016	-	-	-	-	-	6,358,452	6,358,452	-	-	-	6,358,452
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	-	316,609	316,609	(4,472,710)	206,349	2,413	(3,947,339)
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	-	6,675,061	6,675,061	(4,472,710)	206,349	2,413	2,411,113
Difference between consideration paid and the carrying amount of subsidiaries' net assets during actual acquisitions	-	-	1,224,547	-	-	-	-	-	-	-	1,224,547
Reversal of special reserve recognized from asset disposals	-	-	-	-	(11)	11	-	-	-	-	-
BALANCE, DECEMBER 31, 2016	3,692,176	36,921,759	13,534,162	13,389,264	13,050,484	20,897,776	47,337,524	(2,233,617)	11,200,323	7,900	106,768,051
Appropriation of prior year's earnings											
Legal reserve	-	-	-	635,845	-	(635,845)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(5,353,655)	(5,353,655)	-	-	-	(5,353,655)
Net income for the year ended December 31, 2017	-	-	-	-	-	7,594,247	7,594,247	-	-	-	7,594,247
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	31,632	31,632	1,443,142	8,714,691	(7,900)	10,181,565
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	7,625,879	7,625,879	1,443,142	8,714,691	(7,900)	17,775,812
Difference between consideration received/paid and the carrying amount of subsidiaries' net assets during actual acquisitions and disposals	-	-	(1,224,547)	-	-	(590,238)	(590,238)	-	-	-	(1,814,785)
Changes in ownership interests of subsidiaries	-	-	2,120	-	-	-	-	-	-	-	2,120
Issuance of new shares for the acquisition of shares in subsidiaries	554,333	5,543,331	13,427,330	-	-	-	-	-	-	-	18,970,661
Reversal of special reserve recognized from asset disposals	-	-	-	-	(849)	849	-	-	-	-	-
BALANCE, DECEMBER 31, 2017	4,246,509	\$ 42,465,090	\$ 25,739,065	\$ 14,025,109	\$ 13,049,635	\$ 21,944,766	\$ 49,019,510	\$ (790,475)	\$ 19,915,014	\$ -	\$ 136,348,204

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

TAIWAN CEMENT CORPORATION

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

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 7,803,298	\$ 6,535,722
Adjustments for:		
Depreciation expense	537,065	676,733
Amortization expense	36,553	36,554
Finance costs	211,840	245,821
Interest income	(6,102)	(8,453)
Dividend income	(323,812)	(357,916)
Share of profit of subsidiaries and associates	(6,950,116)	(5,266,258)
Gain on disposal of property, plant and equipment, net	(142)	(29,540)
Inventory write-downs	19,519	-
Impairment loss on financial assets	-	5,724
Impairment losses on non-financial assets	156,000	-
Loss on disposal of investment	745	-
Unrealized loss (gain) on foreign exchange, net	(4,067)	3,840
Changes in operating assets and liabilities:		
Notes receivable	(133,042)	322,718
Notes receivable from related parties	32,349	(46,757)
Accounts receivable	129,926	227,338
Accounts receivable from related parties	69,003	(7,976)
Other receivables from related parties	(2,888)	4,077
Inventories	(185,122)	127,397
Other current assets	30,190	15,620
Net defined benefit asset	(827)	4,312
Accounts payable	(217,514)	19,912
Accounts payable to related parties	40,173	208,019
Other payables	(202,465)	244,891
Other payables to related parties	(16,332)	(27,582)
Other current liabilities	(4,118)	(8,389)
Cash generated from operations	1,020,114	2,925,807
Income tax paid	(125,525)	(395,336)
Net cash generated from operating activities	<u>894,589</u>	<u>2,530,471</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposals of available-for-sale financial assets	1,961	-
Purchases of financial assets carried at cost	-	(1)
Proceeds from the return of capital upon investees' capital reduction of financial assets carried at cost	5,833	11,584
Acquisitions of investments accounted for by using the equity method	(1,329,584)	(15,000)
Payments for property, plant and equipment	(32,268)	(79,854)
Proceeds from disposal of property, plant and equipment	6,992	29,613
Payments for intangible assets	-	(313)
Decrease in other receivables from related parties	20,000	255,000
Increase in other non-current assets	(98,012)	(25,012)

(Continued)

TAIWAN CEMENT CORPORATION

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

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

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

(Concluded)

TAIWAN CEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

When the amendments are applied retrospectively from January 1, 2017, the disclosure of related-party transactions is enhanced. Refer to Note 23 for related disclosure.

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

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

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

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

- IFRS 9 “Financial Instruments” and related amendments

Classification, measurement and impairment of financial assets

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

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

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

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

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

The Corporation analyzed the facts and circumstances of its financial assets as of December 31, 2017 and performed a preliminary assessment of the impact of IFRS 9 on the classification and measurement of financial assets. Under IFRS 9, listed shares, emerging market shares, and unlisted shares classified as available-for-sale will be classified as at fair value through profit or loss or will be designated as at fair value through other comprehensive income, and the fair value gains or losses accumulated in other equity will be transferred directly to retained earnings instead of being reclassified to profit or loss on disposal. Besides this, unlisted shares measured at cost will be carried at fair value instead.

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

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

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

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

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

	Carrying Amount as of December 31, 2017	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2018
<u>Impact on assets and equity</u>			
Available-for-sale financial assets - current	\$ 3,740,687	\$ (3,740,687)	\$ -
Available-for-sale financial assets- non-current	2,419,650	(2,419,650)	-
Financial assets carried at cost- non-current	85,159	(85,159)	-
Financial assets at fair value through profit or loss - current	-	270,469	270,469
Financial assets at fair value through other comprehensive income - current	-	3,470,218	3,470,218
Financial assets at fair value through other comprehensive income- non-current	-	6,358,231	6,358,231
Equity-method investments	<u>118,108,972</u>	<u>1,000,163</u>	<u>119,109,135</u>
Total effect on assets	<u>\$ 124,354,468</u>	<u>\$ 4,853,585</u>	<u>\$ 129,208,053</u>
Retained earnings	\$ 49,019,510	\$ 654,005	\$ 49,673,515
Other equity	<u>19,124,539</u>	<u>4,199,580</u>	<u>23,324,119</u>
Total effect on equity	<u>\$ 68,144,049</u>	<u>\$ 4,853,585</u>	<u>\$ 72,997,634</u>

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

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

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019 (Note 2)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 16 "Leases"	January 1, 2019 (Note 3)
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019 (Note 4)
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
IFRIC 23 "Uncertainty Over Income Tax Treatments"	January 1, 2019

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

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

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

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

IFRS 16 “Leases”

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs on an asset or liability.

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

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents, unless an asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

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

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

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

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

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

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

e. Inventories

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

f. Investments in subsidiaries

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

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

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

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

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

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

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

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

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

g. Investments in associates

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

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

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

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

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

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

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

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

h. Property, plant and equipment

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

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

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

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

i. Investment properties

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

k. Impairment of tangible and intangible assets

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

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, available-for-sale financial assets, and loans and receivables.

i. Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when a financial asset is held for trading. Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on their remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 22.

ii. Available-for-sale financial assets

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

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

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

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

iii. Loans and receivables

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

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

b) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

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

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

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

m. Revenue recognition

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

1) Sale of goods

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

- a) The Corporation has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b) The Corporation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- c) The amount of revenue can be measured reliably;
- d) It is probable that the economic benefits associated with the transaction will flow to the Corporation; and
- e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

2) Dividend and interest income

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

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

n. Leasing

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

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

o. Borrowing costs

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

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Other long-term employee benefits

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

q. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Equity-method Investments

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

6. CASH AND CASH EQUIVALENTS

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

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

	December 31	
	2017	2016
Cash in banks	0.01%-0.08%	0.01%-0.13%
Bonds with repurchase agreements	2%	0.3%-1.05%

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

8. NOTES AND ACCOUNTS RECEIVABLE

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

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

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

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

The aging analysis of receivables was as follows:

	December 31	
	2017	2016
Up to 90 days	\$ 3,076,458	\$ 3,091,254
91-180 days	64,741	57,051
181-365 days	10,012	10,758
Over 365 days	<u>23,009</u>	<u>15,841</u>
	<u>\$ 3,174,220</u>	<u>\$ 3,174,904</u>

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

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

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2016	\$ 167	\$ 33,477	\$ 33,644
(Reversals of) allowances	<u>10,481</u>	<u>(1,431)</u>	<u>9,050</u>
Balance at December 31, 2016	10,648	32,046	42,694
(Reversals of) allowances	(2,822)	3,465	643
Write-offs	<u>(1,114)</u>	<u>(557)</u>	<u>(1,671)</u>
Balance at December 31, 2017	<u>\$ 6,712</u>	<u>\$ 34,954</u>	<u>\$ 41,666</u>

9. INVENTORIES

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

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

10. INVESTMENTS ACCOUNTED FOR BY USING THE EQUITY METHOD

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

a. Investments in subsidiaries

	December 31	
	2017	2016
Listed company		
Taiwan Prosperity Chemical Corporation	\$ 1,608,901	\$ 1,703,079
Unlisted companies		
TCC International Ltd. (“TCCP”)	60,108,134	50,405,311
TCC International Holdings Ltd. (“TCCIH”)	19,054,259	-
Ho-Ping Power Company	18,612,533	19,824,884
Hoping Industrial Port Corporation	5,525,572	5,458,638
TCC Investment Corporation	2,056,607	1,138,271
Ta-Ho Maritime Corporation	2,029,315	2,073,147
Taiwan Transport & Storage Corporation	1,698,943	1,676,242
TCC Chemical Corporation	1,539,861	351,508
Ho Sheng Mining Co., Ltd.	1,014,025	1,224,272
Taiwan Cement Engineering Corporation	698,982	706,761
Kuan-Ho Construction & Development Corporation	640,228	473,638
Kuan-Ho Refractories Industry Corporation	394,925	360,862
Feng Sheng Enterprise Company	347,734	347,821
Ta-Ho Onyx Taitung Environment Co., Ltd.	296,329	295,109
Hong Kong Cement Manufacturing Co., Ltd. (“HKCMCL”)	277,915	252,503
TCC Information Systems Corporation	272,046	249,975
Ta-Ho Onyx RSEA Environment Co., Ltd.	207,094	218,514
TCC Green Energy Corporation	179,619	128,235
Jin Chang Minerals Corporation	157,214	119,043
HPC Power Service Corporation	107,200	99,711
E.G.C. Cement Corporation	98,110	95,648
Tung Chen Mineral Corporation	1,394	1,435
Taicorn Minerals Corp. (“TMC”)	-	-
Trans Philippines Mineral Corp. (“TPMC”)	-	-
	<u>\$ 116,926,940</u>	<u>\$ 87,204,607</u>
	Proportion of Ownership and Voting Rights	
	December 31	
	2017	2016
Listed company		
Taiwan Prosperity Chemical Corporation	50.0%	50.0%
Unlisted companies		
TCCI	100.0%	100.0%
TCCIH	24.1%	-
Ho-Ping Power Company	59.5%	59.5%
Hoping Industrial Port Corporation	100.0%	100.0%
TCC Investment Corporation	100.0%	100.0%
Ta-Ho Maritime Corporation	64.8%	64.8%
Taiwan Transport & Storage Corporation	83.9%	83.9%
TCC Chemical Corporation (Note 1)	100.0%	100.0%
Ho Sheng Mining Co., Ltd.	100.0%	100.0%
Taiwan Cement Engineering Corporation	99.0%	99.0%
Kuan-Ho Construction & Development Corporation (Note 1)	92.9%	92.9%

(Continued)

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

(Concluded)

Note 1: TCC Chemical Corporation changed its Chinese-language name in December 2017. Its original main business was processing and selling chemical materials. A resolution of its board of directors changed its main business to leasing property and energy technology services in November 2017. The Corporation increased capital of \$1,176,492 thousand in TCC Chemical Corporation. For the propose of streamlining its investment structure, its board of directors approved to merge Kuan-Ho Construction & Development Corporation with TCC Chemical Corporation as the surviving company. The effective date of the merger was January 1, 2018.

Note 2: Tunwoo Company Limited changed its Chinese-language name to TCC Green Energy Corporation in March 2018. Its original main business was warehousing and selling cement. A resolution of its board of directors changed its main business to renewable energy generation in October 2017. The Corporation increased its capital in the amount of \$41,398 thousand in TCC Green Energy Corporation.

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

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

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

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

The investments accounted for by using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2017 and 2016 were based on the subsidiaries' audited financial statements for the same years except for the financial statements of TMC and TPMC. The Corporation considered that there would be no significant adjustments if such financial statements were to be audited.

b. Investments in associates

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

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

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

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

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

11. PROPERTY, PLANT AND EQUIPMENT

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

(Continued)

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Total
<u>Cost</u>					
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	<u>\$ 18,117,555</u>	<u>\$ 16,138,604</u>	<u>\$ 23,714,277</u>	<u>\$ 3,920,102</u>	<u>\$ 61,890,538</u>
<u>Accumulated depreciation and impairment</u>					
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	<u>\$ 274,188</u>	<u>\$ 7,645,426</u>	<u>\$ 22,672,943</u>	<u>\$ 3,720,804</u>	<u>\$ 34,313,361</u>
Carrying amounts at December 31, 2017	<u>\$ 17,843,367</u>	<u>\$ 8,493,178</u>	<u>\$ 1,041,334</u>	<u>\$ 199,298</u>	<u>\$ 27,577,177</u>

(Concluded)

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

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

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

12. INVESTMENT PROPERTIES

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Land	\$ 3,342,795	\$ 3,342,795
Buildings	<u>10,113</u>	<u>10,364</u>
	<u>\$ 3,352,908</u>	<u>\$ 3,353,159</u>

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

The fair values of the investment properties were determined by independent qualified professional valuers or the Corporation's management using market prices of similar properties. As of December 31, 2017 and 2016, the fair values of investment properties were \$8,736,723 thousand and \$6,308,346 thousand, respectively.

13. BORROWINGS

a. Short-term loans

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

b. Short-term bills payable

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

c. Long-term loans

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

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

- 1) The credit facility of Tranche A is \$8.4 billion and shall be fully drawn down on a non-revolving basis in December 2013. From June 2016, its principle shall be repaid equally in 5 semi-annual installments and shall mature in June 2018; interest shall be paid quarterly.
- 2) The credit facility of Tranche B is \$5.6 billion and shall be fully drawn down on a revolving basis in December 2013. The period of each actual drawdown can be 90, 180 or another agreed-upon number of days, not surpassing 180 days, agreed to by the bank management. In each drawdown period, interest shall be paid at least every 3 months and the last day of each drawdown period shall be the maturity date when the principal plus interest for such period shall be repaid. On the applicable maturity date of each drawdown period, the repayment can be offset against a new drawdown amount; the Corporation and respective syndicated banks need not proceed with the fund flow if the amount is the same. The final maturity date shall be June 2018.

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

14. OTHER PAYABLES

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

15. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plan

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

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

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

Movements in net defined benefit asset were as follows:

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

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2017	2016
Discount rates	1.125%	1.250%
Expected rates of salary increase	2.25%	2.25%

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

	December 31	
	2017	2016
Discount rates		
0.25% increase	<u>\$ (14,871)</u>	<u>\$ (17,976)</u>
0.25% decrease	<u>\$ 15,371</u>	<u>\$ 18,580</u>
Expected rates of salary increase		
0.25% increase	<u>\$ 14,916</u>	<u>\$ 17,869</u>
0.25% decrease	<u>\$ (14,506)</u>	<u>\$ (17,377)</u>

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

	December 31	
	2017	2016
The expected contributions to the plan for the next year	<u>\$ 4,850</u>	<u>\$ -</u>
The average duration of the defined benefit obligation	9.2 years	9 years

16. EQUITY

a. Ordinary shares

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

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

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

According to the laws of Hong Kong and the Cayman Islands, the Corporation and its subsidiary, TCCI, contemplated privatizing TCCIH by a Scheme of Arrangement under the Companies Law of the Cayman Islands. On October 18, 2017 the Corporation's board of directors resolved to issue 554,333

thousand ordinary shares to acquire part of TCCIH's shares with a par value of \$10, which increased the share capital issued and fully paid to \$42,465,090 thousand. On November 6, 2017 the above transaction was approved by the FSC.

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

b. Capital surplus

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of shares	\$ 23,863,105	\$ 10,435,775
Conversion of bonds	1,520,632	1,520,632
Difference between consideration received/paid and the carrying amount of subsidiaries' net assets during actual acquisitions	-	1,224,547
Treasury share transactions	194,598	194,598
Donations	31,537	31,537
<u>May only be used to offset a deficit (2)</u>		
Changes in percentage of ownership interests in subsidiaries	116,238	116,238
Forfeited share options	10,315	10,315
Dividends distributed by subsidiaries not yet received by shareholders	2,120	-
<u>May not be used for any purpose</u>		
Changes in interests in associates accounted for by using equity method	<u>520</u>	<u>520</u>
	<u>\$ 25,739,065</u>	<u>\$ 13,534,162</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulting from equity transactions, other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for by using the equity method.

c. Retained earnings and dividend policy

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

Under the dividend policy as set forth in the amended Articles, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' general meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after amendment, refer to "Employee benefits expense" in Note 17b.

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

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

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

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

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

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

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

d. Special reserve

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

The special reserve appropriated at the first-time adoption of IFRSs relating to investment in properties other than land may be reversed according to the period of use. The special reserve relating to land may be reversed upon disposal or reclassification, and such special reserve of \$849 thousand and \$11 thousand was reversed for the years ended December 31, 2017 and 2016, respectively. The special reserve appropriated, due to currency translation adjustments for financial statements of foreign

operations (including subsidiaries), shall be reversed based on the Corporation's disposal percentage, and all of the special reserve shall be reversed when the Corporation loses significant influence. There was no such reversal during the years ended December 31, 2017 and 2016.

e. Other equity items

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

	<u>For the Year Ended December 31</u>	
	2017	2016
Balance at January 1	\$ (2,233,617)	\$ 2,239,093
Share of exchange differences of subsidiaries and associates accounted for by using the equity method	<u>1,443,142</u>	<u>(4,472,710)</u>
Balance at December 31	<u>\$ (790,475)</u>	<u>\$ (2,233,617)</u>

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

	<u>For the Year Ended December 31</u>	
	2017	2016
Balance at January 1	\$ 11,200,323	\$ 10,993,974
Unrealized gain arising on revaluation of available-for-sale financial assets	1,370,286	238,844
Share of unrealized gain (loss) on revaluation of available-for-sale financial assets of subsidiaries and associates accounted for by using the equity method	<u>7,344,405</u>	<u>(32,495)</u>
Balance at December 31	<u>\$ 19,915,014</u>	<u>\$ 11,200,323</u>

3) Cash flow hedges

	<u>For the Year Ended December 31</u>	
	2017	2016
Balance at January 1	\$ 7,900	\$ 5,487
Share of cash flow hedges of subsidiaries accounted for by using the equity method	<u>(7,900)</u>	<u>2,413</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 7,900</u>

17. NET INCOME

a. Depreciation and amortization

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

(Continued)

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

b. Employee benefits expense

	For the Year Ended December 31, 2017		
	Classified as Operating Costs	Classified as Operating Expenses	Total
Retirement benefit plans			
Defined contribution plan	\$ 13,736	\$ 7,317	\$ 21,053
Defined benefit plan	<u>(605)</u>	<u>(222)</u>	<u>(827)</u>
	<u>13,131</u>	<u>7,095</u>	<u>20,226</u>
Other employee benefits			
Salary	375,037	304,853	679,890
Labor and health insurance	36,697	17,408	54,105
Others	<u>14,504</u>	<u>5,549</u>	<u>20,053</u>
	<u>426,238</u>	<u>327,810</u>	<u>754,048</u>
Total employee benefits expense	<u>\$ 439,369</u>	<u>\$ 334,905</u>	<u>\$ 774,274</u>
	For the Year Ended December 31, 2016		
	Classified as Operating Costs	Classified as Operating Expenses	Total
Retirement benefit plans			
Defined contribution plan	\$ 13,610	\$ 6,734	\$ 20,344
Defined benefit plan	<u>3,465</u>	<u>847</u>	<u>4,312</u>
	<u>17,075</u>	<u>7,581</u>	<u>24,656</u>
Other employee benefits			
Salary	415,259	363,960	779,219
Labor and health insurance	36,353	16,854	53,207
Others	<u>13,854</u>	<u>4,901</u>	<u>18,755</u>
	<u>465,466</u>	<u>385,715</u>	<u>851,181</u>
Total employee benefits expense	<u>\$ 482,541</u>	<u>\$ 393,296</u>	<u>\$ 875,837</u>

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

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

For the year ended December 31, 2017, if there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2016 and 2015.

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

c. Other income

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

d. Other expenses

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

18. INCOME TAX

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

	For the Year Ended December 31	
	2017	2016
Current tax		
In respect of the current year	\$ 151,407	\$ 170,590
Income tax on unappropriated earnings	68,556	-
Adjustments for prior years	<u>(1,356)</u>	<u>(2,274)</u>
	<u>218,607</u>	<u>168,316</u>

(Continued)

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

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

	For the Year Ended December 31	
	2017	2016
Income before tax	<u>\$ 7,803,298</u>	<u>\$ 6,535,722</u>
Income tax expense at the statutory rate	\$ 1,326,561	\$ 1,111,073
Tax-exempt income	(617,889)	(830,398)
Unrecognized deductible temporary differences	(564,826)	(100,668)
Adjustments for prior years	(1,356)	(2,274)
Income tax on unappropriated earnings	68,556	-
Others	<u>(1,995)</u>	<u>(463)</u>
Income tax expense recognized in profit or loss	<u>\$ 209,051</u>	<u>\$ 177,270</u>

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

In February 2018, it was announced by the President of the ROC that the Income Tax Act in the ROC was amended and, starting from 2018, the corporate income tax rate will be adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%. Deferred tax assets and deferred tax liabilities recognized as at December 31, 2017 are expected to be adjusted and increase by \$15,479 thousand and \$47,911 thousand, respectively, in 2018.

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

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2017	2016
Deferred tax in the current year		
Remeasurement on defined benefit plan	<u>\$ 11,989</u>	<u>\$ 64,491</u>

c. Current tax assets and liabilities

	December 31	
	2017	2016
Current income tax liabilities	<u>\$ 132,708</u>	<u>\$ 39,626</u>

d. Deferred income tax assets and liabilities

The movements of deferred income tax assets and deferred income tax liabilities were as follows:

For the year ended December 31, 2017

	Opening Balance	Recognized in Profit or Loss	Recognized in Comprehensiv e Income	Closing Balance
<u>Deferred income tax assets</u>				
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	<u>3,847</u>	<u>17,157</u>	<u>-</u>	<u>21,004</u>
	<u>\$ 67,443</u>	<u>\$ 20,270</u>	<u>\$ -</u>	<u>\$ 87,713</u>
<u>Deferred income tax liabilities</u>				
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	<u>128,017</u>	<u>10,574</u>	<u>-</u>	<u>138,591</u>
	<u>\$ 5,141,802</u>	<u>\$ 10,714</u>	<u>\$ 11,989</u>	<u>\$ 5,164,505</u>

For the year ended December 31, 2016

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

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

As of December 31, 2017 and 2016, the taxable temporary differences in respect of investments in subsidiaries and associates for which no deferred income tax liabilities have been recognized were \$28,258,399 thousand and \$24,777,481 thousand, respectively.

- f. Integrated income tax information

	December 31	
	2017	2016
Unappropriated earnings		
Generated before January 1, 1998	\$ 38,366	\$ 38,366
Generated on and after January 1, 1998	<u>21,906,400</u>	<u>20,859,410</u>
	<u>\$ 21,944,766</u>	<u>\$ 20,897,776</u>
	(Note)	
Shareholder-imputed credit accounts	<u>\$ 1,682,466</u>	<u>\$ 1,702,678</u>
	(Note)	
	For the Year Ended December 31	
	2017	2016
Creditable ratio for distribution of earnings	(Note)	10.86%

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

- g. Income tax assessments

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

19. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	For the Year Ended December 31	
	2017	2016
Basic earnings per share	<u>\$ 2.03</u>	<u>\$ 1.72</u>
Diluted earnings per share	<u>\$ 2.03</u>	<u>\$ 1.72</u>

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

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

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

20. PARTIAL ACQUISITION OF SUBSIDIARIES WITHOUT CHANGE OF CONTROL

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

TCCI acquired the residual portion of the shares of TCCIH in cash, increasing its proportionate interest from 63.1% to 75.9%.

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

21. CAPITAL MANAGEMENT

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

22. FINANCIAL INSTRUMENTS

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

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

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

Fair value hierarchy

December 31, 2017

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Domestic listed shares	\$ 6,071,300	\$ -	\$ -	\$ 6,071,300
Domestic emerging market shares	<u>89,037</u>	<u>-</u>	<u>-</u>	<u>89,037</u>
	<u>\$ 6,160,337</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,160,337</u>

December 31, 2016

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Domestic listed shares	\$ 4,440,133	\$ -	\$ -	\$ 4,440,133
Domestic emerging market shares	<u>352,624</u>	<u>-</u>	<u>-</u>	<u>352,624</u>
	<u>\$ 4,792,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,792,757</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
<u>Financial assets</u>		
Loans and receivables (1)	\$ 4,423,406	\$ 5,051,564
Available-for-sale financial assets (2)	6,245,496	4,883,749
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost (3)	20,712,606	20,177,922

1) The balances include loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable and other receivables.

2) The balances include the carrying amount of available-for-sale financial assets carried at cost.

3) The balances include financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payable, accounts payable, other payables and long-term loans.

d. Financial risk management objectives and policies

The risk control and hedging strategy performed by the Corporation were affected by operation environments, and the Corporation adopted appropriate risk controls and hedging strategies according to its nature of business and risk diversification principles. These risks include market risk, credit risk and liquidity risk.

1) Market risk

The Corporation's financial instruments were mainly comprised of listed shares, and these investments were subject to fluctuations in market prices. The Corporation has periodically evaluated the investment's performance, and no significant market risk was anticipated.

a) Foreign currency risk

The foreign financial assets and liabilities were exposed to risk of foreign currency fluctuations. To lower foreign currency risk, the Corporation has established control mechanisms to immediately monitor its foreign currency position and exchange rate fluctuations.

The carrying amounts of the significant monetary assets and liabilities not denominated in functional currency at the end of the reporting period are set out in Note 26.

The Corporation was mainly exposed to the USD. Regarding outstanding foreign monetary items, if there is a 1% increase or decrease in the NTD against the USD net income and equity for the years ended December 31, 2017 and 2016 would increase/decrease by \$580 thousand and \$1,440 thousand, respectively.

b) Interest rate risk

The carrying amount of the Corporation's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2017	2016
Cash flow interest rate risk		
Financial assets	\$ 595,152	\$ 858,844
Financial liabilities	15,798,883	16,468,450

The interest risk was evaluated based on the position of financial assets and liabilities. The sensitivity analysis below was determined based on the Corporation's floating interest rate financial assets and liabilities at the end of the reporting period, and a 50 basis point increase or decrease was used, representing management's assessment of reasonably possible change in interest rates. The fair values of fixed interest rate financial assets and liabilities will change due to variances in market interest rates; the future cash flows of floating interest rate financial assets and financial liabilities will change due to variances in effective interest rates, which vary with market interest rates.

For the Corporation's floating interest rate financial assets, if interest rates had been 50 basis points higher/lower, the cash inflows from floating interest rate financial assets for the years ended December 31, 2017 and 2016 would increase/decrease by \$2,470 thousand and \$3,564 thousand, respectively.

For the Corporation's floating interest rate financial liabilities, if interest rates had been 50 basis points higher/lower, the cash outflows from floating interest rate financial liabilities for the years ended December 31, 2017 and 2016 would increase/decrease by \$65,565 thousand and \$68,344 thousand, respectively.

c) Other price risk

The Corporation was exposed to equity price risk through its investments in listed shares and emerging market shares. Equity investments are held for strategic rather than trading purposes. The Corporation does not actively trade these investments. Sensitivity analyses were used for evaluating the exposure to equity price risks.

The sensitivity analyses were based on the exposure of listed shares and emerging market shares at the end of the reporting period. If equity prices had been 5% higher/lower, other comprehensive income for the years ended December 31, 2017 and 2016 would increase/decrease by \$308,017 thousand and \$239,638 thousand, respectively.

2) Credit risk

Potential impacts on financial assets would occur if the counterparties breach financial instrument contracts, including impacts to the concentration of credit risk, components contractual amounts and other receivables.

As at the end of the reporting period, the Corporation's maximum exposure to credit risk, which would cause a financial loss to the Corporation due to the failure of counterparties to discharge an obligation, could arise from the carrying amounts of the respective recognized financial assets as stated in the balance sheets.

The Corporation transacted with a large number of customers from various industries and geographical locations. The Corporation continuously assesses the operations and financial positions of customers and monitors the collectability of accounts receivable. The Corporation required credit enhancements by bank guarantees or collateral for certain customers.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings which were assigned by international credit-rating agencies.

3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Corporation's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank facilities and ensures compliance with loan covenants. As of December 31, 2017 and 2016, the amount of unused financing facilities was \$6,328,212 thousand and \$10,832,145 thousand, respectively.

The following table details the Corporation's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The table included both interest and principal cash outflows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2017

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
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	<u>1,900,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,030,852</u>	<u>\$ 6,385,899</u>	<u>\$ 7,459,401</u>	<u>\$ 11,399</u>	<u>\$ -</u>

December 31, 2016

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 1,031,572	\$ 1,388,001	\$ 1,160,544	\$ 9,368	\$ -
Variable interest rate liabilities	1,589,704	4,305,533	3,472,733	7,337,472	-
Fixed interest rate liabilities	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,921,276</u>	<u>\$ 5,693,534</u>	<u>\$ 4,633,277</u>	<u>\$ 7,346,840</u>	<u>\$ -</u>

23. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in other notes, details of transactions between the Corporation and other related parties are disclosed below.

a. Name of the related parties and relationship

<u>Related Party</u>	<u>Relationship with the Corporation</u>
Ta-Ho Maritime Corporation	Subsidiaries
Taiwan Transport & Storage Corporation	Subsidiaries
Taiwan Cement Engineering Corporation	Subsidiaries
Kuan-Ho Refractories Industry Corporation	Subsidiaries
Kuan-Ho Construction & Development Corporation	Subsidiaries
TCC Investment Corporation	Subsidiaries
TCC Chemical Corporation	Subsidiaries
TCC Information Systems Corporation	Subsidiaries
Taiwan Prosperity Chemical Corporation	Subsidiaries
Tung Chen Mineral Corporation	Subsidiaries
Jin Chang Minerals Corporation	Subsidiaries
Hoping Industrial Port Corporation	Subsidiaries

(Continued)

Related Party	Relationship with the Corporation
Ho-Ping Power Company	Subsidiaries
Feng Sheng Enterprise Company	Subsidiaries
E.G.C. Cement Corporation	Subsidiaries
Union Cement Traders Inc.	Subsidiaries
Jurong TCC Cement Co., Ltd.	Subsidiaries
TCC Fuzhou Cement Co., Ltd.	Subsidiaries
Hong Kong Cement Company Ltd. (“HKCCL”)	Subsidiaries
TCC International Ltd. (“TCCI”)	Subsidiaries
TCC International Holdings Ltd. (“TCCIH”)	Subsidiaries
Ta-Ho Onyx RSEA Environment Co., Ltd.	Subsidiaries
TCC Green Energy Corporation	Subsidiaries
Ho Sheng Mining Co., Ltd.	Subsidiaries
Synpac-Kingdom Pharmaceutical Co., Ltd. (China Synthetic Rubber’s subsidiary, disposed of in November 2017)	Same key management personnel
E-ONE Moli Energy Corporation	Same key management personnel
China Synthetic Rubber Corporation (“China Synthetic Rubber”)	Same key management personnel
Sole Energy Tech Corp. (dissolved and closed on June 30, 2017)	Same key management personnel
Dr. Cecilia Koo Botanic Conservation and Environmental Protection Foundation	Same key management personnel
Chienten Temple	Same key management personnel
He Feng Investment Co., Ltd.	Same key management personnel
Pan Asia Corporation	The Corporation acts as key management personnel
China Hi-Ment Corporation	The Corporation acts as key management personnel
O-Bank Co., Ltd.	The Corporation acts as key management personnel
Rong Gong Enterprise Co.	The Corporation acts as key management personnel
Goldsun Development & Construction Co., Ltd.	Investors with significant influence over the Corporation
Chia Hsin Cement Corporation	Management personnel in substance
Chia Hsin R.M.C. Corp.	Management personnel in substance
The Koo Foundation	Management personnel in substance
L’Hotel de Chine Corporation	Management personnel in substance
FDC International Hotels Corporation-Sun Moon Lake	Management personnel in substance
ONYX Ta-Ho Environmental Services Co., Ltd.	Associates
Onyx Ta-Ho Waste Clearance Co., Ltd.	Associates
Shih Hsin Storage & Transportation Co., Ltd.	Associates

(Concluded)

b. Operating transactions

	Operating Revenue		Operating Costs and Expenses	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2017	2016	2017	2016
Subsidiaries	\$ 1,577,315	\$ 1,490,533	\$ 3,347,277	\$ 3,338,240
Management personnel in substance	452,152	568,419	21,624	10,800
Associates	117,141	267,474	213	310
The Corporation acts as key management personnel	112,952	140,839	441,550	476,049
Investors with significant influence over the Corporation	81,598	95,512	57	120
Same key management personnel	<u>18,503</u>	<u>20,613</u>	<u>7,000</u>	<u>28,000</u>
	<u>\$ 2,359,661</u>	<u>\$ 2,583,390</u>	<u>\$ 3,817,721</u>	<u>\$ 3,853,519</u>

Receivables from related parties

	December 31	
	2017	2016
Subsidiaries		
E.G.C. Cement Corporation	\$ 83,933	\$ 134,640
Feng Sheng Enterprise Company	79,755	79,974
TCCIH	42,545	40,244
HKCCL	39,872	66,559
TCC Fuzhou Cement Co., Ltd.	35,489	-
Others	<u>22,317</u>	<u>12,753</u>
	<u>303,911</u>	<u>334,170</u>
Management personnel in substance		
Chia Hsin Cement Corporation	45,551	103,221
Others	<u>19,942</u>	<u>19,197</u>
	<u>65,493</u>	<u>122,418</u>
Associates	<u>911</u>	<u>21,807</u>
The Corporation acts as key management personnel	<u>37,211</u>	<u>31,884</u>
Investors with significant influence over the Corporation	<u>17,771</u>	<u>18,009</u>
Same key management personnel	<u>29</u>	<u>-</u>
	<u>\$ 425,326</u>	<u>\$ 528,288</u>

Payables to related parties

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Subsidiaries		
Ta-Ho Maritime Corporation	\$ 160,915	\$ 152,756
Kuan-Ho Refractories Industry Corporation	137,116	102,878
Jin Chang Minerals Corporation	125,895	8,943
Taiwan Transport & Storage Corporation	87,091	131,266
Feng Sheng Enterprise Company	46,330	92,836
Others	<u>61,154</u>	<u>85,935</u>
	<u>618,501</u>	<u>574,614</u>
The Corporation acts as key management personnel		
China Hi-Ment Corporation	<u>127,997</u>	<u>134,365</u>
Management personnel in substance	<u>2,413</u>	<u>-</u>
Others	<u>66</u>	<u>85</u>
	<u>\$ 748,977</u>	<u>\$ 709,064</u>

The price and terms of the above transactions were similar to those for third parties. Rentals of lease contracts with related parties were based on market prices and the payment terms were determined at arm's length.

c. Loans to related parties (included in other receivables from related parties)

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Subsidiaries		
Ta-Ho Onyx RSEA Environment Co., Ltd.	<u>\$ -</u>	<u>\$ 20,000</u>

The loans to subsidiaries were unsecured for the years ended December 31, 2017 and 2016.

	<u>For the Year Ended December 31</u>	
	<u>2017</u>	<u>2016</u>
Subsidiaries		
Interest income	<u>\$ 118</u>	<u>\$ 1,905</u>

d. Other receivables from related parties

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Subsidiaries		
TCCI	\$ 29,475	\$ 14,826
Ta-Ho Onyx RSEA Environment Co., Ltd.	16,469	17,017
Others	<u>16,914</u>	<u>15,179</u>
	<u>62,858</u>	<u>47,022</u>
Others	<u>1,157</u>	<u>2,693</u>
	<u>\$ 64,015</u>	<u>\$ 49,715</u>

Other receivables from related parties included interest and fees receivable.

e. Other payables to related parties

	December 31	
	2017	2016
Subsidiaries		
E.G.C. Cement Corporation	\$ 12,939	\$ 4,369
Ta-Ho Maritime Corporation	8,777	6,682
Kuan-Ho Refractories Industry Corporation	-	18,882
Taiwan Transport & Storage Corporation	-	5,581
Others	<u>462</u>	<u>5,533</u>
	<u>22,178</u>	<u>41,047</u>
Others	<u>2,537</u>	<u>-</u>
	<u>\$ 24,715</u>	<u>\$ 41,047</u>

f. Endorsements and guarantees

Endorsements and guarantees provided by the Corporation to related parties and actually drawn as of December 31, 2017 and 2016 were as follows:

	December 31	
	2017	2016
Subsidiaries		
TCCI	\$ 16,308,480	\$ 12,577,500
Others	<u>3,047,814</u>	<u>3,704,959</u>
	<u>\$ 19,356,294</u>	<u>\$ 16,282,459</u>

g. Compensation of key management personnel

	For the Year Ended December 31	
	2017	2016
Short-term employee benefits	\$ 118,245	\$ 175,765
Other long-term employee benefits	25,329	-
Post-employment benefits	<u>1,848</u>	<u>2,196</u>
	<u>\$ 145,422</u>	<u>\$ 177,961</u>

24. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were pledged or mortgaged as collateral for performance bonds and other credit accommodations:

	December 31	
	2017	2016
Property, plant and equipment	\$ 57,569	\$ 87,859
Pledged bank deposits (included in other non-current assets)	<u>126,659</u>	<u>92,078</u>
	<u>\$ 184,228</u>	<u>\$ 179,937</u>

25. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. As of December 31, 2017 and 2016, the balances of letters of credit for the purchase of raw materials were \$235,248 thousand and \$418,428 thousand, respectively.
- b. As of December 31, 2017 and 2016, the Corporation issued bills of lading for finished goods in the amount of 286,000 tons as collateral for its credit facilities with financial institutions.
- c. As of December 31, 2017 and 2016, the amounts of letters of guarantee issued by banks for the Corporation were \$45,990 thousand and \$39,870 thousand, respectively.

26. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the Corporation's functional currency and the exchange rates between such foreign currencies and the Corporation's functional currency were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2017

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 14,439	29.760 (USD:NTD)	\$ <u>429,705</u>
Non-monetary items			
USD	23,547	29.760 (USD:NTD)	\$ 700,769
HKD	20,866,905	3.807 (HKD:NTD)	<u>79,440,308</u>
			<u>\$ 80,141,077</u>
<u>Financial liabilities</u>			
Monetary items			
USD	12,090	29.760 (USD:NTD)	\$ <u>359,791</u>

December 31, 2016

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 14,029	32.25 (USD:NTD)	\$ <u>452,435</u>
Non-monetary items			
USD	22,643	32.25 (USD:NTD)	\$ 730,224
HKD	12,183,217	4.158 (HKD:NTD)	<u>50,657,814</u>
			<u>\$ 51,388,038</u>

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 8,650	32.25 (USD:NTD)	<u>\$ 278,949</u> (Concluded)

27. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the share capital (Table 4)
- 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the share capital (None)
- 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the share capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the share capital (Table 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the share capital (Table 6)
- 9) Trading in derivative instruments (None)
- 10) Information on investees (Table 7)

b. Information on investments in mainland China (Table 8)

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
- a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
 - e) The highest balance during the year, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services

TABLE 1

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note)	Aggregate Financing Limit (Note)	Note
													Item	Value			
0	Taiwan Cement Corporation	Ta-Ho Onyx RSEA Environment Co., Ltd.	Other receivables - related parties	Yes	\$ 40,000	\$ -	\$ -	-	The need for short-term financing	\$ -	Operating capital	\$ -		\$ -	\$ 27,269,641	\$ 54,539,282	
1	Taiwan Transport & Storage Corporation	Ta-Ho Onyx RSEA Environment Co., Ltd.	Other receivables - related parties	Yes	340,000	10,000	10,000	1.54	The need for short-term financing	-	Operating capital	-		-	810,508	810,508	
2	Ta-Ho Onyx Taitung Environment Co., Ltd.	Ta-Ho Onyx RSEA Environment Co., Ltd.	Other receivables - related parties	Yes	100,000	-	-	-	The need for short-term financing	-	Operating capital	-		-	118,532	118,532	
3	Taiwan Cement Engineering Corporation	Ta-Ho Onyx RSEA Environment Co., Ltd. Kuan-Ho Construction & Development Corporation	Other receivables - related parties Other receivables - related parties	Yes Yes	250,000 200,000	- 200,000	- 200,000	- 1.54	The need for short-term financing The need for short-term financing	- -	Operating capital Operating capital	- -		- -	287,782 287,782	287,782 287,782	
4	TCCI	TCCIH	Other receivables - related parties	Yes	3,870,000	-	-	-	The need for short-term financing	-	Operating capital	-		-	24,043,254	24,043,254	
5	TCC (Guigang) Cement Limited	TCC Huaying Cement Company Limited TCC Huaihua Cement Company Limited TCC Jingzhou Cement Company Limited Scitus Luzhou Cement Co., Ltd. TCC Anshun Cement Co., Ltd. Scitus Naxi Cement Co., Ltd. TCC Yingde Cement Co., Ltd. Scitus Luzhou Concrete Co., Ltd. Guizhou Kong On Cement Co., Ltd.	Other receivables - related parties Other receivables - related parties Other receivables - related parties Other receivables - related parties Other receivables - related parties Other receivables - related parties Other receivables - related parties Other receivables - related parties Other receivables - related parties	Yes Yes Yes Yes Yes Yes Yes Yes Yes	1,329,696 923,400 692,550 1,292,760 461,700 461,700 461,700 92,340 297,059	1,315,699 913,680 685,260 1,279,152 456,840 456,840 - 91,368 296,946	1,288,289 797,643 685,260 68,526 - 319,788 - - 251,262	3.48 3.48 3.48 3.48 - 3.48 - - 3.48	The need for short-term financing The need for short-term financing The need for short-term financing The need for short-term financing The need for short-term financing The need for short-term financing The need for short-term financing The need for short-term financing The need for short-term financing	- - - - - - - - -	Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital	- - - - - - - - -		- - - - - - - - -	18,326,537 18,326,537 18,326,537 18,326,537 18,326,537 18,326,537 18,326,537 18,326,537 18,326,537	36,653,074 36,653,074 36,653,074 36,653,074 36,653,074 36,653,074 36,653,074 36,653,074 36,653,074	
6	Yingde Dragon Mountain Cement Co., Ltd.	TCC Yingde Cement Co., Ltd. TCC Liaoning Cement Co., Ltd.	Other receivables - related parties Other receivables - related parties	Yes Yes	923,400 1,045,608	913,680 1,041,595	- 1,041,595	- 3.05	The need for short-term financing The need for short-term financing	- -	Operating capital Operating capital	- -		- -	11,052,600 11,052,600	22,105,200 22,105,200	
7	TCC Yingde Cement Co., Ltd.	TCC Guangan Cement Co., Ltd. TCC Huaihua Cement Company Limited Scitus Naxi Cement Co., Ltd. TCC Shaoguan Cement Co., Ltd. TCC Jingzhou Cement Company Limited TCC Anshun Cement Co., Ltd. TCC (Dong Guan) Cement Co., Ltd.	Other receivables - related parties Other receivables - related parties Other receivables - related parties Other receivables - related parties Other receivables - related parties Other receivables - related parties Other receivables - related parties	Yes Yes Yes Yes Yes Yes Yes	923,400 917,200 230,850 363,683 230,850 923,400 461,700	913,680 913,680 228,420 338,474 228,420 913,680 456,840	91,368 765,207 137,052 338,474 123,347 - -	3.48 3.48 3.48 3.68 3.48 - -	The need for short-term financing The need for short-term financing The need for short-term financing The need for short-term financing The need for short-term financing The need for short-term financing The need for short-term financing	- - - - - - -	Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital	- - - - - - -		- - - - - - -	18,114,757 18,114,757 18,114,757 18,114,757 18,114,757 18,114,757 18,114,757	36,229,514 36,229,514 36,229,514 36,229,514 36,229,514 36,229,514 36,229,514	

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note)	Aggregate Financing Limit (Note)	Note
													Item	Value			
		TCC Chongqing Cement Co., Ltd.	Other receivables - related parties	Yes	\$ 461,700	\$ 456,840	\$ 411,156	3.48	The need for short-term financing	\$ -	Operating capital	\$ -		\$ -	\$ 18,114,757	\$ 36,229,514	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	685,521	685,260	502,524	3.48	The need for short-term financing	-	Operating capital	-		-	18,114,757	36,229,514	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	831,060	822,312	708,102	3.48	The need for short-term financing	-	Operating capital	-		-	18,114,757	36,229,514	
		Guizhou Kong On Cement Co., Ltd.	Other receivables - related parties	Yes	457,014	456,840	379,177	3.48	The need for short-term financing	-	Operating capital	-		-	18,114,757	36,229,514	
8	TCC Fuzhou Cement Co., Ltd.	TCC New (Hangzhou) Management Co., Ltd.	Other receivables - related parties	Yes	461,700	456,840	-	-	The need for short-term financing	-	Operating capital	-		-	902,187	2,706,561	
		TCC Liaoning Cement Co., Ltd.	Other receivables - related parties	Yes	323,190	319,788	159,894	3.48	The need for short-term financing	-	Operating capital	-		-	902,187	2,706,561	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	230,850	228,420	-	-	The need for short-term financing	-	Operating capital	-		-	902,187	2,706,561	
9	TCCIH	TCC Yingde Cement Co., Ltd.	Other receivables - related parties	Yes	241,565	239,022	239,022	-	The need for short-term financing	-	Operating capital	-		-	79,161,857	158,323,714	
10	Prime York Ltd.	Upper Value Investment Limited	Other receivables - related parties	Yes	212,058	194,157	194,157	-	The need for short-term financing	-	Operating capital	-		-	2,759,515	5,519,030	
11	Jurong TCC Cement Co., Ltd.	TCC Huaihua Cement Company Limited	Other receivables - related parties	Yes	1,154,250	1,142,100	1,142,100	3.48	The need for short-term financing	-	Operating capital	-		-	11,044,634	22,089,268	
		Dongguan Jinli Cement Company Limited	Other receivables - related parties	Yes	113,565	-	-	-	The need for short-term financing	-	Operating capital	-		-	4,417,854	4,417,854	
		TCC Liaoning Cement Co., Ltd.	Other receivables - related parties	Yes	323,190	319,788	296,946	3.48	The need for short-term financing	-	Operating capital	-		-	11,044,634	22,089,268	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	692,550	685,260	137,052	3.48	The need for short-term financing	-	Operating capital	-		-	11,044,634	22,089,268	
		TCC Huaihua Concrete Company Limited	Other receivables - related parties	Yes	138,510	137,052	50,252	3.48	The need for short-term financing	-	Operating capital	-		-	11,044,634	22,089,268	
		TCC Chongqing Cement Co., Ltd.	Other receivables - related parties	Yes	923,400	913,680	-	-	The need for short-term financing	-	Operating capital	-		-	11,044,634	22,089,268	
		TCC Anshun Cement Co., Ltd.	Other receivables - related parties	Yes	923,400	913,680	-	-	The need for short-term financing	-	Operating capital	-		-	11,044,634	22,089,268	
		TCC Yingde Cement Co., Ltd.	Other receivables - related parties	Yes	461,700	456,840	-	-	The need for short-term financing	-	Operating capital	-		-	11,044,634	22,089,268	
		TCC Guangan Cement Co., Ltd.	Other receivables - related parties	Yes	461,700	456,840	-	-	The need for short-term financing	-	Operating capital	-		-	11,044,634	22,089,268	
		Guizhou Kong On Cement Co., Ltd.	Other receivables - related parties	Yes	323,190	319,788	-	-	The need for short-term financing	-	Operating capital	-		-	11,044,634	22,089,268	
12	TCC Anshun Cement Co., Ltd.	Anshun Xin Tai Construction Materials Company Limited	Other receivables - related parties	Yes	92,340	91,368	-	-	The need for short-term financing	-	Operating capital	-		-	6,502,440	13,004,880	
		Guizhou Kong On Cement Co., Ltd.	Other receivables - related parties	Yes	275,160	274,104	251,262	3.48	The need for short-term financing	-	Operating capital	-		-	6,502,440	13,004,880	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	138,510	137,052	91,368	3.48	The need for short-term financing	-	Operating capital	-		-	6,502,440	13,004,880	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	138,510	137,052	91,368	3.48	The need for short-term financing	-	Operating capital	-		-	6,502,440	13,004,880	
		Scitus Luzhou Concrete Co., Ltd.	Other receivables - related parties	Yes	138,510	137,052	-	-	The need for short-term financing	-	Operating capital	-		-	6,502,440	13,004,880	
		TCC Chongqing Cement Co., Ltd.	Other receivables - related parties	Yes	461,700	456,840	228,420	3.48	The need for short-term financing	-	Operating capital	-		-	6,502,440	13,004,880	
13	TCC Guangan Cement Co., Ltd.	Guangan Xin Tai Construction Materials Company Limited	Other receivables - related parties	Yes	24,701	-	-	-	The need for short-term financing	-	Operating capital	-		-	1,234,752	1,234,752	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	138,510	137,052	-	-	The need for short-term financing	-	Operating capital	-		-	3,086,879	6,173,758	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	92,340	91,368	-	-	The need for short-term financing	-	Operating capital	-		-	3,086,879	6,173,758	

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note)	Aggregate Financing Limit (Note)	Note
													Item	Value			
14	Wayly Holdings Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	\$ 536,056	\$ 59,701	\$ 59,701	-	The need for short-term financing	\$ -	Operating capital	\$ -		\$ -	\$ 3,025,607	\$ 6,051,214	
15	TCC Chongqing Cement Co., Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	230,850	228,420	-	-	The need for short-term financing	-	Operating capital	-		-	5,342,413	10,684,826	
		Scitus Naxi Cement Co., Ltd.	Other receivables - related parties	Yes	138,510	137,052	137,052	3.48	The need for short-term financing	-	Operating capital	-		-	5,342,413	10,684,826	
		TCC Huaihua Cement Company Limited	Other receivables - related parties	Yes	692,550	685,260	561,456	3.48	The need for short-term financing	-	Operating capital	-		-	5,342,413	10,684,826	
		TCC Huaying Cement Company Limited	Other receivables - related parties	Yes	115,425	114,210	-	-	The need for short-term financing	-	Operating capital	-		-	5,342,413	10,684,826	
		TCC Guangan Cement Co., Ltd.	Other receivables - related parties	Yes	461,700	456,840	-	-	The need for short-term financing	-	Operating capital	-		-	5,342,413	10,684,826	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	230,850	228,420	-	-	The need for short-term financing	-	Operating capital	-		-	5,342,413	10,684,826	
		TCC Jingzhou Cement Company Limited	Other receivables - related parties	Yes	92,340	91,368	-	-	The need for short-term financing	-	Operating capital	-		-	5,342,413	10,684,826	
		Guizhou Kong On Cement Co., Ltd.	Other receivables - related parties	Yes	137,580	137,052	-	-	The need for short-term financing	-	Operating capital	-		-	5,342,413	10,684,826	
16	TCC New (Hangzhou) Management Co., Ltd.	Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	286,254	283,241	237,557	3.48	The need for short-term financing	-	Operating capital	-		-	535,500	1,071,000	
		Scitus Naxi Cement Co., Ltd.	Other receivables - related parties	Yes	253,935	251,262	201,010	3.48	The need for short-term financing	-	Operating capital	-		-	535,500	1,071,000	
		Scitus Luzhou Concrete Co., Ltd.	Other receivables - related parties	Yes	36,936	36,547	-	-	The need for short-term financing	-	Operating capital	-		-	535,500	1,071,000	
17	Prosperity Minerals (China) Ltd.	TCC New (Hangzhou) Management Co., Ltd.	Other receivables - related parties	Yes	368,191	364,315	364,315	-	The need for short-term financing	-	Operating capital	-		-	967,032	1,934,064	
18	Da Tong (Guigang) International Logistics Co., Ltd.	Guigang Da-Ho Shipping Co., Ltd.	Other receivables - related parties	Yes	138,510	137,052	-	-	The need for short-term financing	-	Operating capital	-		-	553,447	1,106,893	
19	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Scitus Naxi Cement Co., Ltd.	Other receivables - related parties	Yes	138,510	137,052	-	-	The need for short-term financing	-	Operating capital	-		-	2,977,539	5,955,078	
20	TCC Investment Corporation	Ta-Ho Onyx RSEA Environment Co., Ltd.	Other receivables - related parties	Yes	180,000	-	-	-	The need for short-term financing	-	Operating capital	-		-	822,643	822,643	
21	TCC International (Guangxi) Ltd.	TCC (Guigang) Cement Limited	Other receivables - related parties	Yes	3,708,750	-	-	-	The need for short-term financing	-	Operating capital	-		-	18,060,826	36,121,652	
22	TCC Huaihua Cement Company Limited	TCC Jingzhou Cement Company Limited	Other receivables - related parties	Yes	92,340	91,368	-	-	The need for short-term financing	-	Operating capital	-		-	2,013,732	4,027,464	
23	Scitus Luzhou Cement Co., Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	92,340	91,368	-	-	The need for short-term financing	-	Operating capital	-		-	2,043,010	4,086,020	

Note 1: "Financing Limits for Each Borrower" and "Aggregate Financing Limits":

A. For Taiwan Cement Corporation, financing limits are as follows:

- 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.
- 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.
- For the above items a and b, the aggregate financing limits were 40% of Taiwan Cement Corporation's net equity as stated in its latest financial statements.

B. The restrictions above in paragraph A, subparagraphs b and c shall not apply to inter-company loans of funds between foreign companies of which Taiwan Cement Corporation holds, directly or indirectly, 100% of the voting shares. The aggregate and individual financing limits for the companies were 200% and 100%, respectively, of the net equity of each company as stated in their respective latest financial statements. In addition, the aggregate and individual financing limits for TCC International Ltd. were both 40% of its net equity as stated in its latest financial statements. The aggregate and individual financing limits for TCC Fuzhou Cement Co., Ltd. were 300% and 100%, respectively, of its net equity as stated in its latest financial statements. The aggregate and individual financing limits for TCC New (Hangzhou) Management Co., Ltd. were 600% and 300%, respectively, of its net equity as stated in its latest financial statements. The aggregate and individual financing limits for Prosperity Minerals (China) Ltd. were 400% and 200%, respectively, of its net equity as stated in its latest financial statements.

C. The individual and aggregate financing limits for the other companies were 40% of the net equity of each respective company.

Note 2: All intercompany transactions have been eliminated upon consolidation.

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/Guaranteed During the Period	Outstanding Endorsement/Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/Guaranteed by Collaterals	Ratio of Accumulated Endorsement/Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/Guarantee Limit (Note 2)	Endorsement/Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 3)											
0	Taiwan Cement Corporation	TCCI	b	\$ 68,174,102	\$ 45,660,420	\$ 28,004,160	\$ 16,308,480	\$ -	20.54	\$ 136,348,204	Y	N	N	
		TCC Investment Corporation	b	68,174,102	2,590,000	2,560,000	1,320,000	-	1.88	136,348,204	Y	N	N	
		TCC Chemical Corporation	b	68,174,102	2,165,000	1,643,000	843,000	-	1.21	136,348,204	Y	N	N	
		Union Cement Traders Inc.	c	68,174,102	1,660,000	1,230,000	620,000	-	0.90	136,348,204	Y	N	N	
		Kuan-Ho Construction & Development Corporation	b	68,174,102	670,000	270,000	225,000	-	0.20	136,348,204	Y	N	N	
		Jin Chang Minerals Corporation	b	68,174,102	68,848	68,848	39,814	39,814	0.05	136,348,204	Y	N	N	
		Ho Sheng Mining Co., Ltd.	b	68,174,102	99,884	99,884	-	99,884	0.07	136,348,204	Y	N	N	
		Feng Sheng Enterprise Company	a	437,489	88,145	-	-	-	-	-	136,348,204	N	N	N
1	TCCIH	TCC (Guigang) Cement Limited	c	39,580,929	5,199,931	5,156,430	2,397,519	-	6.51	79,161,857	Y	N	Y	
		TCC Yingde Cement Co., Ltd.	c	39,580,929	2,245,650	1,449,360	300,660	-	1.83	79,161,857	Y	N	Y	
		Jurong TCC Cement Co., Ltd.	c	39,580,929	2,646,988	1,989,246	717,239	-	2.51	79,161,857	Y	N	Y	
		TCC Chongqing Cement Co., Ltd.	c	39,580,929	1,544,625	868,650	809,717	-	1.10	79,161,857	Y	N	Y	
		TCC Fuzhou Cement Co., Ltd.	c	39,580,929	1,536,176	1,199,794	137,052	-	1.52	79,161,857	Y	N	Y	
		Scitus Luzhou Cement Co., Ltd.	c	39,580,929	967,500	892,800	-	-	1.13	79,161,857	Y	N	Y	
		TCC Liaoning Cement Co., Ltd.	c	39,580,929	1,789,050	1,265,580	-	-	1.60	79,161,857	Y	N	Y	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	c	39,580,929	967,500	595,200	-	-	0.75	79,161,857	Y	N	Y	
		Guizhou Kong On Cement Co., Ltd.	c	39,580,929	733,688	360,096	78,910	-	0.45	79,161,857	Y	N	Y	
		Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	e	39,580,929	618,454	-	-	-	-	-	79,161,857	N	N	Y
2	TCC (Guigang) Cement Limited	TCCI (HK)	d	9,163,269	692,550	685,260	685,260	-	3.74	18,326,537	N	Y	N	
3	Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	d	69,725	34,549	34,549	34,549	-	49.55	69,725	N	Y	N	

Note 1: Limits on endorsement/guarantee given on behalf of each party were as follows:

- For Taiwan Cement Corporation, TCCIH and TCC (Guigang) Cement Limited, 50% of the net equity as stated in their respective financial statements.
- For endorsement/guarantee given by Taiwan Cement Corporation due to business transactions, 50% of the business transaction amounts in the previous year.
- For Ho Sheng Mining Co., Ltd., 100% of its net equity as stated in its latest financial statements.

Note 2: Aggregate endorsement/guarantee limit was the net equity in the latest financial statements.

Note 3: Relationship between the endorser/guarantor and the endorsee/guarantee is classified as follows:

- Having a business relationship.
- The endorser/guarantor owns directly more than 50% of the ordinary shares of the endorsee/guarantee.
- The endorser/guarantor and its subsidiaries jointly own more than 50% of the ordinary shares of the endorsee/guarantee.
- The endorsee/guarantee directly or indirectly owns more than 50% of the ordinary shares of the endorser/guarantor.
- Due to joint venture, each shareholder provides endorsements/guarantees to the endorsee/guarantee in proportion to its ownership.

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taiwan Cement Corporation	<u>Shares</u>							
	China Hi-Ment Corporation	The Corporation serves as director	Available-for-sale financial assets - current	27,451	\$ 1,619,613	-	\$ 1,619,613	
	Taishin Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	58,553	810,956	-	810,956	
	CTCI Corporation	-	Available-for-sale financial assets - current	9,054	408,804	-	408,804	
	Chia Hsin Cement Corporation	Directors	Available-for-sale financial assets - current	27,419	366,049	-	366,049	
	O-Bank	The Corporation serves as director	Available-for-sale financial assets - current	29,719	264,796	-	264,796	
	Chien Kuo Construction Co., Ltd.	-	Available-for-sale financial assets - current	9,403	108,132	-	108,132	
	Taiwan Television Enterprise, Ltd.	The Corporation serves as supervisor	Available-for-sale financial assets - current	13,573	89,037	-	89,037	
	Chinatrust Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	3,575	73,300	-	73,300	
	China Synthetic Rubber Corporation	The same chairman	Available-for-sale financial assets - non-current	55,180	2,419,650	-	2,419,650	
	IBT II Venture Capital Corporation	-	Financial assets carried at cost - non-current	2,626	20,426	8.3	-	
	Rong Gong Enterprise Co.	The Corporation serves as supervisor	Financial assets carried at cost - non-current	3,390	33,900	4.0	-	
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	Financial assets carried at cost - non-current	27,361	12,156	8.7	-	
	Pan Asia Corporation	The Corporation serves as supervisor	Financial assets carried at cost - non-current	6,204	8,996	5.4	-	
	Taiwan Stock Exchange Corporation	The Corporation serves as director	Financial assets carried at cost - non-current	45,983	8,011	6.6	-	
E-ONE Moli Energy Corporation	The same chairman	Financial assets carried at cost - non-current	983	1,670	0.4	-		
Excel Corporation	-	Financial assets carried at cost - non-current	600	-	9.5	-		
Taiwan Transport & Storage Corporation	<u>Shares</u>							
Chia Hsin Cement Corporation	Director of parent company	Available-for-sale financial assets - current	8,632	115,231	-	115,231		
TCC Investment Corporation	<u>Shares</u>							
	China Conch Venture Holdings Limited	-	Available-for-sale financial assets - current	28,000	1,929,388	-	1,929,388	
	O-Bank	The Corporation serves as director	Available-for-sale financial assets - current	21,934	195,432	-	195,432	21,000 thousand shares were pledged
	Taishin Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	11,201	155,129	-	155,129	
	Chia Hsin Cement Corporation	Director of parent company	Available-for-sale financial assets - current	8,334	111,258	-	111,258	7,000 thousand shares were pledged
	China Synthetic Rubber Corporation	The same chairman	Available-for-sale financial assets - non-current	14,631	641,574	-	641,574	1,934 thousand shares were pledged
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	Financial assets carried at cost - non-current	10,884	136,378	3.5	-	
E-ONE Moli Energy Corporation	The same chairman	Financial assets carried at cost - non-current	15,859	26,961	6.3	-		
Pan Asia Corporation	The Corporation serves as supervisor	Financial assets carried at cost - non-current	1	14	-	-		
Ta-Ho Maritime Corporation	<u>Shares</u>							
	Chia Hsin Cement Corporation	Director of parent company	Available-for-sale financial assets - current	25,761	343,913	-	343,913	
	Prosperity Dielectrics Co., Ltd.	-	Available-for-sale financial assets - current	951	36,621	-	36,621	
Chinatrust Investment Co., Ltd.	The Corporation serves as director	Financial assets carried at cost - non-current	6,612	76,034	2.1	-		

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taiwan Cement Engineering Corporation	<u>Beneficiary certificates</u> Capital Money Market Fund	-	Financial assets at fair value through profit or loss	2,930	\$ 46,996	-	\$ 46,996	
TCC Chemical Corporation	<u>Shares</u> Taiwan Stock Exchange Corporation	The Corporation serves as director	Financial assets carried at cost - non-current	2,626	44,820	-	-	
TCC Information Systems Corporation	<u>Beneficiary certificates</u> Yuanta De- Bao Money Market Fund Fuh Hwa You Li Money Market	-	Financial assets at fair value through profit or loss	2,575	30,766	-	30,766	
		-	Financial assets at fair value through profit or loss	2,288	30,668	-	30,668	
Taiwan Prosperity Chemical Corporation	<u>Shares</u> China Synthetic Rubber Corporation	The same chairman	Available-for-sale financial assets - non-current	1,369	60,013	-	60,013	
		<u>Shares</u> Taishin Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	73,600	1,019,362	-	1,019,362
Hoping Industrial Port Corporation	<u>Shares</u> Chinatrust Investment Co., Ltd. E-ONE Moli Energy Corporation	The Corporation serves as director	Financial assets carried at cost - non-current	10,444	120,103	3.3	-	
		The same chairman	Financial assets carried at cost - non-current	5,822	9,897	3.9	-	
E.G.C. Cement Corporation	<u>Beneficiary certificates</u> Nomura Global Short Duration Bond Fund Nomura Taiwan Money Market UPAMC James Bond Money Market Fund China-US Money Market	-	Available-for-sale financial assets - current	2,367	25,000	-	25,000	
		-	Available-for-sale financial assets - current	2,123	34,434	-	34,434	
		-	Available-for-sale financial assets - current	1,205	20,023	-	20,023	
		-	Available-for-sale financial assets - current	511	5,021	-	5,021	
Union Cement Traders Inc.	<u>Shares</u> Der Pao Construction Co., Ltd. Taishin Financial Holding Co., Ltd. CTCI Corporation Chia Hsin Cement Corporation China Synthetic Rubber Corporation E-ONE Moli Energy Corporation Videoland Inc.	-	Financial assets carried at cost - non-current	34	-	0.1	-	
		-	Available-for-sale financial assets - current	25,865	358,232	-	358,232	
		-	Available-for-sale financial assets - current	13,365	603,444	-	603,444	
		Director of parent company	Available-for-sale financial assets - current	7,441	99,337	-	99,337	
		The same chairman	Available-for-sale financial assets - non-current	7,633	334,701	-	334,701	
		The same chairman	Financial assets carried at cost - non-current	15,283	25,982	6.1	-	
		-	Financial assets carried at cost - non-current	6,437	89,990	5.6	-	
TCCI (Group)	<u>Beneficiary certificates</u> Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	3,130	38,619	-	38,619	
		<u>Shares</u> Anhui Conch Cement Co., Ltd. Yargoan Co., Ltd.	-	Available-for-sale financial assets - current	116,568	16,308,708	-	16,308,708
		-	Financial assets carried at cost - non-current	-	11,757	24.2	-	

Note 1: Marketable securities in the table refer to shares, bonds, beneficiary certificates and other related securities within the scope of IAS 39 "Financial Instruments: Recognition and Measurement".

Note 2: See Tables 7 and 8 for the information of investments in subsidiaries, associates and joint ventures.

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE SHARE CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Other Adjustment (Note 1)	Ending Balance	
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Carrying Amount	Gain/Loss on Disposal		Shares/Units (In Thousands)	Amount
Taiwan Cement Corporation	Shares TCCIH	Investments accounted for using the equity method	Chia Hsin Cement Group and other shareholders	-	-	\$ -	1,319,841	\$ 19,125,321	-	\$ -	\$ -	\$ -	\$ (71,062)	1,319,841	\$ 19,054,259
	TCC Chemical Corporation	Investments accounted for using the equity method	-	Subsidiaries	118,393	351,508	121,607 (Note 2)	1,176,492	-	-	-	-	11,861	240,000	1,539,861
TCCI	Shares TCCIH	Investments accounted for using the equity method	Other shareholders	-	3,117,016	40,032,733	1,046,081 (Note 3)	16,384,224	-	-	-	-	3,690,641	4,163,097	60,107,598

Note 1: Including share of profit or loss of subsidiaries, cash dividends, equity adjustments, etc.

Note 2: Including retained earnings transferred to increase the ordinary shares in the form of 3,958 thousand shares of ordinary shares and of cash in the amount of \$1,176,492 thousand (or 117,649 thousand ordinary shares).

Note 3: Including 539,473 thousand shares of preference shares.

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE SHARE CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details			Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note	
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance		% of Total (Note)
Taiwan Cement Corporation	Chia Hsin Cement Corporation	Director of the Corporation	Sales	\$ (349,842)	(2)	65 days after the day delivery was made	\$ -	-	\$ 45,551	12	
	Feng Shang Enterprise Company	Subsidiary	Sales	(319,122)	(2)	30 days	-	-	79,755	21	
	TCCIH	Subsidiary	Purchases	555,855	4	30 days	-	-	(46,330)	(8)	
	Taiwan Transport & Storage Corporation	Subsidiary	Service revenue	(498,914)	(3)	By contract	-	-	42,545	11	
	China Hi-Ment Corporation	Subsidiary	Purchases	515,244	4	30 days	-	-	(87,091)	(15)	
	China Hi-Ment Corporation	The Corporation serves as director	Purchases	441,550	3	60 days	-	-	(127,997)	(22)	
	Hoping Industrial Port Corporation	Subsidiary	Sales	(112,652)	(1)	60 days	-	-	37,211	10	
	Ta-Ho Maritime Corporation	Subsidiary	Purchases	495,612	3	20 days	-	-	(12,408)	(2)	
	Shih Hsin Storage & Transportation Co., Ltd.	Subsidiary	Purchases	850,602	6	30 days	-	-	(160,915)	(27)	
	Kuan-Ho Refractories Industry Corporation	Associates	Sales	(108,256)	(1)	60 days	-	-	-	-	
	Kuan-Ho Refractories Industry Corporation	Subsidiary	Purchases	263,752	2	By contract	-	-	(137,116)	(23)	
	E.G.C. Cement Corporation	Subsidiary	Sales	(544,131)	(3)	50 days after the day delivery was made	-	-	83,933	22	
	Jin Chang Minerals Corporation	Subsidiary	Purchases	308,191	2	30 days	-	-	(125,895)	(21)	
Ho Sheng Mining Co., Ltd.	Subsidiary	Purchases	255,580	2	30 days	-	-	(41,473)	(7)		
Jin Chang Minerals Corporation	Taiwan Cement Corporation	Parent company	Sales	(308,191)	(100)	30 days	-	-	125,895	100	
Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	Parent company	Sales	(255,580)	(83)	30 days	-	-	41,473	79	
Kuan-Ho Refractories Industry Corporation	Taiwan Cement Corporation	Parent company	Sales	(263,752)	(23)	By contract	-	-	137,116	89	
E.G.C. Cement Corporation	Taiwan Cement Corporation	Parent company	Purchases	544,131	100	50 days after the day delivery was made	-	-	(83,933)	(99)	
Ho-Ping Power Company	Hoping Industrial Port Corporation	The same parent company	Purchases	1,104,763	16	20 days	-	-	(56,617)	(32)	
	HPC Power Service Corporation	The same parent company	Purchases	400,689	6	By contract	-	-	(107,951)	(60)	
Hoping Industrial Port Corporation	Ho-Ping Power Company	The same parent company	Sales	(1,104,763)	(68)	20 days	-	-	56,617	79	
	Taiwan Cement Corporation	Parent company	Sales	(495,612)	(31)	20 days	-	-	12,408	17	
	Taiwan Transport & Storage Corporation	The same parent company	Purchases	197,875	76	30 days	-	-	(16,904)	(85)	
Feng Shang Enterprise Company	Taiwan Cement Corporation	Parent company	Sales	(555,855)	(24)	30 days	-	-	46,330	100	
			Purchases	319,122	14	30 days	-	-	(79,755)	(100)	
Taiwan Transport & Storage Corporation	Taiwan Cement Corporation	Parent company	Sales	(515,244)	(45)	30 days	-	-	87,091	59	
	Taiwan Prosperity Chemical Corporation	The same parent company	Sales	(184,277)	(16)	By contract	-	-	31,766	21	
	Hoping Industrial Port Corporation	The same parent company	Sales	(197,875)	(17)	30 days	-	-	16,904	11	
	China Synthetic Rubber Corporation	The same chairman	Sales	(109,187)	(10)	30 days	-	-	9,980	7	
Taiwan Prosperity Chemical Corporation	Taiwan Transport & Storage Corporation	The same parent company	Purchases	184,277	1	By contract	-	-	(31,766)	(33)	

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note)	
HPC Power Service Corporation	Ho-Ping Power Company	The same parent company	Sales	\$ (400,689)	(100)	By contract	\$ -	-	\$ 107,951	100	
Ta-Ho Maritime Corporation	Taiwan Cement Corporation THC International S.A HKCCL	Parent company Subsidiary The same ultimate parent company	Freight revenue	(850,602)	(38)	30 days	-	-	160,915	100	
			Rental expense	168,540	8	By negotiation	-	-	(23,609)	(54)	
			Freight revenue	(128,696)	(6)	By negotiation	-	-	-	-	
THC International S.A	Ta-Ho Maritime Corporation	Parent company	Rental revenue	(168,540)	(100)	By negotiation	-	-	23,609	100	
HKCCL	Quon Hing Concrete. Ltd. Ta-Ho Maritime Corporation	Associates The same ultimate parent company	Sales	(283,940)	(28)	By negotiation	-	-	69,517	37	
			Purchases	128,696	16	By negotiation	-	-	-	-	
TCC (Guigang) Cement Limited	Guigang Da-Ho Shipping Co., Ltd. Da Tong (Guigang) International Logistics Co., Ltd.	The same ultimate parent company The same ultimate parent company	Purchases	214,855	3	By negotiation	-	-	(45,700)	(18)	
			Purchases	301,041	4	By negotiation	-	-	(64,432)	(25)	
TCC Yingde Cement Co., Ltd.	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	196,286	3	By negotiation	-	-	(59,349)	(20)	
Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Guigang) Cement Limited	The same ultimate parent company	Freight revenue	(301,041)	(97)	By negotiation	-	-	64,432	100	
Guigang Da-Ho Shipping Co., Ltd.	TCC (Guigang) Cement Limited TCC Yingde Cement Co., Ltd.	The same ultimate parent company The same ultimate parent company	Freight revenue	(214,855)	(26)	By negotiation	-	-	45,700	43	
			Freight revenue	(196,286)	(24)	By negotiation	-	-	59,349	56	
TCCIH	Taiwan Cement Corporation	Parent company	Service expense	498,914	100	By contract	-	-	(42,545)	(100)	
Yingde Dragon Mountain Cement Co., Ltd.	Prosperity Conch Cement Company Limited	Associates	Purchases	105,436	2	By negotiation	-	-	(11,334)	(2)	

Note: The percentage to total accounts receivable from (payable to) related parties.

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NTS100 MILLION OR 20% OF THE SHARE CAPITAL

DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (%)	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Ta-Ho Maritime Corporation	Taiwan Cement Corporation	Parent company	\$ 160,915	5.4	\$ -	-	\$ 160,076	\$ -
Jin Chang Minerals Corporation	Taiwan Cement Corporation	Parent company	125,895	4.6	-	-	125,895	-
Kuan-Ho Refractories Industry Corporation	Taiwan Cement Corporation	Parent company	137,116	2.2	-	-	96,230	-
HPC Power Service Corporation	Ho-Ping Power Company	The same parent company	107,951	4.6	-	-	107,951	-

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2017			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2017	December 31, 2016	Shares/Units (In Thousands)	%	Carrying Amount			
Taiwan Cement Corporation	TCCI	British Virgin Islands	Investment holding	\$ 18,344,635	\$ 18,344,635	600,876	100.00	\$ 60,108,134	\$ 3,160,518	\$ 3,160,518	
	Ho-Ping Power Company	Taiwan	Thermal power generation	6,037,720	6,037,720	602,973	59.50	18,612,533	2,975,364	1,770,342	
	Hoping Industrial Port Corporation	Taiwan	Hoping Industrial Port management	3,198,500	3,198,500	319,990	100.00	5,525,572	799,221	799,196	
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	528,506	528,506	118,649	64.79	2,029,315	212,635	137,760	
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	1,284,143	1,284,143	145,988	50.00	1,608,901	(354,571)	(177,286)	
	Taiwan Transport & Storage Corporation	Taiwan	Warehousing, transportation and sale of sand and gravel	90,862	90,862	32,668	83.85	1,698,943	119,815	100,460	
	TCC Investment Corporation	Taiwan	Investment	190,000	190,000	54,150	100.00	2,056,607	109,085	109,085	
	Ho Sheng Mining Co., Ltd.	Taiwan	Mining and trading	1,414,358	1,414,358	30,100	100.00	1,014,025	(54,247)	(54,247)	
	CCC USA Corporation	U.S.A.	Rubber raw materials	481,983	481,983	39	33.33	694,072	82,900	27,633	
	Taiwan Cement Engineering Corporation	Taiwan	Engineering services	319,439	319,439	59,593	99.05	698,982	(2,458)	(1,055)	
	Kuan-Ho Construction & Development Corporation	Taiwan	Construction and lease services	248,963	248,963	35,959	92.87	640,228	230,103	213,697	
	ONYX Ta-Ho Environmental Services Co., Ltd.	Taiwan	Waste collection and treatment	72,000	72,000	8,000	50.00	481,263	489,881	244,941	
	Kuan-Ho Refractories Industry Corporation	Taiwan	Production and sale of refractory materials	181,050	181,050	18,105	95.29	394,925	79,314	75,578	
	Feng Sheng Enterprise Company	Taiwan	Sale of ready-mixed concrete	250,000	250,000	27,261	45.43	347,734	34,768	15,797	
	TCC Chemical Corporation	Taiwan	Leasing property and energy technology services	1,510,842	334,350	240,000	100.00	1,539,861	(402,803)	11,861	
	Ta-Ho Onyx Taitung Environment Co., Ltd.	Taiwan	Waste collection and treatment	313,187	313,187	37,100	100.00	296,329	1,220	1,220	
	TCC Information Systems Corporation	Taiwan	Information software design	71,000	71,000	14,904	99.36	272,046	25,243	25,082	
	Ta-Ho Onyx RSEA Environment Co., Ltd.	Taiwan	Waste collection and treatment	666,000	666,000	66,600	66.60	207,094	(17,148)	(11,420)	
	HKCMCL	Hong Kong	Investment holding	72,005	72,005	38	84.65	277,915	56,618	47,930	
	TCC Green Energy Corporation	Taiwan	Renewable energy generation	46,046	59,880	10,000	100.00	179,619	9,986	9,986	
	Jin Chang Minerals Corporation	Taiwan	Afforestation and sale of limestone	18,042	18,042	1,800	100.00	157,214	38,171	38,171	
	HPC Power Service Corporation	Taiwan	Business consulting	1,861	1,861	6	60.00	107,200	186,844	112,106	
	E.G.C. Cement Corporation	Taiwan	Sale of cement	184,359	184,359	8,063	50.64	98,110	4,839	2,451	
Synpac Ltd.	British Virgin Islands	Investment	70,367	70,367	2,700	25.00	6,697	(612)	(153)		
Tung Chen Mineral Corporation	Taiwan	Afforestation and sale of limestone	1,989	1,989	20	99.45	1,394	(41)	(41)		
TMC	Philippines	Mining excavation	11,880	11,880	120	72.70	-	-	-		
TPMC	Philippines	Mining excavation	2,105	2,105	20	40.00	-	-	-		
TCCIH	Cayman Islands	Investment holding	19,125,321	-	1,319,841	24.07	19,054,259	1,206,915	290,504		
Taiwan Transport & Storage Corporation	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	247,229	247,229	50,311	27.47	860,494	212,635	58,415	
	E.G.C. Cement Corporation	Taiwan	Sale of cement	126,518	126,518	7,061	44.36	115,308	4,839	2,146	
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	97,181	138,830	9,718	12.74	34,574	(52,392)	(6,677)	
	Ho Swen Construction Material Co., Ltd.	Taiwan	Sand and gravel filtering and sale	10,200	10,200	1,020	51.00	174	2,058	1,891	
TCC Investment Corporation	Union Cement Traders Inc.	Taiwan	Import and export trading	219,450	219,450	21,945	100.00	700,904	45,203	45,203	
	Ho-Ping Power Company	Taiwan	Thermal power generation	68,911	68,911	5,067	0.50	152,941	2,975,364	14,877	
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	11,168	24,000	698	0.24	7,692	(354,571)	(1,933)	
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	343	343	34	0.02	587	212,635	40	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2017			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2017	December 31, 2016	Shares/Units (In Thousands)	%	Carrying Amount			
Ta-Ho Maritime Corporation	Ta-Ho Maritime Holdings Ltd.	Samoa	Investment	\$ 325,995	\$ 325,995	10,300	100.00	\$ 3,911,886	\$ 58,697	\$ 58,697	
	Shih Hsin Storage & Transportation Co., Ltd.	Taiwan	Warehousing, transportation and sale of cement	30,952	44,217	3,114	3.34	11,138	(119,067)	(3,992)	
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	8,825	12,608	883	1.16	3,148	(52,392)	(616)	
Taiwan Cement Engineering Corporation	TCEC Corporation	Brunei Darussalam	Investment	16,295	16,295	-	100.00	115,233	(225)	(225)	
TCC Information Systems Corporation	Taicem Information (Samoa) Pte., Ltd.	Samoa	Investment	3,042	3,042	2,128	100.00	47,560	2,911	2,911	
Hoping Industrial Port Corporation	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	104,929	104,929	6,675	2.29	73,564	(354,571)	(8,106)	
E.G.C. Cement Corporation	Shih Hsin Storage & Transportation Co., Ltd.	Taiwan	Warehousing, transportation and sale of cement	110,128	157,325	11,082	11.87	39,584	(119,067)	(14,129)	
Feng Sheng Enterprise Company	Ho Swen Construction Material Co., Ltd.	Taiwan	Sand and gravel filtering and sale	1,800	1,800	180	9.00	-	2,058	-	
Union Cement Traders Inc.	Shih Hsin Storage & Transportation Co., Ltd.	Taiwan	Warehousing, transportation and sale of cement	34,203	48,861	3,442	3.69	12,296	(119,067)	(4,390)	
	Taiwan Transport & Storage Corporation	Taiwan	Warehousing, transportation and sale of sand and gravel	2,612	2,612	261	0.67	13,588	119,815	803	
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	2,835	4,050	283	0.37	1,008	(52,392)	(195)	
Ta-Ho Maritime Holdings Ltd.	THC International S.A.	Panama	Marine transportation	59,818	64,823	2	100.00	2,459,604	(4,778)	(4,778)	
	Sheng Ho Maritime S.A.	Panama	Marine transportation	59,818	64,823	2	100.00	459,286	1,187	1,187	
	Ta-Ho Maritime (Hong Kong) Limited	Hong Kong	Marine transportation	151,776	164,475	5,100	100.00	569,874	80,097	80,097	
	Chi Ho Maritime S.A.	Panama	Marine transportation	193,738	209,948	7	100.00	341,050	(16,555)	(16,555)	
TCC International Ltd. (Group)	Ta-Ho Maritime (Singapore) Pte. Ltd.	Singapore	Marine transportation	2,976	3,225	100	100.00	71,335	(1,096)	(1,096)	
	Quon Hing Concrete Co., Ltd.	Hong Kong	Investment holding	169,377	184,994	100	50.00	288,911	210,446	105,223	
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	148,554	212,220	14,855	19.48	52,851	(52,392)	(10,206)	
	Hong Kong Concrete Co., Ltd.	Hong Kong	Cement processing services	25,971	28,366	129	31.50	211,927	175,847	55,392	

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

A.

Investee Company	Main Businesses and Products	Share Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2017 (Note 2)	Investment Flow (Note 2)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2017 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2017	Note
					Outflow	Inflow							
Anhui King Bridge Cement Co., Ltd.	Manufacturing and sale of cement	\$ 446,400	(a)	\$ 151,776	\$ -	\$ -	\$ 151,776	\$ (61,165)	60.00	\$ (28,257)	\$ 235,615	\$ -	
TCC Fuzhou Cement Co., Ltd.	Manufacturing and sale of cement	483,600	(a)	273,234	-	-	273,234	(79,012)	100.00	(42,170)	902,187	-	
TCC Fuzhou Yangyu Port Co., Ltd.	Port for cement transportation	148,800	(a)	84,072	-	-	84,072	1,603	100.00	1,308	293,011	-	
TCC Liuzhou Construction Materials Co., Ltd.	Sale of building material	401,760	(a)	96,422	-	-	96,422	89,124	42.00	24,974	397,821	-	
TCC Yingde Cement Co., Ltd.	Manufacturing and sale of cement	7,570,944	(a)	4,730,679	-	-	4,730,679	1,314,424	100.00	931,832	18,114,757	-	
Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	6,934,080	(a)	4,047,211	-	-	4,047,211	535,774	100.00	390,362	11,044,634	-	
TCC (Guigang) Cement Limited	Manufacturing and sale of cement	9,906,387	(a)	3,663,453	3,422,400	-	7,085,853	2,123,552	100.00	1,460,742	18,326,537	-	
Jiangsu TCC Investment Co., Ltd.	Investment	1,488,000	(a)	840,720	-	-	840,720	144,884	100.00	103,156	2,582,668	-	
Yingde Dragon Mountain Cement Co., Ltd.	Manufacturing and sale of cement	1,954,322	(a)	3,232,921	-	-	3,232,921	1,052,993	100.00	727,583	11,052,600	-	
TCC Liaoning Cement Co., Ltd.	Manufacturing and sale of cement	1,693,615	(a)	1,326,745	-	-	1,326,745	(201,035)	100.00	(139,644)	1,806,395	-	
TCC Anshun Cement Co., Ltd.	Manufacturing and sale of cement	4,567,862	(a)	3,327,941	-	-	3,327,941	585,887	100.00	426,218	6,502,440	-	
TCC Chongqing Cement Co., Ltd.	Manufacturing and sale of cement	3,511,680	(a)	2,539,163	-	-	2,539,163	406,236	100.00	311,944	5,342,413	-	
TCC Guangan Cement Co., Ltd.	Manufacturing and sale of cement	2,291,222	(a)	1,663,446	-	-	1,663,446	288,550	100.00	216,650	3,086,879	-	
TCC (Dong Guan) Cement Co., Ltd.	Warehousing and cement technical consulting	595,200	(a)	336,288	-	-	336,288	(238,779)	100.00	(149,497)	313,360	-	
Guizhou Kong On Cement Co., Ltd.	Manufacturing and sale of cement	604,128	(a)	272,309	-	-	272,309	104,432	65.00	52,286	438,648	-	
TCC New (Hangzhou) Management Co., Ltd.	Operation management	238,080	(a)	134,515	-	-	134,515	35,921	100.00	25,507	178,500	-	
Guizhou Kaili Rui An Jian Cai Co., Ltd.	Manufacturing and sale of cement	1,778,800	(a)	1,064,646	-	-	1,064,646	531,951	100.00	369,367	2,977,539	-	
TCC Shaoguan Cement Co., Ltd.	Manufacturing and sale of cement	1,190,400	(a)	1,060,944	-	-	1,060,944	(8,511)	100.00	(5,651)	1,204,238	-	
TCC Huaying Cement Company Limited	Manufacturing and sale of cement	4,336,202	(a)	3,048,051	-	-	3,048,051	206,342	100.00	163,649	2,244,389	-	
TCC Huaihua Cement Company Limited (Note 4)	Manufacturing and sale of cement	424,545	(a)	5,579,738	-	-	5,579,738	39,473	100.00	74,194	2,013,732	-	
TCC Jingzhou Cement Company Limited (Note 4)	Manufacturing and sale of cement	45,650	(a)	-	-	-	-	69,292	100.00	60,243	1,131,612	-	
TCC Huaihua Concrete Company Limited (Note 4)	Manufacturing and sale of cement	45,650	(a)	-	-	-	-	(6,257)	100.00	(4,000)	70,159	-	
TCC Jiangsu Mining Industrial Company Limited	Mining of limestone	119,040	(a)	372,205	-	-	372,205	(11,421)	100.00	(7,885)	299,416	-	
TCC Yingde Mining Industrial Company Limited	Mining of limestone	342,240	(a)	269,258	-	-	269,258	275	100.00	903	443,320	-	
TCC Guigang Mining Industrial Company Limited	Mining of limestone	148,800	(a)	128,523	-	-	128,523	37,131	100.00	24,647	378,303	-	
Scitus Naxi Cement Co., Ltd. (Note 5)	Manufacturing and sale of cement	668,818	(a)	-	-	-	-	23,672	100.00	21,981	137,962	-	
Scitus Luzhou Cement Co., Ltd. (Note 5)	Manufacturing and sale of cement	1,803,175	(a)	-	-	-	-	232,631	100.00	163,582	2,043,010	-	
Scitus Hejiang Cement Co., Ltd. (Note 5)	Manufacturing and sale of cement	106,136	(a)	-	-	-	-	(2,095)	100.00	(1,383)	18,188	-	
Scitus Luzhou Concrete Co., Ltd. (Note 5)	Manufacturing and sale of cement	114,125	(a)	-	-	-	-	13,688	100.00	9,442	140,218	-	
Anshun Xin Tai Construction Materials Company Limited	Manufacturing and sale of concrete aggregate	68,475	(a)	90,721	-	-	90,721	2,210	100.00	1,705	65,770	-	
TCEC (Yingde) Machine Co., Ltd. (Note 6)	Production and sale of cement machinery and assembly work	16,295	(b)	16,295	-	-	16,295	(225)	100.00	(225)	115,233	-	
Fuzhou TCC Information Technology Co., Ltd. (Note 6)	Software product and equipment maintenance	2,976	(c)	2,976	-	-	2,976	3,235	100.00	3,235	40,991	-	
Da Tong (Guigang) International Logistics Co., Ltd. (Note 6)	Logistics and transportation	148,800	(d)	148,800	-	-	148,800	81,345	100.00	81,345	553,447	-	
Da Tong (Ying De) Logistics Co., Ltd. (Note 6)	Logistics and transportation	22,825	(d)	22,825	-	-	22,825	12,687	100.00	12,687	84,316	-	
Guigang Da-Ho Shipping Co., Ltd. (Note 6)	Marine transportation	18,260	(d)	18,260	-	-	18,260	60,497	100.00	60,497	277,885	-	
Prosperity Conch Cement Co., Ltd. (Note 6)	Manufacturing and sale of cement	2,647,700	(a)	2,173,366	-	-	2,173,366	2,347,343	25.00	586,836	3,612,349	-	
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd. (Note 6)	Manufacturing and sale of cement	3,766,125	(a)	1,416,940	-	-	1,416,940	564,998	30.00	169,500	1,638,323	-	
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd. (Note 6)	Manufacturing and sale of cement	1,883,428	(a)	686,147	-	-	686,147	406,481	30.00	121,944	852,560	-	
Sichuan Taichang Building Material Group Company Limited (Note 6)	Manufacturing and sale of cement	913,000	(a)	342,999	-	-	342,999	86,270	30.00	-	-	-	
Guangan Xin Tai Construction Materials Company Limited (Note 6)	Manufacturing and sale of concrete aggregate	70,758	(a)	46,826	-	-	46,826	-	50.00	-	-	-	

Accumulated Investment in Mainland China as of December 31, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$44,199,303	\$74,839,080	(Note 7)

(Continued)

Note 1: All investments in mainland China companies were through a company invested and established in a third region.
The method of investments were as follows:

- a. Investment through TCCL
- b. Investment through TECE Corporation (Brunei).
- c. Investment through Taicem Information (Samoa) Pte., Ltd.
- d. Investment through Ta-Ho Maritime (Hong Kong) Limited.

Note 2: Including outward remittance from offshore subsidiaries.

Note 3: Investment gain (loss) was based on the associates' audited financial statements except Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd. and Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd. The Group considers that there would be no significant adjustments if such financial statements were to be audited.

Note 4: As of December 31, 2017, the accumulated outward remittance for investments was a total of those from TCC Huaihua Cement Company Limited, TCC Jingzhou Cement Company Limited and TCC Huaihua Concrete Company Limited.

Note 5: As of December 31, 2017, accumulated outward remittance for investments was a total of \$2,950,506 thousand from 10 companies, including Zunyi Scitus Cement Co., Ltd., Scitus Bijie Cement Co., Ltd., Scitus Naxi Cement Co., Ltd., Scitus Luzhou Cement Co., Ltd., Scitus Xishui Cement Co., Ltd., Scitus Hejiang Cement Co., Ltd., Guizhou Zunyi Ken On Concrete Co., Ltd., Scitus Bijie Concrete Co., Ltd., Scitus Luzhou Concrete Co., Ltd. and Scitus Cement (Guizhou) Operating Company Limited. Except Scitus Naxi Cement Co., Ltd., Scitus Luzhou Cement Co., Ltd., Scitus Hejiang Cement Co., Ltd. and Scitus Luzhou Concrete Co., Ltd., the other companies were disposed of in March 2013. The investment amounts authorized to be withdrawn are currently being processed by the Investment Commission, MOEA.

Note 6: Including the amounts attributable to non-controlling interests.

Note 7: The Corporation received a confirmation letter of Operation Headquarter from the Industrial Development Bureau of the MOEA in October 2016 stating that the Corporation is not limited by the restriction on the accumulated percentage or amount of investment in mainland China.

B. See Tables 1, 2, 4 and 5 for the information about significant transactions with investees in the mainland China, either directly or indirectly through a third area.

(Concluded)

TAIWAN CEMENT CORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

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TAIWAN CEMENT CORPORATION

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Period	Annual Rate of Return	Amount
Cash			
Cash on hand			\$ 986
Checking accounts and demand deposits (Note)			<u>595,152</u>
			596,138
Cash equivalents			
Bonds with repurchase agreements (Note)	2017.12.28-2018.01.05	2%	<u>163,707</u>
			<u>\$ 759,845</u>

Note: Including US\$6,294 thousand, the rates of exchange US\$1=\$29.760.

TAIWAN CEMENT CORPORATION**STATEMENT OF AVAILABLE FOR SALE FINANCIAL ASSETS - CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2017****(In Thousands of New Taiwan Dollars, Unless Unit Price is New Taiwan Dollars)**

Name of Financial Instruments	Shares (In Thousand)	Cost of Acquisition	Fair Value (Note)	
			Unit Price	Total Amount
Listed shares				
Taishin Financial Holding Co., Ltd.	58,553	\$ 646,575	\$13.85	\$ 810,956
CTCI Corporation	9,054	200,438	45.15	408,804
Chia Hsin Cement Corporation	27,419	305,388	13.35	366,049
Chinatrust Financial Holding Co., Ltd.	3,575	56,363	20.50	73,300
China Hi-Ment Corporation	27,451	261,546	59.00	1,619,613
Chien Kuo Construction Co., Ltd.	9,403	60,510	11.50	108,132
O-Bank	29,719	<u>286,179</u>	8.91	<u>264,796</u>
		<u>1,816,999</u>		<u>3,651,650</u>
Emerging market shares				
Taiwan Television Enterprise, Ltd.	13,573	<u>19,662</u>	6.56	<u>89,037</u>
		<u>\$ 1,836,661</u>		<u>\$ 3,740,687</u>

Note: Listed company and emerging company were calculated based on the closing price and the last strike price on December 31, 2017.

TAIWAN CEMENT CORPORATION

STATEMENT OF ACCOUNTS RECEIVABLE

DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars)

Client Name	Amount
Client A	\$ 163,013
Client B	126,357
Others (Note)	<u>1,933,434</u>
	2,222,804
Less: Allowance for doubtful accounts	<u>29,742</u>
	<u>\$ 2,193,062</u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

TAIWAN CEMENT CORPORATION**STATEMENT OF INVENTORIES****DECEMBER 31, 2017****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Net Realizable Value
Finished goods	\$ 504,572	\$ 582,512
Work in process	504,840	551,143
Raw materials	408,942	416,028
Supplies	466,137	280,726
	<u>1,884,491</u>	<u>\$ 1,830,409</u>
Less: Allowance for write downs (Note)	<u>229,193</u>	
	<u>\$ 1,655,298</u>	

Note: Including inventory write-downs.

TAIWAN CEMENT CORPORATION

STATEMENT OF AVAILABLE FOR SALE FINANCIAL ASSETS - NON-CURRENT
 FOR THE YEAR ENDED DECEMBER 31, 2017
 (In Thousands of New Taiwan Dollars, Unless Unit Price is New Taiwan Dollars)

Name of Securities	Balance, January 1, 2017		Addition		Unrealized Gain (Loss) on Financial Instruments	Fair Value on December 31, 2017 (Note)		
	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount		Shares (In Thousands)	Unit Price	Balance, December 31, 2017
Listed shares								
China Synthetic Rubber Corporation	52,552	\$ 1,500,375	2,628	\$ -	\$ 919,275	55,180	\$ 43.85	\$ 2,419,650

Note: It is calculated based on the closing price on December 31, 2017.

TAIWAN CEMENT CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2017

(In Thousands of New Taiwan Dollars, Unless Unit Price is New Taiwan Dollars)

Name	Balance, January 1, 2017		Changes for the Year		Investee Company Distributed as Cash Dividends	Investment Income or Loss for Using the Equity Method	Equity Adjustments (Note 1)	Reclassified (Note 2)	Balance, December 31, 2017			Market Price (Note 5)	
	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount					Shares (In Thousands)	Ownership	Amount	Unit Price	Total Amount
Listed company													
Taiwan Prosperity Chemical Corporation	145,988	\$ 1,703,079	-	\$ -	\$ -	\$ (177,286)	\$ 83,108	\$ -	145,988	50.0	\$ 1,608,901	\$28.4	\$ 4,146,059
Unlisted company													
TCCI	600,876	50,405,311	-	-	-	3,160,518	6,542,305	-	600,876	100.0	60,108,134		
TCCIH (Note 4)	-	-	1,319,841	19,125,321	-	290,504	(361,566)	-	1,319,841	24.1	19,054,259		
Ho-Ping Power Company	602,973	19,824,884	-	-	(2,974,199)	1,770,342	(8,494)	-	602,973	59.5	18,612,533		
Hoping Industrial Port Corporation	319,990	5,458,638	-	-	(735,977)	799,196	3,715	-	319,990	100.0	5,525,572		
TCC Investment Corporation	54,150	1,138,271	-	-	-	109,085	809,251	-	54,150	100.0	2,056,607		
Ta-Ho Maritime Corporation	118,649	2,073,147	-	-	(84,241)	137,760	(97,351)	-	118,649	64.8	2,029,315		
Taiwan Transport & Storage Corporation	32,668	1,676,242	-	-	(77,096)	100,460	(663)	-	32,668	83.9	1,698,943		
TCC Chemical Corporation (Note 3)	118,393	351,508	121,607	1,176,492	-	11,861	-	-	240,000	100.0	1,539,861		
Ho Sheng Mining Co., Ltd. (Note 3)	30,100	1,224,272	-	(156,000)	-	(54,247)	-	-	30,100	100.0	1,014,025		
Taiwan Cement Engineering Corporation	59,593	706,761	-	-	(3,576)	(1,055)	(3,148)	-	59,593	99.0	698,982		
CCC USA Corp.	39	720,290	-	-	-	27,633	(53,851)	-	39	33.3	694,072		
Kuan-Ho Construction & Development Corporation	35,959	473,638	-	-	(47,107)	213,697	-	-	35,959	92.9	640,228		
ONYX Ta-Ho Environmental Services Co., Ltd.	8,000	444,093	-	-	(208,800)	244,941	1,029	-	8,000	50.0	481,263		
Kuan-Ho Refractories Industry Corporation	18,105	360,862	-	-	(33,458)	75,578	(8,057)	-	18,105	95.3	394,925		
Feng Sheng Enterprise Company	27,261	347,821	-	-	(13,630)	15,797	(2,254)	-	27,261	45.4	347,734		
Ta-Ho Onyx Taitung Environment Co., Ltd.	37,100	295,109	-	-	-	1,220	-	-	37,100	100.0	296,329		
HKCMCL	38	252,503	-	-	-	47,930	(22,518)	-	38	84.7	277,915		
TCC Information Systems Corporation	14,904	249,975	-	-	(24,890)	25,082	21,879	-	14,904	99.4	272,046		
Ta-Ho Onyx RSEA Environment Co., Ltd.	66,600	218,514	-	-	-	(11,420)	-	-	66,600	66.6	207,094		
TCC Green Energy Corporation (Note 3)	75,499	128,235	(65,499)	41,398	-	9,986	-	-	10,000	100.0	179,619		
Jin Chang Minerals Corporation	1,800	119,043	-	-	-	38,171	-	-	1,800	100.0	157,214		
HPC Power Service Corporation	6	99,711	-	-	(97,847)	112,106	(6,770)	-	6	60.0	107,200		
E.G.C. Cement Corporation	8,063	95,648	-	-	-	2,451	11	-	8,063	50.6	98,110		
Synpac Ltd.	2,700	9,934	-	-	-	(153)	(3,084)	-	2,700	25.0	6,697		
Tung Chen Mineral Corporation	20	1,435	-	-	-	(41)	-	-	20	99.5	1,394		
TMC	120	-	-	-	-	-	2,781	(2,781)	120	72.7	-		
TPMC	20	-	-	-	-	-	790	(790)	20	40.0	-		
		<u>86,675,845</u>		<u>20,187,211</u>	<u>(4,300,821)</u>	<u>7,127,402</u>	<u>6,814,005</u>	<u>(3,571)</u>			<u>116,500,071</u>		
		<u>\$ 88,378,924</u>		<u>\$ 20,187,211</u>	<u>\$ (4,300,821)</u>	<u>\$ 6,950,116</u>	<u>\$ 6,897,113</u>	<u>\$ (3,571)</u>			<u>\$ 118,108,972</u>		

Note 1: Including exchange differences on translating foreign operations and investee company changes in equity.

Note 2: As of December 31, 2017, the deficit of TMC and TPMC were \$20,691 thousand, which is included in other non-current liabilities.

Note 3: TCC Chemical Corporation included retained earnings transferred to increase the ordinary shares in the form of 3,958 thousand shares of ordinary shares and of cash in the amount of \$1,176,492 thousand (or 117,649 thousand ordinary shares); Ho Sheng Mining Co., Ltd. recognized an impairment loss; TCC Green Energy Corporation issued ordinary shares for cash of \$41,398 thousand (or 4,140 thousand ordinary shares) and had a capital reduction to offset a deficit with 69,639 thousand shares of ordinary shares.

Note 4: The Corporation and its subsidiary, TCCI, contemplated privatizing TCCIH by a scheme of arrangement. For more details, refer to the Note 20.

Note 5: It was calculated based on the closing price on December 31, 2017.

TAIWAN CEMENT CORPORATION

STATEMENT OF CHANGES IN INVESTMENT PROPERTIES
 FOR THE YEAR ENDED DECEMBER 31, 2017
 (In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2017	Addition	Decrease	Balance, December 31, 2017
Cost				
Land	\$ 3,996,172	\$ -	\$ -	\$ 3,996,172
Buildings	<u>261,132</u>	<u>-</u>	<u>-</u>	<u>261,132</u>
	<u>4,257,304</u>	<u>\$ -</u>	<u>\$ -</u>	<u>4,257,304</u>
Accumulated depreciation				
Buildings	<u>227,246</u>	<u>\$ 251</u>	<u>\$ -</u>	<u>227,497</u>
Accumulated impairment				
Land	653,377	\$ -	\$ -	653,377
Buildings	<u>23,522</u>	<u>-</u>	<u>-</u>	<u>23,522</u>
	<u>676,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>676,899</u>
	<u>\$ 3,353,159</u>			<u>\$ 3,352,908</u>

TAIWAN CEMENT CORPORATION**STATEMENT OF LONG-TERM LOANS****DECEMBER 31, 2017****(In Thousands of New Taiwan Dollars)**

Type of Loan and Creditor	Contract Period	Annual Interest Rates (%)	Amount	Loan Commitments	Collateral
Syndicated loan (Note)					
Type A	102.6-107.6	1.58	\$ 1,680,000	\$ 1,680,000	-
Type B	102.6-107.6	1.58	<u>5,600,000</u>	<u>5,600,000</u>	-
			7,280,000	<u>\$ 7,280,000</u>	
Issue costs			(3,267)		
Current portions			<u>(7,276,733)</u>		
			<u>\$ -</u>		

Note: Including Mega International Commercial Bank, Taipei Fubon Commercial Bank, Chinatrust Commercial Bank, Taiwan Cooperative Bank, Hua Nan Bank, Yuanta Bank, Agricultural Bank of Taiwan, JihSun International Commercial Bank, E.SUN Bank, Bank of China, Bank of Communications and the Export-Import Bank of the Republic of China.

TAIWAN CEMENT CORPORATION**STATEMENT OF NET REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)**

Item	Shipments	Amount
Domestic sales		
Cement - related products	4,273 thousand cubic meters	\$ 7,603,178
Cement	2,189 thousand tons	4,955,809
Clinker	804 thousand tons	1,206,239
Others		<u>263,568</u>
		<u>14,028,794</u>
Export		
Cement	1,376 thousand tons	1,610,200
Clinker	70 thousand tons	77,969
Others		<u>498,914</u>
		<u>2,187,083</u>
		<u>\$ 16,215,877</u>

TAIWAN CEMENT CORPORATION**STATEMENT OF COST OF REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)**

Item	Amount
Balance, beginning of year	\$ 733,573
Add: Raw materials purchased	7,111,891
Less: Raw materials, end of year	<u>875,079</u>
Raw materials used	6,970,385
Direct labor	226,157
Manufacturing expenses	<u>2,966,258</u>
Manufacturing costs	10,162,800
Add: Work in process, beginning of year	502,343
Work in process purchased	1,181,272
Less: Work in process, end of year	504,840
Work in process sold	<u>909,824</u>
Cost of finished goods	10,431,751
Add: Finished goods, beginning of year	463,453
Finished goods purchased	334,462
Less: Finished goods, end of year	504,572
Add: Transportation costs	2,074,088
Commodity tax	712,425
Work in process sold	909,824
Inventory write-downs	19,519
Others	<u>59,702</u>
Cost of revenue	<u>\$ 14,500,652</u>

TAIWAN CEMENT CORPORATION**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)**

Item	Selling Expenses	General and Administrative Expenses	Total
Payroll and pension	\$ 55,153	\$ 262,344	\$ 317,497
General and administrative expenses	17,872	51,268	69,140
Rental expenses	26,272	41,915	68,187
Shipping expenses	58,912	621	59,533
Depreciation expenses	43	55,583	55,626
Welfare expenses	7,270	44,455	51,725
Others (Note)	<u>14,936</u>	<u>184,517</u>	<u>199,453</u>
	<u>\$ 180,458</u>	<u>\$ 640,703</u>	<u>\$ 821,161</u>

Note: The amount of each item in others does not exceed 5% of the amount balance.