



The Taiwan Cement Corporation 2018 Annual Report

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EUDAIMONIA

THE HIGHEST HUMAN GOOD

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1 Chairman's Address

Cement and the Blue Magpie

At the beginning of the 15th century, the Portuguese Prince, Henry the Navigator, founded the world's first nautical school. He was the first to use a methodical approach to gain knowledge of the mysterious and strange ocean.

Then a group of sailors including Bartolomeu Dias, Christopher Columbus, Vasco da Gama and Ferdinand Magellan also launched out to explore the unknown geographic worlds across different oceans. It is because of the adventurous spirits of this group of sailors that the human mind opened up to an unprecedented vision. Human beings were finally daring enough to understand and yearn to develop this brave new world in front of their eyes.

In October 1836, the HMS Beagle carried the young Charles Darwin to the Galapagos Islands and returned him to Falmouth, England. The species and notes that Darwin brought back enabled him to write, *On the Origin of Species*, the scientific edition which is considered the seed of evolutionary thought. This five-year voyage revealed and unraveled the mysterious relationship between Nature and mankind, and once again opened up another completely different perspective to view the world.

Knowledge and expertise are the telescope and the microscope through which humans see the world. Such is the vision and self-understanding of an industry based on production technology and an operating model of that particular industry closely related.

Since the Industrial Revolution, the self-awareness of the cement industry comes from its unique production methods and experiences. Now, with the advancement of technology and concepts, the cement industry has begun to reinvent itself, to become a more eco-friendly and people friendly industry. Here, I would like to share my thoughts and experiences of our efforts to explore and attempt to understand the cement industry and "the dialogue between the cement industry and nature."

There is an important book by Diane Ackerman (American naturalist and poet), *The Human Age: The World Shaped by Us*.

In this book, Ackerman vividly described the enormous capability of humans and how we have changed the ecology of Earth on all fronts, including the environment and topography. When the world's large cities use their spider web-like roads and lights to illuminate the night of this entire planet, everyone seems to have forgotten how much cement has contributed to the human constructed landscape of our civilization.

The cement industry is the same as the agriculture, fishery, and meat and dairy industries. It uses the Earth's resources for the benefit of human civilization, but it has never been linked to higher values. Invasive, polluting, lifeless, and incompatible with beauty seem to be the values and fate of the cement industry and contribute to the misconception of the majority of the public.

Many industries have also caused damage and pollution. As time passes, some of them disappeared, and some are still irreplaceable like the cement industry.

Objectively speaking, the self-imagination of the cement industry is deeply bounded by its technology and production methods. For example, to produce cement, the industry must mine limestone, burn fossil fuels, and consume energy which generates emissions. This reality, in turn, affects the way society views this industry and the way we operate. But now, technological advancement and breakthroughs have brought about an opportunity for many changes. Cement is no longer a high power consumption and high pollution industry. In the 40 years since I joined the industry, energy consumption has been reduced by approximately two-thirds and PM and SOx emissions have improved dramatically and today are about 1% as compared to 40 years ago!

The popularization of the go-green concept, "Earth-Friendly, Protecting the Ecology" does not have a long history. Before this, humanity's abilities were relatively limited, and we also overestimated Nature's self-healing capabilities. When humans began to realize this, the Earth was already gravely injured. The disappearance of the rainforest, the destruction of Nature, the damage of the Earth, and the hole in the ozone layer have shaken all of us. Like a tidal wave, after much introspection remedial policies came pouring out. The cement industry has been attacked and labeled as working against Nature. This criticism has only been accurate only since the Industrial Revolution - but not before and not now. However, we should not dodge this issue; instead, we should reflect more, review, and take responsibility for our role in this industrial society.

The cement industry takes soil and stones from the land, transforms them, and then creates a space for the sustainable development of human civilization. This contribution is comparable to the ancient Chinese goddess, Nüwa, that created humankind and repaired the roof of Heaven. Coincidentally, Nüwa also used dirt and rocks to build humans and societies and save the Earth. Therefore we could say that Nüwa was, in fact, the first maker of cement!

Very early on, Taiwan Cement started to face environmental protection pressure and shock. With training, we started to rethink the relationship between nature and the cement industry. Taiwan Cement's actions, business philosophy and management methods are all based on the ideas of "nature first" and "benefit to society" as the true purposes of our company. We believe enterprises should establish conscious positive industrial attitudes that are beneficial to society as a whole and to carry more social responsibility when faced with the issue of coexistence with Nature.

All around the world, countries are building zero-waste cities to reduce the volume of solid waste at the source and to strengthen resource utilization and inoffensive methods of treating waste. A "zero-waste city" is the fundamental ideology of advanced urban society. The ultimate goal is to minimize the production of waste, maximize the resource utilization, and have the safest method to thoroughly treat waste that cannot be reutilized again. As a cement company, our high-temperature cement kilns are more advantageous in waste treatment as compared to incinerators. Taiwan Cement strives to do our best and continuously increase our efforts in this field.

In 2018, we saw fruitful results in our cement business:

China continued to deepen supply-side reform by executing off-peak production stoppages and setting stricter environmental protection standards. These actions resulted in an improved market balance and rising cement prices. Our overall net income in 2018 showed significant growth compared to 2017 and continues to create profit for our shareholders.

Cement production: combining clinker and cement

The combined clinker and cement production of TCC in Taiwan and Mainland China were 60.36 million tons in 2018, representing a 5% annual growth compared to 57.47 million tons produced in 2017.

Ready-mix concrete (RMC) production was 4.76 million cubic meters in 2018, representing a 9.7% annual growth compared to 4.34 million cubic meters produced in 2017.

Cement sales, including cement, clinker, and ready-mix concrete:

In Taiwan, the annual total revenue was NT\$17.9 billion in 2018, an on-year growth of 5.3% compared to NT\$17.0 billion in 2017.

Adding revenues from Mainland China, the annual total revenue was NT\$92.5 billion, an on-year increase of 28.7% compared to NT\$71.9 billion in 2017.

Overall, the net income attributable to shareholders of the parent was NT\$21.18 billion, achieving 246% of the budget and representing an annual growth of NT\$13.58 billion or 179% compared to 2017.

The consolidated net income after tax was NT\$22.64 billion, achieving 205% of the budget and representing an annual growth of NT\$12.32 billion or 119% compared to 2017.

For 2019, we strive to achieve the targets of 57.44 million tons of clinker (including in-house RMC plants use) and cement in sales volume from Taiwan and Mainland China and 5.55 million cubic meters of RMC in sales volume.

Lastly, one of the best ways to sustain the Earth is recycling. Taiwan Cement has not only set targets for our cement business, but we are also trying to move across a wide range of industries to integrate with other technologies to expand our horizons and to do this quickly. This allows us to continue to expand our vision. However, because the cement industry faces misconceptions from many parts of society, our foremost task is to communicate clearly with the public of the changes in the cement industry and its contributions to building society and community.

In recent years, I personally also entered the field of the tourism and hospitality industry. This is a high-end cultural and creative industry based primarily on service. Learning so-called cultural creativity does not only refer to special literary and artistic creation, but it is also an attitude and a philosophy of management. It is the business that understands at the human level, people's feelings and desires. The hospitality industry insists on "taking Nature as the core belief" and persisting in the imagination of a better life. With this view, it is enough to teach any industry to become more humane.

The Cement Handicraft Workshop is also our new project. While still quite small in scale, it is extremely innovative. Cooperating with Hualien County Cultural Affairs Bureau, Taiwan Cement's Ho-Ping Cement Plant began hosting creative courses for elementary students, parents and community volunteers to let go of the stereotypes of cement by feeling and understanding cement up close. Participants start with mixing and stirring the cement, pouring cement into molds, shaking and removing the formed cement out of the mold and then painting it. We hope that the participants will get to know cement and understand that this is a material full of life. Not only does it breathe, but it is also warm. Cement can even be an element for creativity, such as creating cement pots for household plants. Cement is bright, lovely, and has the power to spark artistic creations. We're trying to show younger generations new understanding and impressions starting with small groups of people in different communities. Our objective is that perceptions of cement will gradually change. Taiwan Cement also began to promote these workshops in Mainland China.

It is like the Blue Magpie flying on a cement wall, let us feel life and feel the Spring.

Chairman



2018-2019 Awards

Year	Awards
2019	1 2019 Green Leadership in Asia Responsible Entrepreneurship Awards
	2 2019 Global Views Magazine 15th Annual CSR Awards – Model Award in Traditional Industry and Model Award in Environmental Sustainability
	3 2019 Taipei Golden Eagle Micro-movie Festival: Best Film, Best Corporate Governance, Excellence in Creative Cinematography, Excellence in Original Script and three other awards for TCC Enterprise Promotional Film, The Future Is Worth It.
2018	1 BS 8001 Circular Economy, first cement company in the world to receive the certification.
	2 Two Stars in Waste Resource Management and Circular Economy Company (highest honor) in December from Environmental Protection Administration Executive Yuan
	3 2018 Best Taiwan Global Brands Potential Star
	4 Social Inclusion, Circular Economy, Climate Leadership and four other awards from 2018 Taiwan Corporate Sustainability Awards
	5 16th Annual China Cement Chemical Analysis: TCC (Guigang) Cement Limited, TCC Jingzhou Cement Company Limited, Scitus Luzhou Cement Co. and nine other companies of TCC Group.
	6 Commonwealth Magazine's 2018 Excellence in Corporate Social Responsibility: Top 1 in Manufacturing Industry, Top 17 in Large Enterprises
	7 twA+ from Taiwan Ratings

2.1 Establishment

Date of establishment: May 1946
 Date of establishment registration: 29 December 1950
 Date of privatization: November 1954
 Capital
 Authorized capital NT\$70 billion
 Paid-up capital: NT\$ 53,080,599,110

2.2 TCC history

(1)About TCC

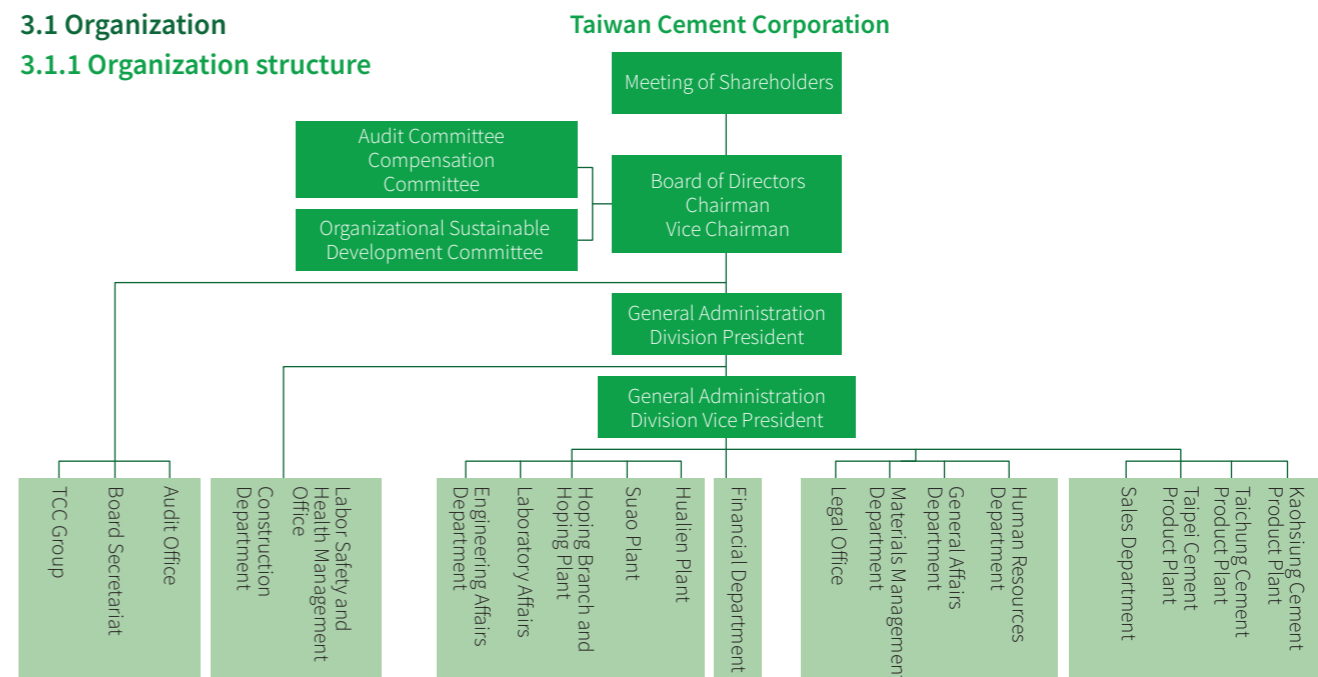
After Taiwan restoration, the government established a cement industry supervisory committee in April 1946 and took over the Taiwan Plant of Asano Semento Kabushiki Kaisha Asano Cement Co. Ltd. (the forerunner of Kaohsiung Plant), Taiwan Chemicals Co., Ltd. (the forerunner of the Suao Cement Plant), 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 1953, 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\$53 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\$17.1 billion in 2018. 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 2018, the consolidated revenue was NT\$124.6 billion.

(2)Merger and acquisition activities in the most recent years until the report publication date:None.

(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: None.

3.1 Organization

3.1.1 Organization structure



1. There are 19 branch plants and three distribution stations under the Taipei, Taichung, and Kaohsiung cement product plants. 2. There is a ready mixed concrete workshop in the Hualien Plant. 3. Gushan cement product plants are renamed as Kaohsiung cement product plant in 2018. 4. Construction Department is added in 2018.

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, Sales Department, Financial Department, Human Resources Department, Materials Management Department, Legal Office, General Affairs Department, Labor Safety and Health Management Department, and Construction 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.

(10)Construction Department: responsible for the planning and development of lands and construction projects of the Group.

Major services of subordinate organizations:

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

(2)Taipei, Taichung, and Kaohsiung cement product plants (including three distribution stations): Manufacture and sales of ready mixed concrete and management of distribution stations.

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

3.2.1 Information of Directors (22nd Round: From January 1, 2018 to June 21, 2018, and the re-election was on June 22, 2018, in the Shareholders' Meeting)

April 14, 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 Ping	Male	2015/6/18	3 years	2003/6/26	62,688,346 156,573	1.70 0.00	68,957,180 172,230	1.35 0.00	- 3,365,798	- 0.07	NA NA	NA NA	M.B.A., School of Business Administration, New York University, 1976 Chairman, International CSRC Investment Holdings Co., Ltd Chairman, Taiwan Prosperity Chemical Corporation	Chairman, Ho-Ping Power Company; Chairman, E-One Moli Energy Corporation; Director, Ta-Ho Maritime Corporation; Director, TCC Information Systems Corporation; Chairman, TCC International Holding Limited; Independent Director, Synnex Technology International Corporation; Director, CTCI Corporation; Managing Director, O-Bank; Director, Taiwan Stock Exchange Corporation	NA	NA	NA
Director	Hong Kong	Representative of Heng Qiang Investment Co., Ltd.: Koo, Kung-Yi	Male	2015/6/18	3 years	2003/6/26	71,487,931 -	1.94 -	90,991,540 250,000	1.78 0.00	- -	- -	NA NA	NA NA	MBA, The Wharton School of University of Pennsylvania Vice President, Morgan Stanley Investment Banking Department	Chairman, International CSRC Investment Holdings Co., Ltd.; Chairman, Taiwan Prosperity Chemical Corporation; Director, E-One Moli Energy Corporation; Director, Ho-Ping Power Company; Director, TCC International Holding Limited	NA	NA	NA
Director	ROC	International CSRC Investment Holdings Co., Ltd Kenneth C.M. Lo	Male	2015/6/18	3 years	2002/6/18	83,777,716 -	1.27 -	92,155,487 *2,000,000	1.80 *1.00	- -	- -	NA NA	NA NA	M.A. in Finance, The University of Alabama	Chairman, O-Bank and etc.	NA	NA	NA
Director	ROC	Representative of Heng Qiang Investment Co., Ltd.: Representative: Yu Tzun-Yen	Male	2015/6/18	3 years	2003/6/26	71,487,931 -	1.94 -	90,991,540 -	1.78 -	- -	- -	NA NA	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: Wang Por-Yuan	Male	2015/6/18	3 years	2012/6/21	36,762,616 -	1.00 -	Note -	Note -	Note -	Note -	NA NA	NA NA	Ph.D., Carnegie Mellon University, USA Chairman, Sercomm Corporation Chairman, Pacific Venture Partners Chairman, K.T. Li Foundation of Development of Science and Technology	Chairman, Sercomm Corporation; Director, Prosperity Dielectrics Co., Ltd.; Independent Director, UPC Technology Corporation	NA	NA	NA
Director	ROC	Chinatrust Investment Co., Ltd. Representative: Jennifer Lin, Esq.	Female	2015/6/18	3 years	2003/6/26	120,047,530 400,000	3.25 0.01	137,608,757 400,000	2.69 0.01	- -	- -	NA NA	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 years	2009/6/19	2,636,402 86,921	0.07 0.00	2,900,042 99,328	0.06 0.00	- -	- -	NA NA	NA NA	MA, Department of Banking and Finance, Tamkang University	Director, Ching Yuan Investment Co., Ltd.; Director, Tong De Investment Co., Ltd.; Director & CEO, Hsin Kao Gas Co., Ltd.	NA	NA	NA
Director	ROC	Shinkong Synthetic Fibers Corporation Representative: Eric T. Wu	Male	2015/6/18	3 years	2003/6/26	9,554,654 60,427	0.26 0.00	10,510,119 66,469	0.21 0.00	- 664,589	- 0.01	NA NA	NA NA	S.J.D., Harvard Law School	Chairman, Shinkong Synthetic Fibers Corporation; Chairman, Shinkong Materials Technology Co., Ltd.; Chairman, UBright Optronics Corporation; Chairman, TacBright Optronics Corporation	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	
Director	ROC	Chia Hsin Cement Corporation Representative: Chang Kang-Lung, Jason	Male	2015/6/18	3 year	2012/6/21	23,105,050 190,000	0.63 0.01	193,888,706 -	3.80 -	- -	- 214,000	0.01 -	NA NA	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 year	2000/5/30	14,078,750 -	0.38 -	14,000,000 -	0.27 -	- -	- -	NA NA	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 year	2000/5/30	10,701,572 2,010,027	0.29 0.05	15,009,729 2,211.019	0.29 0.04	- -	- -	NA NA	NA NA	Master's Degree in Accountancy and Master's Degree of Administration in California State University, Fresno	Director & CEO, 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: Lin Nan-Chou	Male	2015/6/18	3 year	2003/6/26	7,525,603 2,180,642	0.20 0.06	8,278,163 *259,300 2,508,706 *78,581	0.16 *0.13 0.05 *0.04	- -	- -	NA NA	NA NA	MBA, La Trobe University, Melbourne, Australia.	Chairman of Sishan Investment Co., Ltd.	NA	NA	NA	
Director	ROC	Representative of Fu Pin Investment Co., Ltd.: Representative: Hsieh Chi-Chia	Male	2016/6/22	1 year	2003/6/26	62,688,346 400,000	1.70 0.01	68,957,180 440,000	1.35 0.01	- -	- -	NA NA	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, Bright LED Electronics Corp; Director, KoBrite Taiwan Corporation; Director, Bright Crystal Company	NA	NA	NA	
Director	ROC	Representative of Heng Qiang Investment Co., Ltd.: Representative: Chen Chi-Te	Male	2016/6/22	1 year	2003/6/26	71,487,931 -	1.94 -	90,991,540 -	1.78 -	- 5,027	- 0.00	NA NA	NA NA	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 Hwei 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 year	2016/6/22	2,308,909 -	0.06 -	2,539,799 -	0.05 -	- -	- -	NA NA	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	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/CEO, Winbond Electronics Corp.; Chairman, Nuvoton Technology Corp.; 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	Victor Wang	Male	2015/6/18	3 years	2013/6/21	-	-	-	-	-	-	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 years	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
Independent Director	ROC	Sheng Chin Jen	Male	2017/6/28	1 years	2017/6/28	-	-	-	-	-	-	NA	NA	Ph.D. in Political Science, Northwestern University, USA Minister, Council for Cultural Affairs (now Ministry of Culture), Executive Yuan, ROC. CEO, Republic of China (Taiwan) Centenary Foundation Chairperson, Research, Development and Evaluation Commission, Taipei City Government CEO, The 21st Summer Deaflympics Professor, Department of Political Science, Soochow University, Taiwan Host of TV programs "Discovery of Taiwan," and "Interpretation of Era" by ERA TV Station Consultant, Poll Center of TVBS Member of the Editing Committee, Issues & Studies	Independent Director, Taiwan Prosperity Chemical Corporation; President, L'Hotel de Chine Group; Chairman, FDC International Hotels Corporation, Chairman, LDC ITALY	NA	NA	NA

* refers to the preferred shares in the table.
Note: He-Feng Investment Corp. and He-Po Investment Corp have been merged on January 1, 2019, and He-Feng dissolved; therefore no share is disclosed.

Information of Directors (23rd Round re-election was on the Shareholders' Meeting of 2018: June 22, 2018 to March 31, 2019.)

April 14, 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	Chai Hsin R.M.C. Corporation Chang An Ping	Male	2018/6/22	3 years	2018/6/22	2,453,833	0.06	2,699,216	0.05	-	-	NA	NA	M.B.A., School of Business Administration, New York University, 1976 Chairman, International CSRC Investment Holdings Co., Ltd Chairman, Taiwan Prosperity Chemical Corporation	Chairman, Ho-Ping Power Company; Chairman, E-One Moli Energy Corporation; Director, Ta-Ho Maritime Corporation; Chairman, TCC International Holding Limited; Director, TCC Information Systems Corporation Independent Director, Synnex Technology International Corporation; Director, CTCL Corporation; Managing Director, O-Bank; Director, Taiwan Stock Exchange Corporation	NA	NA	NA
							156,573	0.00	172,230	0.00	3,356,798	0.07	NA	NA					
Vice Chairman	HONG KONG	Tai Ho Farming Co., Ltd. Koo, Kung-Yi	Male	2018/6/22	3 years	2018/6/22	4,889,281	0.12	5,378,209	0.11	-	-	NA	NA	MBA, The Wharton School of University of Pennsylvania Vice President, Morgan Stanley Investment Banking Department	Chairman, International CSRC Investment Holdings Co., Ltd.; Chairman, Taiwan Prosperity Chemical Corporation; Chairman, E-One Moli Energy Corporation; Director, Ho-Ping Power Company; Director, TCC International Holding Limited	NA	NA	NA
							-	-	250,000	0.00	-	-	NA	NA					
Director	ROC	Representative of C. F. Koo Foundation: Li, Jong-Peir	Male	2018/6/22	3 years	2016/6/22	2,308,909	0.05	2,539,799	0.05	-	-	NA	NA	MS in Information Technology Management, John Hopkins University President of HSBC (Taiwan) Commercial Bank and President, Taiwan, HSBC	Chairman, Ta-Ho Maritime Corporation; Chairman, TCC Information Systems Corporation; Director, Taiwan Prosperity Chemical Corporation; Director, Ho-Ping Power Company; Director, E-One Moli Energy Corporation; Independent Director, TransGlobe Life Insurance Inc.	NA	NA	NA
Director	ROC	Chia Hsin Cement Corporation Representative: Chang Kang-Lung, Jason	Male	2018/6/22	3 years	2012/6/21	176,262,460	4.15	193,888,706	3.80	-	-	NA	NA	MS, Management Studies, Massachusetts Institute of Technology	Chairman of Chia Hsin Cement Corporation and Chia Hsin International Co., Ltd.	NA	NA	NA
							190,000	0.00	-	-	214,000	0.01	NA	NA					
Director	ROC	Shinkong Synthetic Fibers Corporation Representative: Eric T. Wu	Male	2018/6/22	3 years	2003/6/26	9,554,654	0.23	10,510,119	0.21	-	-	NA	NA	S.J.D., Harvard Law School	Chairman, Shinkong Synthetic Fibers Corporation; Chairman, Shinkong Materials Technology Co., Ltd.; Chairman, UBright Optronics Corporation; Chairman, TacBright Optronics Corporation	NA	NA	NA
							60,427	0.00	66,469	0.00	664,589	0.01	NA	NA					
Director	ROC	Xin Hope Investment Co., Ltd. Representative: CHI-WEN CHANG	Male	2018/6/22	3 years	2000/5/30	10,701,572	0.25	15,009,729	0.29	-	-	NA	NA	Master's Degree in Accountancy and Master's Degree of Administration in California State University, Fresno	Director & CEO, Xin Hope Investment Co., Ltd. Lecturer/Adjunct Faculty San Jose State University, University of San Francisco, Golden Gate University	NA	NA	NA
							2,010,027	0.05	2,211,029	0.04	-	-	NA	NA					
Director	ROC	Sishan Investment Co., Ltd. Representative: Lin Nan-Chou	Male	2018/6/22	3 years	2003/6/22	7,525,663	0.18	8,278,163	0.16	-	-	NA	NA	MBA, La Trobe University, Melbourne, Australia.	Chairman of Sishan Investment Co., Ltd.	NA	NA	NA
							2,280,642	0.05	2,508,706	0.05	-	-	NA	NA					
									*259,300	*0.13									
									*78,581	*0.04									
Director	ROC	International CSRC Investment Holdings Co., Ltd Kenneth C.M. Lo	Male	2018/6/22	3 years	2002/6/18	83,777,716	1.97	92,155,487	1.80	-	-	NA	NA	M.A. in Finance, The University of Alabama	Chairman, O-Bank and etc.	NA	NA	NA
							-	-	*2,000,000	*1.00	-	-	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
Director	ROC	Chung Cheng Development Investment Co., Ltd. Representative: Yu Tzun-Yen	Male	2018/6/22	3 years	2018/6/22	22,699,527	0.53	24,969,479 *782,130	0.49 0.39	-	-	NA	NA	Harvard Business School, USA, BS, Electrical Engineering, National Taiwan University;	Chairman, CTCI Corporation	NA	NA	NA
Director	ROC	Chia Hsin Cement Corporation Representative: Chen Chi-Te	Male	2018/6/22	3 years	2012/6/21	176,262,460	4.15	193,888,706	3.80	-	-	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.; Director, 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	ROC	Representative of Fu Pin Investment Co., Ltd.: Representative: Wang Por-Yuan	Male	2018/6/22	3 years	2003/6/26	62,688,346	1.48	68,957,180	1.35	-	-	NA	NA	Ph.D., Carnegie Mellon University, USA Chairman, Sercomm Corporation Chairman, Pacific Venture Partners Chairman, K.T. Li Foundation of Development of Science and Technology	Chairman, Sercomm Corporation; Director, Prosperity Dielectrics Co., Ltd.; Independent Director, UPC Technology Corporation	NA	NA	NA
Director	ROC	Representative of Fu Pin Investment Co., Ltd.: Representative: Hsieh Chi-Chia	Male	2018/6/22	3 years	2003/6/26	62,688,346 400,000	1.48 0.01	68,957,180 440,000	1.35 0.01	-	-	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, Bright LED Electronics Corp.; Director, KoBrite Taiwan Corporation; Director, Bright Crystal Company	NA	NA	NA
Director	ROC	Representative of Heng Qiang Investment Co., Ltd.: Representative: Chien, Wen	Male	2018/6/22	3 years	2003/6/26	82,719,582	1.95	90,991,540	1.78	-	-	NA	NA	MBA, The Wharton School of University of Pennsylvania CFO, Winbond Electronics Corp. Supervisor, Winbond Electronics Corp. General Manager, Cathay Securities Investment Trust	Director, International CSRC Investment Holdings Co., Ltd; Director, Chinatrust Investment Co., Ltd. Supervisor, Ta-Ho Maritime Corporation	NA	NA	NA
Director	ROC	Chinatrust Investment Co., Ltd. Representative: Chun-Ying, Liu	Female	2018/6/22	3 years	2003/6/26	125,098,870	2.95	137,608,757	2.69	-	-	NA	NA	EMBA, EMBA Program, Business School, National Taiwan University LLM, Northwestern University LLB, National Taiwan University	Partner, Tsar and Tsai Law Firm; Independent Director, Jarlly Technology Co., Ltd.	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
Director	ROC	Representative of Heng Qiang Investment Co., Ltd.: Chih-Chung, Tsai	Male	2018/6/22	3 years	2003/6/26	82,719,582	1.95	90,991,540	1.78	-	-	NA	NA	MBA, Bernard M.Baruch College, CUNY Senior Consultant, Taipei Branch, Natixis Director, Barclays Capital Securities (Taiwan) Co., Ltd CFO, Taipei Branch, Barclays Bank	President, Chinatrust Investment Co., Ltd.; Director, He-Po Investment Co., Ltd.; Director, Sheng-Kai Investments Co., Ltd.	NA	NA	NA
Independent Director	ROC	Yu-Cheng Chiao	Male	2018/6/22	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/CEO, Winbond Electronics Corp.; Chairman, Nuvoton Technology Corp.; 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	Victor Wang	Male	2018/6/22	3 years	2013/6/21	-	-	-	-	-	-	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, Chilisun 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	Sheng Chin Jen	Male	2018/6/22	3 years	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. CEO, Republic of China (Taiwan) Centenary Foundation Chairperson, Research, Development and Evaluation Commission, Taipei City Government CEO, The 21st Summer Deaflympics Professor, Department of Political Science, Soochow University, Taiwan Host of TV programs "Discovery of Taiwan," and "Interpretation of Era" by ERA TV Station Consultant, Poll Center of TVBS Member of the Editing Committee, Issues & Studies	Independent Director, Taiwan Prosperity Chemical Corporation; President, L'Hotel de Chine Group; Chairman, FDC International Hotels Corporation, Chairman, LDC ITALY	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	Lynette Ling-Tai, Chou	Female	2018/6/22	3 years	2018/6/22	15	0.00	16	0.00	39	-	NA	NA	PhD of Accounting, University of Houston Master of Accounting, University of Houston Bachelor, Major in International Business, Department of Commerce, National Taiwan University Chief of Student Affairs, National Cheng Chi University; Deputy Dean, Business School, National Cheng Chi University; Dean, Department of Accounting; Managing Supervisor, Taiwan Public Television Services; Independent Director, F-MStar Co., Ltd.	Independent Director, Chief Telecom Co., Ltd., Tenure Professor, Department of Accounting, National Cheng Chi University	NA	NA	NA

* refers to the preferred shares in the table.

Table 1: Major Shareholders of Institutional shareholders

Institutional shareholders	Major Shareholders of Institutional shareholders
Chai Hsin R.M.C. Corporation	Chang An Ping (65.30%); Chia Hsin Cement Corporation (13.71%), Long Chuang Investments Co., Ltd (13.40%), Huai-Ru Koo (2.09%)
Tai Ho Farming Co., Ltd.	Hsing Cheng Investment Co., Ltd. (100%)
C. F. Koo Foundation	NA
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 Corporation (3.54%); Ta-Ho Maritime Corporation (3.32%); Kang Hao Industrial Co., Ltd. (2.45%); Jun-Hua Huang (2.07%); Chia Hsin Foundation (1.92%); Zuo Yao Investment Co., Ltd. (1.89%); Kuen-Yu Su (1.81%)
Shinkong Synthetic Fibers Corporation	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%)
Xin Hope Investment Co., Ltd.	Chang Yong (20%), Shu-Chuang Chang-Lin (20%), CHI-WEN CHANG (20%), Chu-Mei Chang (20%), Chun-Chen Guo-Chang (20%)
Sishan Investment Co., Ltd.	Lin Nan-Chou (30%); Yi-Qing Lin (10%); Ting-Jun Lin (10%); Xiu-Mei Hong (15%); Chang-Ting Hong (17.5%); Chang-Rong Hong (17.5%)
International CSRC Investment Holdings Co., Ltd	Taiwan Cement Corporation (15.59%); Chinatrust Investment Co., Ltd. (4.32%); He-Po Investment Co.,Ltd. (3.59%); TCC Investment Co., Ltd. (2.23%);Fubon Life Insurance Co., Ltd. (1.75%); Fu Pin Investment Co., Ltd. (1.72%); New Labor Pension Scheme Fund (1.54%); Norwegian Central Bank Investment Account under custody of CITI Bank (Taiwan) (1.52%); Chung Cheng Development Investment Corporation (1.50%); King's Town Bank Co., Ltd. (1.46%)
Chung Cheng Development Investment Corporation	International CSRC Investment Holdings Co., Ltd (100%)
Representative of Fu Pin Investment Co., Ltd.:	Koo Hsuan-Hui (49.9995%), Tian-Yi Huo (25%), Koo Gung-Kai (25%), Heng Qiang Investment Co., Ltd. (0.0005%)
Representative of Heng Qiang Investment Co., Ltd.:	Koo Gung-Kai (49.9995%), Tian-Yi Huo (25%), Koo Hsuan-Hui (25%), Fu Pin Investment Co., Ltd. (0.0005%)
Chinatrust Investment Co., Ltd.	Heng Qiang Investment Co., Ltd. (23.38%); Fu Pin Investment Co., Ltd. (23.33%); Taiwan Cement Corporation (9.36%), International CSRC Investment Holdings Co., Ltd (4.48%); TCC Investment Co., Ltd. (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%)

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
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 Corporation (3.54%); Ta-Ho Maritime Corporation (3.32%); Kang Hao Industrial Co., Ltd. (2.45%); Jun-Hua Huang (2.07%); Chia Hsin Foundation (1.92%); Zuo Yao Investment Co., Ltd. (1.89%); Kuen-Yu Su (1.81%)
Long Chuang Investment Co., Ltd.	Chang An Ping (96.32%); Huai-Ru Koo (1.05%)
Hsing Cheng Investment Co., Ltd.	Chuo Yun Koo-Yen(16.67%); Leslie Koo Cheng-Yun (16.67%); Ching-Hua Hu (16.67%); Lydia Chao (16.67%), Huai-Ru Koo (16.67%); Cheng-Huei Koo (8.33%); Koo, Kung-Yi (8.33%)
Chia Hsin International Co., Ltd.	Chia Hsin Cement Corporation (87.18%); Chia Hsin Construction and Development Corporation (10.41%); Cheng-Yun 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%); Chang An Ping (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%)
Taiwan Cement Corporation	Chia Hsin Cement Corporation (3.80%); Cathay Life Insurance Company, Ltd. (3.08%); Chinatrust Investment Co., Ltd. (2.69%); China Life Insurance Co., Ltd. (2.26%); Shin Kong Life Insurance Co., Ltd. (2.17%); New Labor Pension Scheme Fund (2.04%); Nan Shan Life Insurance Company, Ltd. (1.98%); Chia Hsin International Co., Ltd. (1.89%); International CSRC Investment Holdings Co., Ltd (1.80%); Heng Qiang Investment Co., Ltd. (1.78%);
Ta-Ho Maritime Corporation	Taiwan Cement Corporation (64.79%), Taiwan Transport & Storage Co., Ltd. (29.16%)
Kang Hao Industrial Co., Ltd.	Mei Ke Shen Enterprise Co., Ltd. (50%); Chang Sian Ping (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%)
Shin Kong Life Insurance Co., Ltd.	Shin Kong Life Insurance Co., Ltd. (100%)
Shinkong Co., Ltd.	Shin Sho Trading Co. Ltd. (42.65%); Lian Sui Enterprises Co., Ltd. (4.75%); Swiss Hotel Co., Ltd. (4.66%); Lin Deng Shan Social Welfare Foundation (3.95%); Xin Cheng Investment Co., Ltd. (3.51%); Ji Zhen Co., Ltd. (3.39%); Dong-xing Investment Co., Ltd (3.37%); Hong Qi Co., Ltd. (3.34%); Chuan-Wen International Co., Ltd (2.88%) Yuan Song Industrial Co. Ltd. (2.53%)
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
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%); Hua Cheng Co., Ltd (3.57%); 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.	Shinkong Development Co., Ltd. (24.14%); Rui Xing Industrial Co., Ltd. (23.89%); 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%)

Institutional shareholders Major Shareholders of Institutional shareholders

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%)
Chinatrust Investment Co., Ltd.	Heng Qiang Investment Co., Ltd. (23.38%); Fu Pin Investment Co., Ltd. (23.33%); Taiwan Cement Corporation (9.36%); International CSRC Investment Holdings Co., Ltd (4.48%); TCC Investment Co., Ltd. (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%)
He-Po Investment Co., Ltd.	Chinatrust Investment Co., Ltd. (100%)
TCC Investment Co., Ltd.	Taiwan Cement Corporation (100%)
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd. (100%)
Representative of Fu Pin Investment Co., Ltd.:	Koo Gung-Kai (49.9995%), Tian-Yi Huo (25%), Koo Hsuan-Hui (25%), Heng Qiang Investment Co., Ltd. (0.0005%)
Chung Cheng Development Investment Corporation	International CSRC Investment Holdings Co., Ltd (100%)
King's Town Bank Co., Ltd.	Mercuries Life Insurance Inc. (8.18%); Cheng-Zhi Dai (6.82%); Tian-Zan Cai (6.37%); Jing Cheng Construction Co., Ltd. (4.09%); Tian Gang Investment Co., Ltd. (3.45%); Tian Lai Investment Co., Ltd. (3.04%); Xin Rui Investment Co., Ltd. (3.03%); Xian-Cong Wang (2.57%); Yi-ying Chen (2.08%); F/EMD Account of Fidelity Funds in Taiwan Custodian Bank (2.02%)
Representative of Heng Qiang Investment Co., Ltd.:	Koo Gung-Kai (49.9995%), Tian-Yi Huo (25%), Koo Hsuan-Hui (25%), Fu Pin Investment Co., Ltd. (0.0005%)
Hoping Industrial Port Corporation	Taiwan Cement 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.	Tian-Yi Huo (25%), Koo Hsuan-Hui (37.4995%), Koo Gung-Kai (37.5%), Heng Qiang 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%); Yan-Ling Yeh (3.25%); Ying-Qiu Yeh (3.09%); Ying-Mei Yeh (2.96%)

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

Profiles of Directors

Name	Qualification	With five or more years of experience and the following professional qualifications	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	Status of independence ²										Number of concurrent independent director posts to other public companies
						1	2	3	4	5	6	7	8	9	10	
Chang An Ping					√	√		√	√		√	√	√	√	1	
Koo, Kung-Yi					√			√	√	√	√	√	√	√	-	
Kenneth C.M. Lo		√			√	√	√	√	√	√	√	√	√	√	-	
Yu Tzun-Yen					√	√	√	√	√	√	√	√	√	√	-	
Wang Por-Yuan					√	√	√	√	√	√	√	√	√	√	1	
Jennifer Lin, Esq.			√		√	√	√	√	√	√		√	√	-		
Jian-Dong Chen					√	√	√	√	√	√	√	√	√	√	-	
Eric T. Wu					√	√	√	√	√	√	√	√	√	√	-	
Chang Kang-Lung, Jason					√	√	√	√		√	√	√	√	√	-	
Ming-Sheng Lin					√	√	√	√	√	√	√	√	√	√	-	
CHI-WEN CHANG		√		√	√	√	√	√	√	√	√	√	√	√	-	
Lin Nan-Chou					√	√	√	√	√	√	√	√	√	√	-	
Hsieh Chi-Chia					√	√	√	√	√	√	√	√	√	√	2	
Chen Chi-Te					√	√	√	√	√	√	√	√	√	√	-	
David Carr Michael		√			√	√	√	√	√	√	√	√	√	√	-	
Yu-Cheng Chiao					√	√	√	√	√	√	√	√	√	√	1	
Victor Wang		√		√	√	√	√	√	√	√	√	√	√	√	1	
Jhen-Ming Yeh			√		√	√	√	√	√	√	√	√	√	√	-	
Sheng Chin Jen		√			√	√	√	√	√	√	√	√	√	√	1	
Chien, Wen					√	√	√	√	√	√	√	√	√	√	-	
Chun-Ying, Liu			√		√	√	√	√	√	√	√	√	√	√	1	
Chih-Chung Tsai					√	√	√	√	√	√	√	√	√	√	-	
Lynette Ling-Tai, Chou		√		√	√	√	√	√	√	√	√	√	√	√	1	

¹ 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

April 14, 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	Concurrent 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	ROC	Li, Jong-Peir	Male	2017/7/31	350,000	0.01	-	-	-	-	MS in Information Technology Management, John Hopkins University CEO & President, HSBC Taiwan	Director, Taiwan Cement Corporation; Chairman, Ta-Ho Maritime Corporation; Chairman, TCC Information Systems Corporation; Director, Taiwan Prosperity Chemical Corporation; Director, Ho-Ping Power Company; Director, E-One Moli Energy Corporation; Independent Director, TransGlobe Life Insurance Inc.	NA	NA	NA
Senior VP	ROC	Huang Chien-Chiang	Male	2006/1/1	508,167 *20,616	0.01 *0.01	-	-	-	-	Department of Transportation and Communication Management Science, National Cheng Kung University	Director/President of TCC International Holdings Limited; Chairman, Wan Qing Cement Corporation; Chairman, Feng Sheng Industrial Co., Ltd.; Director, Taiwan Logistic and Storage Co., Ltd.; Director, Ta-Ho Maritime Corporation; Director, Ho-Ping Power Company; Director, TCC Information System Corporate; Director, CHC Resources Corporation	NA	NA	NA
SVP (Note 1)	ROC	Ker-Fu Lu	Male	2008/6/30	170,766	0.00	-	-	-	-	Department of Mechanical Engineering, Tamkang University, Taiwan.	Chairman, Dong Cheng Quarry Co., Ltd.; Chairman, Jin Chang Minerals Co., Ltd.; Chairman, TCC Green Energy Corporation; Chairman, He Sheng Mining Co., Ltd.; Director, Ho-Ping Power Company; Director, Ta-Ho Maritime Corporation; Director, TCC Information Systems Corporation	NA	NA	NA
Vice President concurrently serving as Head of Legal, as well as Head of Corporate Governance	ROC	Li-Wen Tsai	Male	2015/1/5	140,000	0.00	-	-	-	-	LLB, Department of Law; LLM, Law School, National Taiwan University	Director, Ta-Ho Maritime Corporation; Supervisor, Ho-Ping Power Company; Supervisor, He Sheng Mining Co., Ltd.	NA	NA	NA
VP (Note 2)	ROC	Bao-Luo Ge	Male	2017/8/11	185,271	0.00	-	-	-	-	Master's Degree, Edmund A. Walsh School of Foreign Studies, Georgetown University, USA	NA	NA	NA	NA
Senior AVP	ROC	Chien-Chuan Wang	Male	2015/2/9	88,748	0.00	1,530	0.00	-	-	Department of Mechanical Engineering, Feng Chia University, Taiwan.	Director, Kuan-HO Refractories Industry Corporation; Director, Dong Cheng Quarry Co., Ltd.	NA	NA	NA
Senior AVP (Note 3)	ROC	Feng-Ping Liu	Female	2015/2/9	75,300	0.00	-	-	-	-	Master, Department of Human Resources, National Normal University	Director, Taiwan Prosperity Chemical Corporation	NA	NA	NA
Senior AVP	ROC	Tse-Shen Tsai	Male	2018/9/3	0	0.00	-	-	-	-	MA, Department of Banking and Finance, National Taiwan University	NA	NA	NA	NA
AVP	ROC	Lin-Tian Huang	Male	2015/2/9	554	0.00	-	-	-	-	Department of Business Administration, Tamkang University, Taiwan.	Supervisor, Ta-Ho Maritime Corporation	NA	NA	NA
AVP	ROC	Wei-Jue Hong	Male	2010/11/12	132,783	0.00	-	-	-	-	Department of Business Administration, National Taipei University	Director, TCC Green Energy Corporation; Director, CHC Resources Corporation; Director, Wan Qing Cement Corporation; Director, Feng Sheng Industrial Co., Ltd.;	NA	NA	NA
AVP	ROC	Jin-Lung Yu	Male	2016/4/25	155,107	0.00	-	-	-	-	Department of Business Administration, National Ching Chi University, Taiwan	Director, TCC Green Energy Corporation	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	Concurrent 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	Yuo-Xin Song	Male	2017/3/6	62,100	0.00	-	-	-	-	Department of Statistics, Feng Chia University, Taiwan	NA	NA	NA	NA
AVP	ROC	Cen-Wei Lan	Male	2017/3/6	79,033	0.00	-	-	-	-	Department of Business Administration, Soochow University, Taiwan	NA	NA	NA	NA
AVP	HongKong	Koo, Kung-Yi	Male	2017/6/8	250,000	0.00	-	-	-	-	MBA, The Wharton School of University of Pennsylvania Vice President, Morgan Stanley Investment Banking Department	Director, Taiwan Cement Corporation; Chairman, International CSRC Investment Holdings Co., Ltd.; Chairman, Taiwan Prosperity Chemical Corporation; Chairman, E-One Moli Energy Corporation; Director, Ho-Ping Power Company; Director, TCC International Holding Limited	NA	NA	NA
AVP	ROC	Yu-Jun Yeh	Female	2018/1/29	50,000	0.00	-	-	-	-	EMBA, National Cheng Chi University, Taiwan	NA	NA	NA	NA
AVP(Note 4 and 5)	ROC	Guo-Hong Yeh	Male	2015/12/16	50,000	0.00	-	-	-	-	MA, Department of Accounting, National Taipei University, Taiwan.	Director, International CSRC Investment Holdings Co., Ltd; Director, TCC Information System Corporation	NA	NA	NA
AVP (Note 4)	ROC	Kuang Si Chen	Male	2019/4/23	20,000	0.00	-	-	-	-	Department of Chemical Engineering, National Central University	NA	NA	NA	NA
AVP (Note 4)	ROC	Jia-Ro Lai	Female	2019/4/23	20,000	0.00	200	-	-	-	LLM, College of Law, Fu-Jen University	NA	NA	NA	NA
Senior Manager(Note 6)	ROC	Xiao-En Tseng	Male	2004/12/21	113,102	0.00	-	-	-	-	BA in Accounting, Soochow University, Taiwan	Supervisor, TCC Green Energy Corporation; Supervisor, Rong Gong Industrial Corporation; Supervisor, Ta-Ho RSEA Environment Co., Ltd.; Supervisor, Ho-Ping Power Company; Supervisor, TCC Information Systems Corporation	NA	NA	NA
Senior Manager	ROC	Chia-Pei Wei	Male	2016/3/1	107,256 *4,925	0.00 0.00	-	-	-	-	Department of Geology, Chinese Culture University, Taiwan	Director, Jin Chang Minerals Co., Ltd.; Director, Dong Cheng Quarry Co., Ltd.; Director/President, He Sheng Mining Co., Ltd.	NA	NA	NA
Senior Manager	ROC	Ming-De Li	Male	2017/8/11	50,000	0.00	-	-	-	-	Department of Mechanical Engineering, Feng Chia University, Taiwan.	NA	NA	NA	NA
Senior Manager	ROC	Yu-Wen Qiu	Male	2017/8/11	50,000 *3,132	0.00 0.00	-	-	-	-	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	62,000	0.00	-	-	-	-	Department of Chemical Engineering, National Taipei Institute of Technology (now National Taipei University of Technology), Taiwan	NA	NA	NA	NA
Senior Manager	ROC	Yun-De Wu	Male	2018/7/9	50,012	0.00	-	-	-	-	Department of Geology, Chinese Culture University, Taiwan.	NA	NA	NA	NA
Manager	ROC	Zhi-Ren Liu	Male	2017/8/11	41,182	0.00	-	-	-	-	Department of Chemical Engineering, Yuan Ze Institute of Technology (now Yuan Ze University), Taiwan	NA	NA	NA	NA
Manager	ROC	Jin-Yi Chen	Male	2015/4/13	40,000	0.00	-	-	-	-	Department of Chemical Engineering, National Taiwan Institute of Technology (now National Taiwan University of Science and Technology), Taiwan.	NA	NA	NA	NA
Senior Assistant Manager	ROC	Zhi-Feng Wu	Male	2017/8/11	55,375	0.00	3,300	-	-	-	Department of Marine Engineering, Taipei College of Maritime Technology (now Taipei University of Marine Technology), Taiwan	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	NA
Senior Assistant Manager	ROC	Zhi-Chun Lai	Male	2017/8/11	50,000 *3,132	0.00 *0.00	-	-	-	-	Department of Economics, Tamkang University, Taiwan	NA	NA	NA	NA
Senior Assistant Manager	ROC	Chong-Zhi Hong	Male	2015/3/30	40,000	0.00	-	-	-	-	Department of Environmental Biology and Fisheries Science, National Taiwan Ocean University, Taiwan	Director, Feng Sheng Industrial Co., Ltd.; Director, Wan Qing Cement Corporation; Supervisor, Chia Huan Tung Cement Corporation	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
Senior Assistant Manager	ROC	Zhi-Heng Peng	Male	2017/8/11	25,000	0.00	-	-	-	-	Department of Mechanical Engineering, National Taipei University of Technology, Taiwan.	NA	NA	NA	
Assistant Manager	ROC	Jao-Gui Lin	Male	2018/3/14	25,000 *1,566	0.00 *0.00	-	-	-	-	Department of Japanese, Wenzao College of Foreign Languages (now Wenzao Ursuline University of Languages)	NA	NA	NA	
Senior Manager(Note 7)	ROC	Yen-Hsi Chi	Female	2018/7/9	0	0.00	-	-	-	-	MA, Department of Banking and Finance, National Taiwan University	NA	NA	NA	

Note 1: On April 23, 2019, Mr. Ker-Fu Lu was promoted to SVP from VP.

Note 2: On April 23, 2019, Mr. Bao-Luo Ge was promoted to VP from Senior AVP.

Note 3: On April 23, 2019, Ms. Feng-Ping Liu was promoted to Senior AVP from AVP.

Note 4: On April 23, 2019, Mr. Kuo-Hong Yeh, Mr. Kuang Si Chen, and Ms. Jia-Ro Lai were promoted to AVP from Senior Manager.

Note 5: Accounting chief.

Note 6: Chief auditor

Note 7: Ms. Yen-Hsi Chi was discharged from insider on January 29, 2019

Note 8: * refers to the preferred shares.

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

(1) Compensation for directors

(expressed in NT\$ thousands)

Title Name	Director Compensation								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	
Chairman Chai Hsin R.M.C. Corporation Chang An Ping	24,050	35,976	-	-	215,088	215,088	1,112	1,200	1.13%	1.19%	61,070	63,454	108	108	12,638	-	12,638	-	1.48%	1.55%	28,710
Vice Chairman Tai Ho Farming Co., Ltd. Koo, Kung-Yi																					
Director C. F. Koo Foundation Representative: Li, Jong-Peir Representative: David Carr Michael (Note 4)																					
Director Representative of Fu Pin Investment Co., Ltd.: Representative: Wang Por-Yuan																					
Director Representative of Fu Pin Investment Co., Ltd.: Representative: Hsieh Chi-Chia																					
Director International CSRC Investment Holdings Co., Ltd Kenneth C.M. Lo																					
Director Chia Hsin Cement Corporation Representative: Chang Kang-Lung, Jason																					
Director Chia Hsin Cement Corporation Representative: Chen Chi-Te																					
Director Xin Hope Investment Co., Ltd. Representative: CHI-WEN CHANG																					
Director Chinatrust Investment Co., Ltd. Representative: Chun-Ying, Liu Representative: Jennifer Lin, Esq. (Note 4)																					
Director Chung Cheng Development Investment Corporation Representative: Yu Tzun-Yen																					
Director Representative of Heng Qiang Investment Co., Ltd.: Representative: Chien, Wen																					

Title Name	Director Compensation								Pay for director who is concurrently an employee										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)		Percentage of the sum of A to D in the net profit after tax		Salaries, bonuses, and special expenses, etc. (E)		Severance Pay/ Retirement Allowance (F) ²		Employee profit sharing from earnings distribution (G) ³					Percentage of the sum of A to G in the net profit after tax	
	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			TCC	All firms disclosed in the financial statements
Director Representative of Heng Qiang Investment Co., Ltd.: Representative: Chih-Chung, Tsai	24,050	35,976	-	-	215,088	215,088	1,112	1,200	1.13%	1.19%	61,070	63,454	108	108	12,638	-	12,638	-	1.48%	1.55%	28,710
Director Shinkong Synthetic Fibers Corporation Representative: Eric T. Wu																					
Director Sishan Investment Co., Ltd. Representative: Lin Nan-Chou																					
Director ² He Feng Investment Co., Ltd. Ching Yuan Investment Co., Ltd.: Representative: Jian-Dong Chen																					
Director ² Goldsun Development & Construction Co., Ltd. Representative: Ming-Sheng Lin																					
Independent Director Victor Wang																					
Independent Director Yu-Cheng Chiao																					
Independent Director Lynette Ling-Tai, Chou																					
Independent Director Sheng Chin Jen																					
Independent Director Jhen-Ming Yeh (Note 4)																					

Note 1: Refer to the compensation (including salary, duty allowances, severance pay, bonuses, awards, etc.) of directors in AY 2018. Note 2: The amount of severance pay/retirement allowance recognized as expenses in AY 2018 was NT\$108,000, and no retirement allowance has been disbursed in reality.

Note 3: Refer to the amount of reward for employees for AY 2018 approved by BOD. Figures in the table are estimates. Note 4: Previous director who were not re-elected in the Shareholders' Meeting on June 22, 2018.

Range of Compensation 2> for TCC Directors	Name of Director			
	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	Koo, Kung-Yi, Li, Jong-Peir, Wang Por-Yuan, Hsieh Chi-Chia, Kenneth C.M. Lo, Chang Kang-Lung, Jason, Chen Chi-Te, CHI-WEN CHANG, Chun-Ying, Liu, Yu Tzun-Yen, Chien, Wen, Chih-Chung, Tsai, Eric T. Wu, Lin Nan-Chou, Jennifer Lin, Esq., Jian-Dong Chen, Ming-Sheng Lin, Victor Wang, Yu-Cheng Chiao, Lynette Ling-Tai, Chou, Sheng Chin Jen, Jhen-Ming Yeh, David Carr Michael	Li, Jong-Peir, Wang Por-Yuan, Hsieh Chi-Chia, Kenneth C.M. Lo, Chang Kang-Lung, Jason, Chen Chi-Te, CHI-WEN CHANG, Chun-Ying, Liu, Yu Tzun-Yen, Chien, Wen, Chih-Chung, Tsai, Eric T. Wu, Lin Nan-Chou, Jennifer Lin, Esq., Jian-Dong Chen, Ming-Sheng Lin, Victor Wang, Yu-Cheng Chiao, Lynette Ling-Tai, Chou, Jhen-Ming Yeh, Sheng Chin Jen, David Carr Michael	Wang Por-Yuan, Hsieh Chi-Chia, Kenneth C.M. Lo, Chang Kang-Lung, Jason, Chen Chi-Te, CHI-WEN CHANG, Chun-Ying, Liu, Yu Tzun-Yen, Chien, Wen, Chih-Chung, Tsai, Eric T. Wu, Lin Nan-Chou, Jennifer Lin, Esq., Jian-Dong Chen, Ming-Sheng Lin, Victor Wang, Yu-Cheng Chiao, Lynette Ling-Tai, Chou, Sheng Chin Jen, Jhen-Ming Yeh, David Carr Michael	Wang Por-Yuan, Hsieh Chi-Chia, Kenneth C.M. Lo, Chang Kang-Lung, Jason, Chen Chi-Te, CHI-WEN CHANG, Chun-Ying, Liu, Yu Tzun-Yen, Chien, Wen, Chih-Chung, Tsai, Eric T. Wu, Lin Nan-Chou, Jennifer Lin, Esq., Jian-Dong Chen, Ming-Sheng Lin, Victor Wang, Yu-Cheng Chiao, Lynette Ling-Tai, Chou, Sheng Chin Jen, Jhen-Ming Yeh, David Carr Michael
NT\$2,000,000(included)-NT\$5,000,000 (excluded)				
NT\$5,000,000 (included) – NT\$10,000,000 (excluded)	Chai Hsin R.M.C. Corporation, Tai Ho Farming Co., Ltd., Chung Cheng Development Investment Corporation, He Feng Investment Co., Ltd., Ching Yuan Investment Co., Ltd., Goldsun Development & Construction Co., Ltd.	Koo, Kung-Yi, Chai Hsin R.M.C. Corporation, Tai Ho Farming Co., Ltd., Chung Cheng Development Investment Corporation, He Feng Investment Co., Ltd., Ching Yuan Investment Co., Goldsun Development & Construction Co., Ltd.	Chai Hsin R.M.C. Corporation, Tai Ho Farming Co., Ltd., Chung Cheng Development Investment Corporation, He Feng Investment Co., Ltd., Ching Yuan Investment Co., Ltd., Goldsun Development & Construction Co., Ltd.	Chai Hsin R.M.C. Corporation, Tai Ho Farming Co., Ltd., Chung Cheng Development Investment Corporation, He Feng Investment Co., Ltd., Ching Yuan Investment Co., Goldsun Development & Construction Co., Ltd.
NT\$10,000,000(included)–NT\$15,000,000 (excluded)	C. F. Koo Foundation, International CSRC Investment Holdings Co., Ltd. Xin Hope Investment Co., Ltd., Chinatrust Investment Co., Ltd., Shinkong Synthetic Fibers Corporation, Sishan Investment Co., Ltd.	C. F. Koo Foundation, International CSRC Investment Holdings Co., Ltd. Xin Hope Investment Co., Ltd., Chinatrust Investment Co., Ltd., Shinkong Synthetic Fibers Corporation, Sishan Investment Co., Ltd.	Koo, Kung-Yi, C. F. Koo Foundation, International CSRC Investment Holdings Co., Ltd, Xin Hope Investment Co., Ltd., Chinatrust Investment Co., Ltd., Shinkong Synthetic Fibers Corporation, Sishan Investment Co., Ltd.	C. F. Koo Foundation, International CSRC Investment Holdings Co., Ltd. Xin Hope Investment Co., Ltd., Chinatrust Investment Co., Ltd., Shinkong Synthetic Fibers Corporation, Sishan Investment Co., Ltd.
NT\$15,000,000(included)–NT\$30,000,000 (excluded)	Fu Pin Investment Co., Ltd., Chia Hsin Cement Corporation, Heng Qiang Investment Co., Ltd.	Fu Pin Investment Co., Ltd., Chia Hsin Cement Corporation, Heng Qiang Investment Co., Ltd.	Fu Pin Investment Co., Ltd., Chia Hsin Cement Corporation, Heng Qiang Investment Co., Ltd.	Koo, Kung-Yi, Fu Pin Investment Co., Ltd., Chia Hsin Cement Corporation, Heng Qiang Investment Co., Ltd.
NT\$30,000,000(included)–NT\$50,000,000 (excluded)				
NT\$50,000,000(included)–NT\$100,000,000 (excluded)	Chang An Ping	Chang An Ping	Chang An Ping, Li, Jong-Peir	Chang An Ping, Li, Jong-Peir
NT\$100,000,000 and above				
Total	39	39	39	39

(2) Compensation for presidents and vice presidents

(expressed in NT\$ thousands)

Title	Name	Salary (A)		Severance Pay/Retirement Allowance (B)		Bonuses & Special expenses (C)		Amount of employee profit sharing from earnings distribution (D) (Note 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	
								Cash Amount	Stock Amount	Cash Amount	Stock Amount			
President	Li, Jong-Peir	37,400	40,860	14,224	14,224	50,348	50,364	16,614	-	16,614	-	0.56%	0.58%	-
Senior VP	Huang Chien-Chiang													
Senior VP(Note 2)	Jennifer Wang													
Senior VP(Note 3)	Ker-Fu Lu													
Vice President	Li-Wen Tsai													

Note 1: 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. Note 2: Ms. Jennifer Wang retirement effective on April 4, 2018. Note 3: On April 23, 2019, Mr. Ker-Fu Lu was promoted to SVP from VP.

Range of Compensation 2> 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		
NT\$2,000,000 (included) - NT\$5,000,000 (excluded)		
NT\$5,000,000 (included) – NT\$10,000,000 (excluded)		
NT\$10,000,000 (included) – NT\$15,000,000 (excluded)	Huang Chien-Chiang, Ker-Fu Lu, Li-Wen Tsai	Ker-Fu Lu, Li-Wen Tsai
NT\$15,000,000 (included) – NT\$30,000,000 (excluded)	Jennifer Wang	Huang Chien-Chiang, Jennifer Wang
NT\$30,000,000 (included) – NT\$50,000,000 (excluded)		
NT\$50,000,000 (included) – NT\$100,000,000 (excluded)	Li, Jong-Peir	Li, Jong-Peir
NT\$100,000,000 and above		
Total	5	5

Compensation for Managers

December 31, 2018 (expressed in NT\$ thousands)

	Title	Name	Stock Amount ¹	Cash Amount ¹	Total	Percentage in net earnings after tax
Man ager	President	Li, Jong-Peir	-	32,203	32,203	0.15%
	Senior VP	Huang Chien-Chiang				
	Senior VP (Note 2)	Ker-Fu Lu				
	VP concurrently serving as Head of Legal and Corporate Governance	Li-Wen Tsai				
	VP (Note 3)	Bao-Luo Ge				
	Senior AVP	Chien-Chuan Wang				
	Senior AVP	Tse-Shen Tsai				
	Senior AVP (Note 4)	Feng-Ping Liu				
	AVP	Koo, Kung-Yi				
	AVP	Lin-Tian Huang				
	AVP	Wei-Jue Hong				
	AVP	Jin-Lung Yu				
	AVP	Cen-Wei Lan				
	AVP	Yuo-Xin Song				
	AVP	Yu-Jun Yeh				
	AVP (Note 5)	Kuang Si Chen				
	AVP (Note 5)	Jia-Ro Lai				
	AVP (Note 5 and 6)	Guo-Hong Yeh				
	Senior Manager (Note 7)	Xiao-En Tseng				
	Senior Manager	Chia-Pei Wei				
	Senior Manager	Ming-De Li				
	Senior Manager	Yu-Wen Qiu				
	Senior Manager	Cheng-Dao Qiang				
	Senior Manager	Yun-De Wu				
	Manager	Zhi-Ren Liu				
	Manager (Note 8)	Jin-Yi Chen				
	Senior Assistant Manager	Zhi-Feng Wu				
	Senior Assistant Manager	Bo-Jun Lin				
	Senior Assistant Manager	Zhi-Chun Lai				
	Senior Assistant Manager	Chong-Zhi Hong				
Senior Assistant Manager	Zhi-Heng Peng					
Assistant Manager	Jao-Gui Lin					
Senior Manager (Note 9)	Yen-Hsi Chi					
Senior VP (Note 10)	Jennifer Wang					
AVP (Note 11)	Shi-Ming Chen					
Assistant Manager (Note 12)	Chia-Hsien Lin					

Note 1: Refer to the compensation for managers in AY 2018 approved by BOD. Figures in the table are estimates.

Note 2: On April 23, 2019, promoted to Senior VP from VP

Note 3: On April 23, 2019, promoted to VP from Senior AVP

Note 4: On April 23, 2019, promoted to Senior AVP from AVP

Note 5: On April 23, 2019, promoted to AVP from Senior Manager

Note 6: Accounting chief.

Note 7: Chief auditor

Note 8: On April 23, 2019, promoted to Manager from Senior Assistant Manager

Note 9: Discharged on January 31, 2019

Note 10: Retirement effected on April 4, 2018

Note 11: Resignation effected on March 3, 2018

Note 12: Discharged on March 14, 2018; resignation effected on April 7, 2018

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			
	AY 2018		AY 2017	
	TCC	All firms disclosed in the financial statements	TCC	All firms disclosed in the financial statements
Directors	1.13%	1.48%	1.18%	1.32%
Presidents and vice presidents	0.56%	0.58%	0.80%	0.82%

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, discusses, and approves the salary and compensation for vice presidents and positions above, with respect to the operational results of the Company. For President's salary and compensation, the Compensation Committee reviews and discusses, and then reports to the BOD for approval.

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)

During January 1, 2018 to June 22, 2018, 22nd BOD held a total of four 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	4	0	100	
Director	Representative of Heng Qiang Investment Co., Ltd.: Koo, Kung-Yi	4	0	100	
Director	International CSRC Investment Holdings Co., Ltd Kenneth C.M. Lo	2	2	50	
Director	Representative of Heng Qiang Investment Co., Ltd.: Representative: Yu Tzun-Yen	4	0	100	
Director	He Feng Investment Co., Ltd. Representative: Wang Por-Yuan	3	1	75	
Director	Chinatrust Investment Co., Ltd. Representative: Jennifer Lin, Esq.	3	0	75	
Director	Xin Hope Investment Co., Ltd. Representative: CHI-WEN CHANG	3	1	75	
Director	Ching Yuan Investment Co., Ltd.: Representative: Jian-Dong Chen	3	1	75	
Director	Shinkong Synthetic Fibers Corporation Representative: Eric T. Wu	4	0	100	
Director	Chia Hsin Cement Corporation Representative: Chang Kang-Lung, Jason	3	1	75	
Director	Goldsun Development & Construction Co., Ltd. Representative: Ming-Sheng Lin	3	1	75	
Director	Sishan Investment Co., Ltd. Representative: Lin Nan-Chou	3	1	75	
Director	Representative of Fu Pin Investment Co., Ltd.: Representative: Hsieh Chi-Chia	4	0	100	
Director	Representative of Heng Qiang Investment Co., Ltd.: Representative: Chen Chi-Te	4	0	100	
Director	C. F. Koo Foundation Representative: David Carr Michael	1	2	25	
Independent Director	Yu-Cheng Chiao	4	0	100	
Independent Director	Victor Wang	4	0	100	
Independent Director	Jhen-Ming Yeh	3	1	75	
Independent Director	Sheng Chin Jen	4	0	100	

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) March 28, 2018, 21st meeting, 22nd Round

The 12th discussion: proposal of donation:

Discussion process: Chairman Chang An Ping and directors Chang Kang-Lung, Jason and Yu-Cheng Chiao sidestepped from the discussion for conflicts of interest, and Director Wang Por-Yuan 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. For the Proposal 2, the Board Secretariat was requested to have the Chia Hsin Foundation supplement the mission of establishment, purpose of funds, and the promise of execution; The effect report shall be provided after completion; also the proposal 4 was agreed to donate NT\$ 5 million to Hualien Incubation Center, but the matters related to its launch and establishment shall be explained in the next board meeting.

(2) May 10, 2018, 22st meeting, 22nd Round

Discussion of proposal 1, the 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 discussion, except for independent directors. The meeting was chaired by the Independent Director, Mr. Victor Wang. The proposal has been approved in the 11th meeting of the 3rd Round of Compensation Committee, and the chairperson consulted all the independent directors. The independent directors unanimously agreed with the proposal. Discussion of proposal 2: proportion of distribution of reward for directors in 2017.

Discussion process: All directors sidestepped from the discussion, except for independent directors.

All directors sidestepped from the discussion, except for independent directors. The meeting was chaired by the Independent Director, Mr. Victor Wang. The proposal has been approved in the 11th meeting of the 3rd Round of Compensation Committee, and the chairperson consulted all the independent directors. The independent directors unanimously agreed with the proposal.

The 12th discussion: proposal of donation: Discussion process: Chairman Chang An Ping and directors Chang Kang-Lung, Jason, Chen Chi-Te, and Sheng Chin Jen 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 Chang Kang-Lung, Jason, Chen Chi-Te, and Sheng Chin Jen 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. 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 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. Four meetings of the 22nd Round of BOD were held during January to June 2018, complying with the requirement of at least one meeting of every quarter. The key proposals are all disclosed on MOPS for the sure disclosure. 2. The 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.

During June 22, 2018 to March 31, 2019, the 23rd BOD held a total of eight 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	Chai Hsin R.M.C. Corporation Chang An Ping	8	0	100	
Vice Chairman	Tai Ho Farming Co., Ltd. Koo, Kung-Yi	8	0	100	
Director	C. F. Koo Foundation Representative: Li, Jong-Peir	8	0	100	
Director	Chia Hsin Cement Corporation Representative: Chang Kang-Lung, Jason	6	2	75	
Director	Shinkong Synthetic Fibers Corporation Representative: Eric T. Wu	4	4	50	
Director	Xin Hope Investment Co., Ltd. Representative: CHI-WEN CHANG	5	3	63	
Director	Sishan Investment Co., Ltd. Representative: Lin Nan-Chou	7	1	88	
Director	International CSRC Investment Holdings Co., Ltd Kenneth C.M. Lo	5	3	63	
Director	Chung Cheng Development Investment Corporation, Representative: Yu Tzun-Yen	5	3	63	
Director	Chia Hsin Cement Corporation Representative: Jian-dong Che	6	2	75	
Director	Representative of Fu Pin Investment Co., Ltd.: Representative: Wang Por-Yuan	6	2	75	
Director	Representative of Fu Pin Investment Co., Ltd.: Representative: Hsieh Chi-Chia	6	2	75	
Director	Representative of Heng Qiang Investment Co., Ltd.: Representative: Chien, Wen	8	0	100	
Director	Chinatrust Investment Co., Ltd. Representative: Chun-Ying, Liu	8	0	100	
Director	Representative of Heng Qiang Investment Co., Ltd.: Representative: Chih-Chung, Tsai	8	0	100	
Independent Director	Yu-Cheng Chiao	6	2	75	
Independent Director	Victor Wang	8	0	100	
Independent Director	Sheng Chin Jen	6	2	75	
Independent Director	Lynette Ling-Tai, Chou	8	0	100	

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) June 22, 2018, 1st meeting, 23rd Round

Discussion of Proposal 2: proposed delegation of the 4th round of members of the "Compensation Committee."

Discussion process: Victor Wang, Yu-Cheng Chiao, Sheng Chin Jen, and Lynette Ling-Tai, Chou who sidestepped from the discussion for conflicts of interest

Other than Victor Wang, Yu-Cheng Chiao, Sheng Chin Jen, and Lynette Ling-Tai, Chou who sidestepped from the discussion for conflicts of interest, the proposal was unanimously approved by other BOD members as proposed.

(2) August 10, 2018, 3rd meeting, 23rd Round

Discussion of Proposal 6: the proposed rewards and attendance fee for the directors of the 23rd round.

Discussion process: Independent directors, namely Victor Wang, Yu-Cheng Chiao, Sheng Chin Jen, and Lynette Ling-Tai, Chou who sidestepped from the discussion for conflicts of interest.

The proposal has been approved in the 2nd meeting of the 4th round Compensation Committee; however, as the independent directors do not receive the rewards for the directors, and they have more responsibilities, the monthly compensation to each independent director is adjusted to NT\$ 150,000. Other than the independent directors sidestepped due to conflicts of interests, the proposal was unanimously approved by other BOD members with the enquiry from the chair.

(3) November 13, 2018, 6th meeting, 23rd Round

Discussion Proposal 2: proposed acquisition of equipment from two ready-mix concrete plants of Chai Hsin R.M.C. Corporation in Taoyuan District.

Chairman Chang An Ping sidestepped due to conflicts of interests, and Kenneth C.M. Lo was the acting chairperson.

The proposal has been approved in the 6th meeting of the 2nd round Audit Committee. Other than Chairman Chang An Ping who sidestepped due to conflicts of interests, the proposal was unanimously approved by BOD members with the enquiry from the chair.

(4) March 22, 2019, 8th meeting, 23rd Round

Discussion of proposal 1, the reward distribution for employees and directors for 2018.

Discussion process: All directors sidestepped from the discussion, except for independent directors.

All directors sidestepped from the discussion, except for independent directors. The meeting was chaired by the Independent Director, Mr. Yu-Cheng Chiao. The proposal has been approved in the 6th meeting of the 4th Round of Compensation Committee, and the chairperson consulted all the independent directors. The independent directors unanimously agreed with the proposal by the enquiry of the chair. The rewards to the directors is adjusted from 0.84% to 1%, or NT\$ 215,087,848; the rewards to the employee were approved as proposed.

Discussion of proposal 2: proportion of distribution of reward for directors (chairman and vice chairman included) in 2018.

Discussion process: All directors sidestepped from the discussion, except for independent directors.

All directors sidestepped from the discussion, except for independent directors. The meeting was chaired by the Independent Director, Mr. Yu-Cheng Chiao. The proposal has been approved in the 6th meeting of the 4th Round of Compensation Committee, and the chairperson consulted all the independent directors. Based on the resolution Proposal 1, the total amount of the rewards to the directors is NT\$ 215,087,848; 75% of the rewards are distributed to 15 directors (independent director excluded); 25% is distributed to Chairman Chang An Ping.

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 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. Eight meetings of the 16nd Round of BOD were held during June 2018 to March 2019, complying with the requirement of at least one meeting of every quarter. The key proposals are all disclosed on MOPS for the sure disclosure.

2. The 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.

3.3.2 Operation of the Audit Committee

Information Regarding Audit Committee Operation

During January 1, 2018 to June 21, 2018, 1st Audit Committee held a total of five meetings (A), the attendance of independent directors is as follows

Title	Name	Actual attendances (B)	Attendances by proxy	Date of actual attendance (%) [B/A]	Note
Independent Director	Yu-Cheng Chiao	5	0	100	
Independent Director	Victor Wang	5	0	100	
Independent Director	Jhen-Ming Yeh	4	1	80	
Independent Director	Sheng Chin Jen	4	1	80	

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 matters, 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. Other than the communications in the meeting, the Chief auditor, Accountants, and the independent directors may contact and communicate with each other directly if needed, to maintain good relationships.

(3).Matters communicated among the independent directors, internal Chief auditor, and appointed accountants are as the following:

Date of Meeting	With the internal Chief auditor		With the appointed accountants	
	Matter Communicated	Outcomes	Matter Communicated	Outcomes
2018/3/28	1.Execution report and communications regarding the audit for Q4, 2017 2.2017 Statement of Internal Control System.	1. Noted 2. After discussion, the statement is proposed to the BOD for resolution.	1.The CPAs reported the audited financial reports of 2017 2.Report of regulatory changes. 3.The CPAs communicated with the attendees and answered their questions.	Noted.
2018/5/10	1.Execution report and communications regarding the audit for Q1, 2018	Noted.	1.Supplement explanations regarding the audited financial reports of Q1, 2018 by the CPAs 2.Report of regulatory changes. 3.The CPAs communicated with the attendees and answered their questions.	Noted.

During June 22, 2018 to March 31, 2019, the 23rd Audit Committee held a total of eight meetings (A), the attendance of independent directors is as follows

Title	Name	Actual attendances (B)	Attendances by proxy	Date of actual attendance (%) [B/A]	Note
Independent Director	Yu-Cheng Chiao	6	2	75	
Independent Director	Victor Wang	8	0	100	
Independent Director	Sheng Chin Jen	5	3	62	
Independent Director	Lynette Ling-Tai, Chou	8	0	100	

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 matters, 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 the accountants participate the meeting of the Audit Committee, to report the works of audit, approaches of audit by the accountants, scopes, material adjustment of audit, and the explanation to the Audit Committee. The accountants also regularly report the communications regarding the corporate governance. Other than the communications in the meeting, the Chief auditor, Accountants, and the independent directors may contact and communicate with each other directly if needed, to maintain good relationships

(3).Matters communicated among the independent directors, internal Chief auditor, and appointed accountants are as the following:

Date of Meeting	With the internal Chief auditor		With the appointed accountants	
	Matter Communicated	Outcomes	Matter Communicated	Outcomes
2018/6/22	Explanation of the audit and the works to the new directors after the re-election.	Noted.	-	Noted.
2018/8/10	1. Execution report and communications regarding the audit for Q2 2018	Noted.	Supplement explanations regarding the audited financial reports of Q2, 2018 by the CPAs 2.Report of regulatory changes 3.The CPAs communicated with the attendees and answered their questions.	Noted. -
2018/10/25	-	-	As there were material investments made by the Company, the CPAs communicated with the independent directors.	Noted.
2018/11/13	Execution report and communications regarding the audit for Q3 2018	Noted.	Supplement explanations regarding the audited financial reports of Q3, 2018 by the CPAs 2.Report of regulatory changes 3.The CPAs communicated with the attendees and answered their questions.	Noted.
2019/3/22	1. Execution report and communications regarding the audit for Q4 2018 2. 2018 Statement of Internal Control System.	1. Noted. 2. After discussion, the statement is proposed to the BOD for resolution.	1.The CPAs reported the audited financial reports of 2018. 2.Report of regulatory changes 3.The CPAs communicated with the attendees and answered their questions.	Noted.

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	
1.Has the company defined and disclosed its governance best practice principles in accordance with the "Governance Best Practice"?	√		NA
2. Structure of shareholdings and shareholder's equity (1)Does the company establish and implement internal procedures for handling shareholder suggestions, questions, disputes and litigation? (2)Does the company keep an up-to-date list of its dominant shareholders and the parties with ultimate control over its list of dominant shareholders? (3)Does the company establish and implement a risk control mechanism and firewall between its affiliates? (4)Does the company establish internal rules to prevent insider trading using undisclosed information?	√ √ √ √		NA NA NA NA
3. Organization and functions of BOD (1)Does the company establish and implement a defined policy to diversify board membership? (2)In addition to a compensation committee and an audit committee established by law, does the company voluntarily establish other functional committees? (3)Does the company establish a method to evaluate BOD performance and evaluate BOD performance every year?	√ √ √		NA NA NA

Indicator	Status		Deviations and the cause(s) of deviations from "Governance Best Practice"
	Yes	No	
(4)Does the company regularly evaluate the independence of certified public accountants?	√		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)?	√		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?	√		NA

Indicator	Status		Deviations and the cause(s) of deviations from "Governance Best Practice"	
	Yes	No		Summary Description
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) Does the company set up a website to disclose its financial and governance information?	✓		(1) Via the official website (http://www.taiwancement.com), both Chinese and English version of Investor Page are provided, to disclose the latest updates, financial information, data for shareholders' meetings. These are updated regularly as the references for the investors. The related information also disclosed on MOPS from time to time.	NA
(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)?	✓		(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.	NA
8. Is there any other material information, the operation of corporate governance (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), for directors and supervisors?	✓		(1) We have arranged various employee benefits (e.g. allowances, group insurance and so on).	NA
	✓		(2) We have established the Education/Training Implementation Regulations to meet with the needs of work and improve work performance.	
	✓		(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.	
	✓		(4) We have established the Performance Bonus Accrual and Distribution Regulations to distribute different types of bonus to employees.	
	✓		(5) We have established related regulations based on the Act of Gender Equality in Employment to protect the rights and interests of employees.	
	✓		(6) We disclose material information over MOPS and the corporate website by law to protect the rights and interests of investors.	
	✓		(7) By the date of report publication, directors 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.	
	✓		(8) Directors keep up with related legal information at all times.	
	✓		(9) The management team reports the business and financial status to BOD regularly.	
	✓		(10) We have established various internal rules and regulations by law for risk management and assessment.	
	✓		(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.	
	✓		(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.	

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
2 . 2	Does the Company disclose the communications among 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) on the Company's website?	The Company has disclosed the communications among independent directors and the internal chief auditor and accountants on Page46-47 of the Annual Report and Company's website.
2 . 17	Does BOD assess the independence of CPAs regularly (at least once a year) and disclose the procedures in detail in the annual report?	The Company has sufficiently disclosed the assessment of the independence of CPAs Page53 of the Annual Report.
2 . 19	Is actual attendance rate of all the assess directors for BOD meetings over 80% in average?	When scheduling the meetings, the Board Secretariat will schedule these meetings earlier and inform the secretaries earlier.
2 . 21	Does the Company assigned dedicated personnel for corporate governance, to handle the affairs related to corporate governance, and describe the operation and execution of such unit in the Annual Report and on the Company's website?	The head of corporate governance has been approved by BOD on March 22, and the related matters are disclosed on the Company's website and Page70-71 of the Annual Report.
2 . 22	Are the Guidelines/Procedures for Assessment of the BOD's Performance approved by the BOD, and whether such assessment is conducted at least annually, with the disclosure of outcomes in the Annual Report and on the Company's website?	The Company has disclosed the amended Guidelines for Assessment of the BOD's Performance approved by the BOD on March 22, 2019, and the assessment outcomes of 2018 on the Company's website.
2 . 23	Are the Regulations/Guidelines for Assessment of the BOD's Performance approved by the BOD, specifying that the external assessment shall be executed at least every three years, and conducting the assessment accordingly, with the disclosure of outcomes in the Annual Report and on the Company's website?	The Company has disclosed the amended Guidelines for Assessment of the BOD's Performance approved by the BOD on March 22, 2019, and the assessment outcomes of 2018 on the Company's website.
3 . 18	Does the Company has English version of the Company's website in place, including the information of finance, business, and corporate governance?	The Company has fully disclosed the finance and business information in English on the English version of the Company's website.
3 . 2	Does the Company simultaneously report the material information in English?	The Company has simultaneously report the material information in English.

Note: Core Capabilities of Directors

Title	Director/Nationality	Gender	Seniority as the Director of the Company	Industry Experience											
				Financial	Legal affairs	Commerce	Technology	Banking	Investment and M&A	Information	Risk management	Operation management	Instructor	Cement industry	
Chairman	Chang An Ping/ROC	Male	25 years	√		√		√	√	√	√	√	√	√	√
Vice Chairman	Koo, Kung-Yi/HongKong	Male	2 years	√		√		√	√		√	√			√
Director	Li, Jong-Peir/ROC	Male	0.9 month	√		√		√	√	√	√	√			√
Director	Chang Kang-Lung, Jason/ROC	Male	7 years (including service as a supervisor)	√		√			√		√	√			√
Director	Eric T. Wu/ROC	Male	13 years	√	√	√			√		√	√			
Director	CHI-WEN CHANG/ROC	Male	3 years	√		√			√		√	√	√		
Director	Lin Nan-Chou/ROC	Male	13 years	√		√			√		√	√			
Director	Kenneth C.M. Lo/ROC	Male	7 years	√		√		√	√		√	√			
Director	Yu Tzun-Yen/ROC	Male	13 years	√		√	√		√		√	√			
Director	Chen Chi-Te/ROC	Male	34 years	√		√			√		√	√			√
Director	Wang Por-Yuan/ROC	Male	10 years	√		√	√		√	√	√	√			
Director	Hsieh Chi-Chia/ROC	Male	16 years	√		√	√		√	√	√	√			
Director	Chien, Wen/ROC	Male	0.9 month	√		√			√		√	√			
Director	Chun-Ying, Liu/ROC	Female	0.9 month		√										
Director	Chih-Chung Tsai/ROC	Male	0.9 month	√		√					√	√			
Independent Director	Yu-Cheng Chiao/ROC	Male	7 years	√		√	√		√	√	√	√			
Independent Director	Victor Wang/ROC	Male	6 years	√		√			√		√	√	√		
Independent Director	Sheng Chin Jen/ROC	Male	0.9 month	√		√			√		√	√			
Independent Director	Lynette Ling-Tai, Chou /ROC	Female	0.9 month	√		√					√		√		

Note 2: Criteria of Assessment for Accountant's Independence

Indicator	Outcomes of Assessment	Whether being qualified
1. Is the accountant materially related to the Company directly or indirectly regarding the financial interests?	NO	Yes
2. Does the accountant have any financing or guaranteeing relationship with the Company or any director?	NO	Yes
3. Does the accountant have a close business relationship or potential employment relationship with the Company?	NO	Yes
4. Is the accountant or any member of the audit team also the director, manager, or other position with great influence to the auditing works during the period of audit?	NO	Yes
5. Does the accountant provide any non-audit services with direct influence to the auditing works to the Company?	NO	Yes
6. Does the accountant play the broker of the shares or other securities issued by the Company	NO	Yes
7. Does the accountant also defend the Company in legal actions or negotiate the conflicts with any third party on behalf of the Company?	NO	Yes
8. Is the accountant a relative of any one holding a office that may greatly influence the directors, managers, or the auditing works of the Company	NO	Yes

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

TitleName	Organizer	Course	Date	Length	Compliance with requirements
Chairman Chang An Ping	Center for Corporate Sustainability (Taiwan) Taiwan Corporate Governance Association	2018 International Economic Trends and Financial System	2018/1/25	2	Yes
		"Coming of AI" and "Inverse Commerce Era"	2018/5/28	3	Yes
		Analysis and practice of anti money laundry and counter terrorism financing	2018/8/24	3	Yes
		How to detect corporate frauds and the discussion of practical application for big data	2018/10/25	3	Yes
Director Koo, Kung-Yi	Taiwan Corporate Governance Association	Analysis of international and cross-strait new system for anti tax avoidance	2018/10/25	3	Yes
		New opportunities for Taiwan amongst the Sino-US trading conflicts		3	Yes
		How to detect corporate frauds and the discussion of practical application for big data (1st half)		3	Yes
		How to detect corporate frauds and the discussion of practical application for big data (2nd half)		3	Yes
Director Li, Jong-Peir	Taiwan Corporate Governance Association	Analysis of international and cross-strait new system for anti tax avoidance	2018/10/25	3	Yes
		New opportunities for Taiwan amongst the Sino-US trading conflicts		3	Yes
		How to detect corporate frauds and the discussion of practical application for big data (1st half)		3	Yes
		How to detect corporate frauds and the discussion of practical application for big data (2nd half)		3	Yes
Director Kenneth C.M. Lo	Chinese National Association of Industry and Commerce, Taiwan	Tax Reformation and Corporate Governance	2018/3/20	3	Yes
		Precautions for Board Meetings and AGM in 2018	2018/3/27	3	Yes
		The countermeasures and challenges of money laundry faced by enterprises	2018/5/17	3	Yes
Director Wang Por-Yuan	Taiwan Corporate Governance Association	Analysis of international and cross-strait new system for anti tax avoidance New opportunities for Taiwan amongst the Sino-US trading conflicts	2018/10/25 2018/10/25	3	Yes

TitleName	Organizer	Course	Date	Length	Compliance with requirements
Director Eric T. Wu	Corporation Operation Association	The attack and denfense of hostile M&A, and the responsibilities of directors and supervisors regarding M&A Understand the amendments to the Company Act at once	2018/8/10	3	Yes
			2018/11/12	3	Yes
Director Yu Tzun-Yen	Center for Corporate Sustainability (Taiwan)	The sustainable development and strategies for the engineering service industry	2018/5/4	3	Yes
	Taiwan Corporate Governance Association	The 13rd session of CEO lecture and the keynote speech	2018/7/26	2	Yes
		Discussion of anti-corruptions in enterprises and the key tasks of risk management for promotion of information security, from the view of the evolution of Bitcoins	2018/8/3	3	Yes
Director Chang Kang-Lung, Jason	Taiwan Corporate Governance Association	How to detect corporate frauds and the discussion of practical application for big data (1st half) How to detect corporate frauds and the discussion of practical application for big data (2nd half)	2018/10/25	3	Yes
Director Lin Nan-Chou	Taiwan Corporate Governance Association	The effective implementation of the strategically directing function of directors	2018/8/21	3	Yes
Director Hsieh Chi-Chia	Corporation Operation Association Taiwan Corporate Governance Association	How to determine the enterprise M&A and the case study	2018/7/27	3	Yes
		Analysis of internatioanl and cross-strait new system for anti tax avoidance New opportunities for Taiwan amongst the Sino-US trading conflicts How to detect corporate frauds and the discussion of practical application for big data (1st half) How to detect corporate frauds and the discussion of practical application for big data (2nd half)	2018/10/25	3	Yes
	Corporation Operation Association	Explanations of the amendments to the Company Act	2018/10/31	3	Yes
Director Chen Chi-Te	Taiwan Academy of Banking and Finance Securities & Futures Institute	Camp for corporate governance and sustainable operation of enterprises	2018/9/28	3	Yes
		Insider trading	2018/10/26	3	Yes
Director Chien, Wen	Taiwan Corporate Governance Association	Analysis of internatioanl and cross-strait new system for anti tax avoidance New opportunities for Taiwan amongst the Sino-US trading conflicts	2018/10/25	3	Yes
Director Chun-Ying, Liu	Taiwan Corporate Governance Association	Analysis of internatioanl and cross-strait new system for anti tax avoidance New opportunities for Taiwan amongst the Sino-US trading conflicts	2018/10/25	3	Yes
Director Chih-Chung Tsai	Taiwan Corporate Governance Association	Analysis of internatioanl and cross-strait new system for anti tax avoidance New opportunities for Taiwan amongst the Sino-US trading conflicts How to detect corporate frauds and the discussion of practical application for big data (1st half) How to detect corporate frauds and the discussion of practical application for big data (2nd half)	2018/10/25	3	Yes
Director Yu-Cheng Chiao	Taiwan Corporate Governance Association	Discussion of the evolution of the tax environment in Taiwan, China, and the USA, and the trend of reform for tax, from the view of the tide of the global anti tax avoidance.	2018/4/13	3	Yes
		Analysis of internatioanl and cross-strait new system for anti tax avoidance	2018/10/25	3	Yes
		New opportunities for Taiwan amongst the Sino-US trading conflicts	2018/10/25	3	Yes
		AI in Taiwanese Industries: how to get the first step? ;Graph & AI - Optimize your AI model	2018/12/18	3	Yes
		Overview for the design of AI data engine; The scientific practices of manufacturing data	2018/12/18	3	Yes

TitleName	Organizer	Course	Date	Length	Compliance with requirements
Independent Director Victor Wang	Chinese National Association of Industry and Commerce, Taiwan Taiwan Corporate Governance Association	The must-know new regulations and trends of corporate governance for the directors and supervisors in 2019	2018/10/29	3	Yes
		How to correspond the new reform of laws by enterprises: the key points and discussion of practices for the amendments to the Company Act	2019/3/21	3	Yes
Independent Director Sheng Chin Jen	Taiwan Corporate Governance Association	The trend and challenges of the governance of information security	2018/9/5	3	Yes
		The latest trend and analysis of the amendments to the Company Act	2018/9/5	3	Yes
Independent Director Lynette Ling-Tai, Chou	Taiwan Corporate Governance Association	Strategies and planning of enterprises M&A	2018/08/03	3	Yes
		How to detect corporate frauds and the discussion of practical application for big data (1st half)	2018/10/25	3	Yes
		How to detect corporate frauds and the discussion of practical application for big data (2nd half)	2018/10/25	3	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 Committee 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 2018 the Compensation Committee held eight committee meetings and submitted related resolutions to BOD for review.

(1) Data of Compensation Committee Members

Identity Category	Qualification Name	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 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	Commerce, law, finance or as required by the company	1	2	3	4	5	6	7	8		
Independent Director	Yu-Cheng Chiao			√	√	√	√	√	√	√	√	√	2	Qualifications met
Independent Director	Victor Wang	√	√	√	√	√	√	√	√	√	√	√	3	Qualifications met
Independent Director	Sheng Chin Jen	√		√	√	√	√	√	√	√	√	√	2	Qualifications met
Independent Director	Lynette Ling-Tai, Chou (Note 2)	√	√	√	√	√	√	√	√	√	√	√	2	Qualifications met

1 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 fifth 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) Spouse to the aforementioned persons.
 (8) Not under any of the categories stated in Article 30 of the Company Act.
 Note 2: Newly elected as the independent director on June 22, 2018.

(2) Operation of the Compensation Committee

1. Our Compensation Committee consists of four members.
 2. Length of the current term: June 22, 2018 to June 21, 2021. 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	Yu-Cheng Chiao	6	2	75%	The committee member was re-elected after the directorial re-election on June 22, 2018.
Committee member	Victor Wang	8	0	100%	The committee member was re-elected after the directorial re-election on June 22, 2018.
Committee member	Sheng Chin Jen	6	2	75%	The committee member was re-elected after the directorial re-election on June 22, 2018.
Committee member	Lynette Ling-Tai, Chou	5	0	100%	Newly elected on June 22, 2018, and should attend in five committee meetings.

Other information required for disclosure:
 1. 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.
 2. 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 Corporate 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? (2) Does the Company organize CSR training and education activities regularly? (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?	√		(1) Passed the establishment of the Corporate Social Responsibility Best Practice Principles, the Company implement the operation philosophy of "a green environmental engineering company focusing on dealing the complicated relationship between human civilizations and the mother nature;" and enhance competitiveness, maximize resource recycling, lower unit energy consumption, and reduce waste production to achieve the sustainable development and fulfill CSR. (2) We arrange CSR awareness education and education/training information irregularly at the monthly meeting. (3) In 2018, the BOD approved the establishment of non-statuary "Organization Sustainable Development Committee," chaired by the Chairman, and five task forces were set up, namely "Ethical governance and risk management," "Circular manufacturing," "Sustainable environment and products," "Care to employees," and "Social care." These task forces fully promote the planning of sustainable strategies and execution of proposals, and are responsible for the establishment and reviews to the CSR strategies, system, and managerial guidelines, and implementation of organization sustainable development. It seeks to lower the environmental pollution, provide the secured benefits, as well as cleanse the ecologic system, improve the quality of environment, and create a happy working place. The status and outcomes of executions are regularly reported to the BOD annually.	NA
(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) Based on the compensation survey of the industry, the Company reviews the level of compensation and the system of rewarding annually, to determine a competitive level of compensation. The CSR is only of the indicator. The holistic operating earning of the Company is fully linked to the individual employee's performance, so that the outperforming employees are rewarded. The outstanding performance or inappropriate behavior of any employee is regulated by the "Working Rules."	
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 2018, TCC has won the Leader Awards for Climate for the consecutive year with "the Strategies and Opportunities of Adopting the Climate Changes. In the recent years, TCC has been shifting to the "environmental value chain" actively. With the feature of high-temperature burning of cement kilns, the Company collaboratively treats the wastes from the fire power plants and industries in the science parks for nearly a million tonnes every year. The BS8001 circular economy assessment and certification were introduced. The Company has been certified as "the Optimal" by SGS. The cement produced in the Suao Plant and the Ho-Ping Plant was also awarded with the certificate of environmental label for the cement products from the Environmental Protection Administration. Also our subsidiaries operate eight private incineration plants with an annual disposal capacity of nearly 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, or 28.2% of Taiwanese households.	NA
(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	

Indicator	Status		Deviations and the cause(s) of deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
(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?	√		social responsibilities, comply with laws and regulations and other requirements. We also make continual improvements. So far, each cement plants of TCC has 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)TCC takes the environmental sustainable development as the goal of operation for the Group. From the beginning of plant construction, the waste heat power generation system is installed as the means of energy-saving, reduction of carbon, and recycle of resources. Facing the impacts of global climate changes, TCC has delegated the third party certification services (e.g SGS) for the inventory of greenhouse gas. The the ISO 14064 – Greenhouse Gas Accounting and Verification has been obtained. Through the outcomes of the inventory, the targets of reduction and priorities are determined, as well as the results of reduction can be confirmed. In 2014, TCC passed the certification of SGS, and became the first domestic cement company installing the ISO 50001 Energy Management System. TCC actively researches the means of resource reuse to replace the natural materials and raw materials. This not only reduces the consumption of the cement products, but also the emissions of the greenhouse gas. In 2018, the BS8001 circular economy assessment and certification were introduced. The Company has been certified as “the Optimal” by SGS. Also there is a war room system for the greenhouse emission established internally to track the greenhouse emissions in each cement factory all the time. The performance of emission is linked to the appraisal, to urge each cement plant continuously optimal the process of cement, lower the unit heat and energy consumption, as well as the emissions of greenhouse gas per tonne of the products. Meanwhile, we actively promote to replace the materials or fuel with the industrial wastes, and thus to reduce the greenhouse gas emissions.
3. Preserving social welfare (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, and mailbox for comments of employees, 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 educating employee on safety and health issues by simulated drills. We also arrange for employees the awareness education and training regarding the management of work environment, equipment and hazardous subsidence.
(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)An internal billboard system is established on the official website. The regular labor-management meetings, labor benefit meeting, and quarterly general meetings are convened, and through the and emails, and annual family day, to establish the communication mechanism with the employees.

Indicator	Status		Deviations and the cause(s) of deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
(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.
(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.
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) 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. (2) 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			NA

Indicator	Status		Deviations and the cause(s) of deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	

6. Other important information that helps the public understand CSR operation
 (1) On November 23, 2018, the ceremony of the "Corporate Sustainability Award" of TCSA was held. TCC (TW1101) has won seven individual awards, including "Social Inclusion," "Circular Economy Leadership," and "Climate Leadership." It is the best performance of TCC ever.

(2) TCC was also ranked the best of manufacturers, and 17th place among the large enterprises in the "Excellence in Corporate Social Responsibility Award" sponsored by Commonwealth Magazine.

(3) In 2018, TCC launched the "astaxanthin pluvialis soba noodles" and the "astaxanthin skincare series." These products are developed via the core technologies of "carbon capture system with calcium looping," "carbon fixation microalgae culture," and "extraction of astaxanthin," to create new opportunities of circular economy.

(4) The collaborative waste treatment of TCC partners with paper-maker, water purification plants, chemicals plants, and steel makers. This demonstrates the capability of TCC, and the implementation of the philosophy "environmental service integration."

■ Establishment of green logistics: the high-efficient energy-saving the transportation regarding the operation aspect.

The major part of cement production concentrates in the eastern area, but the constructions and developments tend to be at the western area. To reduce the environmental impacts from the transportation of products (e.g. carbon emission, and environmental impacts), TCC constructed the Hoping Harbor to promote the production model under the circular economy, integrating the port, the plant, and power generation. The maritime shipment is the main means of transportation, so the carbon footprints resulted from the material transportation, product production, and product transportation may be reduced, and which in turn, helps the users of TCC lower their carbon emissions. Meanwhile, to preserve the marine ecology, and reduce the carbon emission from using electricity, the Hoping Harbor applies the latest shore power technology to reduce the fuel of ships.

■ Production of environmental cement: the design of low-carbon cement regarding the product

TCC strives to produce the low-carbon cement. The carbon emission of per unit product is the lowest among peers, and the golden star certificate from the Environmental Protection Administration and the low-carbon cement certificate in China are obtained. At the same time, all the cement is packed with the recyclable paper bags (100% degradable material). The paper recycle is also promoted to the users. The pallets for product transportation are also promoted for the recycle and reuse.

(5) 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

The Hoping Harbor has applied for the Ecological Port to the EU in 2018. The first stage of review has been done, the water and environment meet, even outperform the EU standards. 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.

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 neighborhoods 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) Ecological conservation

1) Dr. Cecilia Koo Botanic Conservation Center (KBCC)

KBCC was established in 2007 with the great support of Leslie Koo Cheng-Yun and Dr. Cecilia Koo. For the long time, TCC has spent money and human resource to make the foundation of KBCC to be research. By March 31, 2019, 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. Through the international academic interactions, KBCC participates the world tropical plants conservation program, and becomes a world-class conservation center of plants.

From 2018, it has sought to expand the communication with the stakeholders, and started to promote and share the rich resources of research with the public. The partners include the governmental agencies, organizations, schools, and domestic/overseas media, even to the social media for the first time. The philosophy of environmental sustainability and plant conservation that TCC cares about most is deeply rooted. The concepts of promotions are as the following:

1.2018 Taichung World Flora Exposition --Combining the thematic events of tourism and large curation of exhibition, we closely contact, communicate, and interact with the public.

2.Campus restoration and conservation for the species specific in Taichung area--Go to campus and working with the education bureau for each county and city, to lead faculty and students participating the restoration of native species.

3.National Geography Channel--Working with the world-renown channel to demonstrate the spirit of conservation in Taiwan to the world.

4.YIT media video: the research assistant of KBCC, Shin-jie Hung--Via the famous social media of Taiwan and China, the communication with the netizers. The clicks of this video of "Jie God" of KBCC have been over 10 million times.

Indicator	Status		Deviations and the cause(s) of deviations from the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	

7. If the company's the CSR report has been verified by a certification body, please specify.

The 2016 CSR report was prepared in 2018, complying with the "Core Options" of the GRI Sustainability Reporting Standards (GRI Standards) promulgated by the Global Reporting Initiative (GRI).

Also it referred to the "Mining and Metals Sector Supplement" of GRI. We also delegated 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 Corporate 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? (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) 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 in other scope of business?			(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. (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.	NA
2. Implementing ethical corporate management (1) Does the company evaluate the ethical record of its counter-parties and explicitly include clauses on ethical conduct in transaction contracts? (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? (3) Does the company establish and implement a policy to prevent conflicts of interests and provide suitable channels for reporting such conflicts? (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?	√	√	(1) Apart from establishing the Supplier Integrity and CSR Undertaking to request suppliers to strictly follow it, we evaluate suppliers regularly. (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. The regular reports to the BOD are required. (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. (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	NA

Indicator	Operation		Deviations and the cause(s) of deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	
(5) Does the company regularly organize internal and external education and training activities for ethical corporate management?	√		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) In 2018, all employees of TCC signed the "Statement of Ethical Codes and Regulations" upon the completion of training.
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? (2) Does the company establish an SOP to accept and investigate whistleblower complaints and related mechanisms to ensure confidentiality? (3) Does the company establish measures to protect whistleblowers against retaliation?	√ √ √		(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) 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) 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 .

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 5th 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.
- (A) Internal audit: Data or information disclosed in this report have/have been provided by responsible departments after confirmation by the CSR report team and reviewed and approved by the chairman after being submitted to the department heads.
- (B) External audit: Report compliance with the Core disclosure principle in the GRI Standards has been verified and assured by SGS Taiwan Ltd.
- (C) 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.
- (D) 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:

TitleName	Organization	Course	Date	Length
Principle accounting officer Guo-Hong Yeh	Accounting Research and Development Foundation in Taiwan	Further Education Course for Principal Accounting Officers of Issuers, Securities Firms and Stock Exchanges	2018/12/24~2018/12/25	12
Chief auditor Xiao-En Tseng	Accounting Research and Development Foundation in Taiwan	How the internal auditor detect risks and respond the risk well Summary of the Latest Amendments to Labor Laws and Internal Control Practice for Recent Corruption	2018/10/16 2018/10/30	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, 2019

With regards to results of the 2018 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, 2018 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 all directors attended the meeting.

Taiwan Cement Corporation

Chairman: Chang, An-Ping
President: Li, Jong-Peir

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 2018 AGM

Major AMG Resolutions			
Meeting Date	Proposal	Resolution	Results
2018/6/22 AGM	1. To accept 2017 business report and financial statements.	Proposal by BOD is approved by voting.	Approval of the 2017 business report and financial statements.
	2. To approve 2017 profit distribution proposal.	Proposal by BOD is approved by voting.	In the 2017 profit distribution proposal, the amount of cash dividend distributed shareholders is NT\$ 6,360,763,515 (NT\$1.5 per share) the stock dividend is 424,050,901 shares (NT\$1 per share). The ex-dividend base date is 2018/8/1, and cash dividend distribution date is 2018/8/24.
	3. Approval for increasing capital by issuing new shares.	Proposal by BOD is approved by voting.	Already published on MOPS and our corporate website on 2018/6/22.
	4. Discussion of the long-term fund-raising proposal	Proposal by BOD is approved by voting.	Already published on MOPS and our corporate website on 2018/6/22.
	5. Discussion the proposal for amending some articles of the TCC Articles of Incorporation.	Proposal by BOD is approved by voting.	Already published on MOPS and our corporate website on 2018/6/22.
	6. Discussion of shareholder souvenir distribution.	Proposal by BOD is approved by voting.	Already published on MOPS and our corporate website on 2018/6/22.
	7. Election: election of 19 directors for the 23rd Round (four independent directors included).	Results-List of directors elected: (1) Chai Hsin R.M.C. Corporation Chang An Ping Votes: 3,514,783,870 (2) Tai Ho Farming Co., Ltd. Koo, Kung-Yi Votes: 2,450,812,923 (3) C. F. Koo Foundation Representative: Li, Jong-Peir Votes: 2,443,577,923 (4) Fu Pin Investment Co., Ltd. Representative: Wang Por-Yuan Votes: 2,434,505,600 (5) International CSRC Investment Holdings Co., Ltd Kenneth C.M. Lo Votes: 2,433,237,000 (6) Chia Hsin Cement Corporation Representative: Chang Kang-Lung, Jason Votes: 2,430,410,746 (7) Fu Pin Investment Co., Ltd. Representative: Hsieh Chi-Chia Votes: 2,429,802,139 (8) Hsin He Investment Co., Ltd. Representative: CHI-WEN CHANG Votes: 2,428,912,817 (9) Chinatrust Investment Co., Ltd. Representative: Chun-Ying, Liu Votes: 2,427,948,278 (10) Chung Cheng Development & Investment Co., Ltd. Representative: Yu Tzun-Yen Votes: 2,427,934,926 (11) Heng Qiang Investment Co., Ltd. Representative: Chien, Wen Votes: 2,424,974,839 (12) Shinkong Synthetic Fibers Corporation Representative: Eric T. Wu Votes: 2,424,456,498 (13) Sishan Investment Co., Ltd. Representative: Lin Nan-Chou Votes: 2,420,613,621 (14) Chia Hsin Cement Corporation Representative: Chen Chi-Te Votes: 2,420,339,606 (15) Heng Qiang Investment Co., Ltd. Representative: Chih-Chung, Tsai Votes: 2,417,365,365 List of directors elected: (16) Victor Wang Votes: 2,463,150,815 (17) Yu-Cheng Chiao Votes: 1,818,727,536 (18) Lynette Ling-Tai, Chou Votes: 1,818,116,652 (19) Sheng Chin Jen Votes: 1,815,356,443	Already published on MOPS and our corporate website on 2018/6/22.
	8. Releasing new directors from non-competition restrictions.	Proposal by BOD is approved by voting.	BOD resolved to release new directors from non-competition restrictions.

Major BOD resolutions made in 2018 and by the report publication date:

Important BOD resolutions		
Meeting Date	Proposal	Resolution
2018/02/02	<ol style="list-style-type: none"> Approval for including the directorial election of 19 directors (including four independent directors) of the 23rd BOD in the 2018 AGM agenda, please review. Approval for nominating candidates for the 19 directors (including four independent directors), please review. Approval of including the releasing the non-competition restrictions on new directors in the 2018 AGM agenda, please review. Approval for organizing the 2018 AGM, please review. Approval of the criteria and operating procedures for the nomination and review of director (including independent directors) candidates to be elected at the 2018 AGM, please review. Approval for accepting shareholder proposals for the 2018 AGM, please review. Approval for transferring treasury stocks to the ESO scheme, please review. Approval for disposing the shares of Taiwan Prosperity Chemical Corporation held by TCC for deployment diversification, please review. 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, please review. Approval for providing financing/other endorsements and guarantees for affiliates as the following, please review. Approval for amending the Articles of Organization of the Compensation Committee, please review. Approval for formulating the organizational compensation regulations, please review. Approval of total amount of the 2017 compensation for managers, please review. 	<p>The proposal was unanimously approved by all directors attending the meeting without objections.</p> <p>The proposal was unanimously approved by all directors attending the meeting without objections.</p> <p>The proposal was unanimously approved by all directors attending the meeting without objections.</p> <p>The proposal was unanimously approved by all directors attending the meeting without objections.</p> <p>The proposal was unanimously approved by all directors attending the meeting without objections.</p> <p>The proposal was unanimously approved by all directors attending the meeting without objections.</p> <p>The proposal was approved in the 1st Round Audit Committee at the 16th meeting, as well as the in the 9th meeting of the 3rd Round Compensation Committee; it was unanimously approved by all directors attending the meeting without objections.</p> <p>The proposal was approved in the 1st Round Audit Committee at the 16th meeting; it was unanimously approved by all directors attending the meeting without objections.</p> <p>The proposal was unanimously approved by all directors attending the meeting without objections.</p> <p>The proposal was unanimously approved by all directors attending the meeting without objections.</p> <p>The proposal was approved in the 3rd Round Compensation Committee at the 9th meeting; it was unanimously approved by all directors attending the meeting without objections. (Discussion process: All managers attending the meeting as guests sidestepped from the discussion.)</p> <p>The proposal was approved in the 3rd Round Compensation Committee at the 9th meeting; it was unanimously approved by all directors attending the meeting without objections. (Discussion process: All managers attending the meeting as guests sidestepped from the discussion.)</p> <p>The proposal was approved in the 3rd Round Compensation Committee at the 9th meeting; it was unanimously approved by all directors attending the meeting without objections. (Discussion process: All managers attending the meeting as guests sidestepped from the discussion.)</p>
2018/03/28	<ol style="list-style-type: none"> The Business Report of 2017, please review. Approval of the annual financial statements and the consolidated financial statements of 2017, please review. Proposal for amending some articles of the TCC Articles of Incorporation, please review. Approval for adding the reasons for holding the 2018 AGM and shareholder-related affairs, please review. Approval of the 2017 Statement of Internal Control System, please review. To enhance the corporation governance, the appointed CPAs' professionalism, suitability, and independence have been assessed. It is proposed to continue the delegation, please review. 	<p>The proposal was approved in the 1st Round Audit Committee at the 17th meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair.</p> <p>The proposal was approved in the 1st Round Audit Committee at the 17th meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair.</p> <p>The proposal was unanimously approved by all directors attending the meeting without objections.</p> <p>The proposal was unanimously approved by all directors attending the meeting without objections.</p> <p>The proposal was approved in the 1st Round Audit Committee at the 17th meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair.</p> <p>The proposal was approved in the 1st Round Audit Committee at the 17th meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair.</p>

Major BOD resolutions made in 2018 and by the report publication date:

Important BOD resolutions		
Meeting Date	Proposal	Resolution
2018/03/28	<ol style="list-style-type: none"> Approval of the budget for the capital expenditures of the expansion project in Q1 2018, please review Approval for the intention to obtain credit facilities from the following financial institutions, please review. Approval for providing financing/other endorsements and guarantees for affiliates, please review Approval for amending some articles of the Buyback Shares for ESO Regulations, please review. Approval for formulating the BOD Performance Assessment Regulations, please review. Approval of intention of donation, please review. 	<p>The proposal was approved in the 1st Round Audit Committee at the 17th meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair.</p> <p>The proposal was unanimously approved by all directors attending the meeting without objections.</p> <p>The proposal was approved in the 1st Round Audit Committee at the 17th meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair.</p> <p>The proposal was unanimously approved by all directors attending the meeting without objections.</p> <p>The proposal was unanimously approved by all directors attending the meeting without objections.</p> <p>(Discussion process: Chairman Chang An Ping and directors Chang Kang-Lung, Jason and Yu-Cheng Chiao sidestepped from the discussion for conflicts of interest, and Director Wang Por-Yuan became the acting chair of the board meeting.)</p> <p>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.</p> <p>Fro the Proposal 2, the Board Secretariat was requested to have the Chia Hsin Foundation supplement the mission of establishment, purpose of funds, and the promise of execution; The effect report shall be provided after completion; also the proposal 4 was agreed to donate NT\$ 5 million to Hualien Incubation Center, but the matters related to its launch and establishment</p>
2018/5/10	<ol style="list-style-type: none"> Approval of proposal 1, the reward distribution for employees and directors for 2018, please review. Approval the proportion of distribution of reward for directors in 2017, please review. Approval of the profit distribution for 2017, please review. Approval for increasing capital by issuing new shares, please review. Approval of the long-term fund-raising proposal as specified in the description, please review. Approval for issuing unsecured common corporate bonds with a maximum amount below NT\$30 billion, please review. Proposal for amending some articles of the TCC Articles of Incorporation, please review. Approval of shareholder souvenir distribution, please review. Review the candidates of directors, please review. Approval for adding the reasons for holding the 2018 AGM, please review. Approval for providing financing/other endorsements and guarantees for affiliates, please review. 	<p>(Discussion process: All directors sidestepped from the discussion, except for independent directors.)</p> <p>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 inquired by the meeting chair.</p> <p>(Discussion process: All directors sidestepped from the discussion, except for independent directors.)</p> <p>All directors sidestepped from the proposal, 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 and unanimously approved by all individual directors attending the meeting without objections.</p> <p>The proposal was approved in the 1st Round Audit Committee at the 18th meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair.</p> <p>The proposal was approved in the 1st Round Audit Committee at the 18th meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair.</p> <p>The proposal was approved in the 1st Round Audit Committee at the 18th meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair.</p> <p>The proposal was approved in the 1st Round Audit Committee at the 18th meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair.</p> <p>The proposal was approved in the 1st Round Audit Committee at the 18th meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair.</p> <p>The proposal was approved in the 1st Round Audit Committee at the 18th meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair.</p> <p>The proposal was approved in the 1st Round Audit Committee at the 18th meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair.</p>

Major BOD resolutions made in 2018 and by the report publication date:

Important BOD resolutions		
Meeting Date	Proposal	Resolution
2018/5/10	12. Approval of intention of donation, please review. 13. Approval for establishing the Organizational Sustainable Development Committee, please review.	(Discussion process: Chairman Chang An Ping and directors Chang Kang-Lung, Jason and Yu-Cheng Chiaom, Chen Chi-Te, and Sheng Chin Jen sidestepped from the discussion for conflicts of interest, and Director Victor Wang became the acting chair of the board meeting.) Except Chairman Chang An Ping and directors Chang Kang-Lung, Jason, Chen Chi-Te, and Sheng Chin Jen who sidestepped for conflicts of interest, the proposal was approved unanimously by other BOD members at the enquiry of the acting chair. The proposal was unanimously approved by all directors attending the meeting without objections.
2018/5/10	<Motion> 1. Approval for purchasing an office building in the Future Science City in Hangzhou, Zhejiang, China, please review.	The proposal was unanimously approved by all directors attending the meeting without objections.
2018/6/14	1. The intended overseas investments of the Company are listed as the description, please review. 2. The Company intends to participate the capital increase of China Synthetic Rubber Corporation. please review. 3. Approval for the capital increase in CCC USA Corp. by the Company for USD 26 million, in order to reinvest in the capital increase of its subsidiary Continental Carbon Company, please review. 4. The Company intends to have a strategic partnership with SANKO Holding A.S. in Turkey, to co-develop the Turkish market, please review.	The proposal was approved in the 1st Round Audit Committee at the 19th meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair. The proposal was approved in the 1st Round Audit Committee at the 19th meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair. The proposal was approved in the 1st Round Audit Committee at the 19th meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair. The proposal was unanimously approved by all directors attending the meeting without objections.
2018/6/22	1. Hiring the President of the Company. Proposed delegation of the 4th round of members of the "Compensation Committee."	President Li, Jong-Peir sidestepped for this proposal, and the proposal was unanimously approved by all directors attending the meeting without objections. Four independent directors, namely Victor Wang, Yu-Cheng Chiao, Sheng Chin Jen, and Lynette Ling-Tai, Chou, sidestepped from the discussion for conflicts of interest, and the proposal was unanimously approved by other BOD members.
2018/6/28	1. Draft of the operation procedures for the cash dividends, and increasing capital by issuing new shares, please review. 2. Proposal of increasing capital by issuing preferred shares, issuing GDR of the common shares issued for cash capital increase, and issuing the first batch of overseas unsecured convertible corporate bonds, please review.	The proposal was unanimously approved by all directors attending the meeting without objections. The proposal was unanimously approved by all directors attending the meeting without objections.
2018/8/10	1. Approval of the consolidated financial statements of Q2 2018, please review. 2. Approval for planning the Q3 2018 operational budget for the first project capital expenditures; 20 phase-five environmental ready-mixture trucks are planned, please review. 3. Proposed amendments to the "Schedule of Approval Authorities," please review. 4. Approval for amending the financing (credit) limit from banks, please review. 5. Approval for providing financing/other endorsements and guarantees for affiliates, please review. 6. Proposal of the compensations and attendance fees for the 23rd Round directors, please review.	The proposal was approved in the 2nd Round Audit Committee at the 3rd meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair. The proposal was unanimously approved by all directors attending the meeting without objections. The proposal was unanimously approved by all directors attending the meeting without objections. The proposal was approved in the 2nd Round Audit Committee at the 3rd meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair. (Discussion process: Independent directors, namely Victor Wang, Yu-Cheng Chiao, Sheng Chin Jen, and Lynette Ling-Tai, Chou who sidestepped from the discussion for conflicts of interest.) The proposal was approved in the 4th Round Compensation Committee at the 6th meeting; however, as the independent directors do not receive the rewards for the directors, and they have more responsibilities, the monthly compensation to each independent director is adjusted to NT\$ 150,000. Other than the independent directors sidestepped due to conflicts of interests, the proposal was unanimously approved by other BOD members with the enquiry from the chair.

Major BOD resolutions made in 2018 and by the report publication date:

Important BOD resolutions		
Meeting Date	Proposal	Resolution
2018/10/3	1. Intention to participate the capital increase of International CSRC Investment Holdings Co., Ltd, please review. 2. Draft of the "Guideline of Employees' Subscription of Preferred Share Issued for Cash Capital Increase," please review. 3. Proposal of purchasing an office in Hangzhou, Zhejiang, China for moving, and purchasing lands, review. 4. Proposal of hiring new managers, please review. 5. Proposal of wage adjustment of employees for 2018, please review. 6. Proposal of bonus provision and budget for human resources, please review. 7. The Company intends to sponsor the thematic lanterns in the "Taiwan Lantern Festival in Pingtung," please review.	The proposal was approved in the 2nd Round Audit Committee at the 4th meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair. The proposal was unanimously approved by all directors attending the meeting without objections. The proposal was approved in the 2nd Round Audit Committee at the 4th meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair. The proposal was approved in the 4th Round Compensation Committee at the 3rd interim meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair. The proposal was approved in the 4th Round Compensation Committee at the 3rd interim meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair. The proposal was approved in the 4th Round Compensation Committee at the 3rd interim meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair. The proposal was approved in the 4th Round Compensation Committee at the 3rd interim meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair. TCC and affiliates will sponsor NT\$ 1.5 million each.
2018/10/25	The Company intends to sign an agreement with the Turkish cement group Ordu Yardımlaşma Kurumu, to establish a joint venture in the Netherlands, and reinvest various cement projects in Turkey, please review.	The proposal was approved in the 2nd Round Audit Committee at the 5th interim meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair.
2018/11/13	1. Proposal for participating in the capital increase of E-One Moli Energy Corporation, please review. 2. Proposal of acquisition of equipment from two ready-mix concrete plants of Chai Hsin R.M.C. Corporation in Taoyuan District. Please review. 3. The Company intend to provide joint guarantee for the investee OYAK Cement Portugal S.A. (name to be confirmed), please review. 4. Approval for providing financing/other endorsements and guarantees for affiliates, please review. 5. Approval for amending the financing (credit) limit from banks, please review. 6. Draft of the details regard the preferred share subscription by the employees, please review.	The proposal was approved in the 2nd Round Audit Committee at the 6th meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair. (Chairman Chang An Ping sidestepped due to conflicts of interests, and Kenneth C.M. Lo was the acting chairperson.) The proposal was approved in the 2nd Round Audit Committee at the 6th meeting; Chairman Chang An Ping sidestepped due to conflicts of interests, and it was unanimously approved by all directors attending the meeting without objections, with the enquiry from the acting chair. The proposal was approved in the 2nd Round Audit Committee at the 6th meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair. The proposal was approved in the 2nd Round Audit Committee at the 6th meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair. The proposal was unanimously approved by all directors attending the meeting without objections. The proposal was approved in the 4th Round Compensation Committee at the 4th meeting; it was unanimously approved by all directors attending the meeting without objections.
2018/12/14	1. Proposal of purchasing the lands and equipment for the ready-mixing plant in Hsinchu, please review. 2. The report of the progress of solar photovoltaic power plant with fishery in Chiayi, and the budget for expansion of scope, please review. 3. Report of the promotion for the 10MWt demo plant in Hoping Plant for carbon capture trial program, and the reuse of the captured carbon for microalgae culture project, with the budgets, please review. 4. Approval for planning the 2018 operational budget, please review. 5. Approval of the planning of the capital expenditure budgets, please review. 6. Approval for providing financing/other endorsements and guarantees for affiliates, please review. 7. Approval for amending the financing (credit) limit from banks, please review.	The proposal was approved in the 2nd Round Audit Committee at the 7th meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair. The proposal was unanimously approved by all directors attending the meeting without objections. The proposal was approved in the 2nd Round Audit Committee at the 7th meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair. The proposal was unanimously approved by all directors attending the meeting without objections. The proposal was unanimously approved by all directors attending the meeting without objections. The proposal was approved in the 2nd Round Audit Committee at the 7th meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair. The proposal was unanimously approved by all directors attending the meeting without objections. The proposal was approved in the 2nd Round Audit Committee at the 7th meeting; it was unanimously approved by all directors attending the meeting without objections, after being inquired by the chair.

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: None.

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): Two staff from the financial department.

3.4 Information of CPA audit fee

CPA Firm	Name of CPA	Audit Period	Note
Deloitte Taiwan	Ya-Ling Wong Chih-Ming Shao	January 1, 2018 to December 31, 2018	

(expressed in NT\$ thousand)

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

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:

金額單位：新臺幣仟元

CPA Firm	Name of CPA	Audit Fee	Non-Audit Fee					Audit Period	Remark
			System Design	Business Registration	Human Resources	Others	Subtotal		
Deloitte Taiwan	Ya-Ling Wong Chih-Ming Shao	22,475	-	-	-	13,541	13,541	January 1, 2018 to December 31, 2018	The service fees other than the audit services include the capital increase, bond issuance, tax, and consultant services, for total NT\$ 13,541,000.

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	AY 2018		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	Chai Hsin R.M.C. Corporation Chang An Ping (Inaugurated on 2018/6/22)	245,383	0	0	0
Vice Chairman	Tai Ho Farming Co., Ltd. Koo, Kung-Yi (Inaugurated on 2018/6/22)	488,928	0	0	0
Director	C. F. Koo Foundation Representative: Li, Jong-Peir	230,890	0	0	0
Director	Chia Hsin Cement Corporation Representative: Chang Kang-Lung, Jason Chen Chi-Te	167,075,366	0	0	0
Director	Shinkong Synthetic Fibers Corporation Representative: Eric T. Wu	955,465	0	0	0
Director	Hsin He Investment Co., Ltd. Representative: CHI-WEN CHANG	4,308,157	0	0	0
Director	Sishan Investment Co., Ltd. Representative: Lin Nan-Chou	752,560	0	0	0
Director	International CSRC Investment Holdings Co., Ltd Kenneth C.M. Lo	8,377,771	0	0	0
Director	Chung Cheng Development & Investment Co., Ltd. Representative: Yu Tzun-Yen	2,269,952	0	0	0
Director	Heng Qiang Investment Co., Ltd. Representative: Chien, Wen	8,271,958	0	0	0
Director	Heng Qiang Investment Co., Ltd. Representative: Chih-Chung, Tsai				
Director	Fu Pin Investment Co., Ltd. Representative: Wang Por-Yuan	6,268,834	0	0	0
Director	Fu Pin Investment Co., Ltd. Representative: Hsieh Chi-Chia				
Director	Chinatrust Investment Co., Ltd. Representative: Chun-Ying, Liu	12,509,887	17,000,000(14,000,000)	0	0
Independent Director	Yu-Cheng Chiao	0	0	0	0
Independent Director	Victor Wang	0	0	0	0
Independent Director	Sheng Chin Jen	0	0	0	0
Independent Director	Lynette Ling-Tai, Chou	1	0	0	0
President	Li, Jong-Peir	1,050,000(700,000)	0	0	0

Title	Name	AY 2018		By April 24 of the year	
		Increase (reduction) in shareholdings	Increase (reduction) in pledged shares	Increase (reduction) in shareholdings	Increase (reduction) in pledged shares
Senior VP	Huang Chien-Chiang	482,560(300,000)	0	0	0
SVP (Note 1)	Ker-Fu Lu	460,069(327,000)	0	0(63,000)	0
VP concurrently serving as Head of Corporate Governance	Li-Wen Tsai	450,000(300,000)	0	0(10,000)	0
VP (Note 2)	Bao-Luo Ge	247,024(150,000)	0	0	0
Senior AVP	Chien-Chuan Wang	226,249(150,000)	0	0(50,000)	0
Senior AVP (Note 3)	Feng-Ping Liu	152,300(100,000)	0	0	0
Senior AVP	Tse-Shen Tsai	0	0	0	0
AVP	Lin-Tian Huang	150,050(100,000)	0	0	0
AVP	Wei-Jue Hong	157,525(100,000)	0	0	0
AVP	Jin-Lung Yu	159,555(100,000)	0	0	0
AVP	Yuo-Xin Song	151,100(100,000)	0	0	0
AVP	Cen-Wei Lan	152,639(100,000)	0	0	0
AVP	Koo, Kung-Yi	750,000(500,000)	0	0	0
AVP	Yu-Jun Yeh	150,000(100,000)	0	0	0
AVP (Note 4 and 5)	Guo-Hong Yeh	150,000(100,000)	0	0	0
Senior Manager (Note 6)	Xiao-En Tseng	155,736(100,000)	0	0	0
Senior Manager	Chia-Pei Wei	155,205(100,000)	0	0	0
Senior Manager	Ming-De Li	150,000(100,000)	0	0	0
Senior Manager	Yu-Wen Qiu	150,000(100,000)	0	0	0
Senior Manager	Cheng-Dao Qiang	152,000(110,000)	0	0	0
Senior Manager	Yun-De Wu	150,001(100,000)	0	0	0
Manager	Zhi-Ren Liu	120,107(80,000)	0	0	0
Manager	Jin-Yi Chen	120,000(80,000)	0	0	0
Senior Assistant Manager	Zhi-Feng Wu	48,670(30,000)	0	0	0
Senior Assistant Manager	Bo-Jun Lin	0	0	0	0
Senior Assistant Manager	Zhi-Chun Lai	150,000(100,000)	0	0	0
Senior Assistant Manager	Chong-Zhi Hong	120,000(80,000)	0	0	0
Senior Assistant Manager	Zhi-Heng Peng	75,000(50,000)	0	0	0
Assistant Manager	Jao-Gui Lin	75,000(50,000)	0	0	0
Director	Goldsun Development & Construction Co., Ltd. Representative: Ming-Sheng Lin (Relieved on 2018/6/22)	0	0(2,500,000)	0	0
Director	Ching Yuan Investment Co., Ltd.: Representative: Jian-Dong Chen (Relieved on 2018/6/22)	0	0	0	0

Title	Name	AY 2018		By April 24 of the year	
		Increase (reduction) in shareholdings	Increase (reduction) in pledged shares	Increase (reduction) in shareholdings	Increase (reduction) in pledged shares
Director	He Feng Investment Co., Ltd. (Relieved on 2018/6/22)	0	0	0	0
Director	Heng Qiang Investment Co., Ltd. (Relieved on 2018/6/22)	8,271,958	0	0	0
Independent Director	Jhen-Ming Yeh (Relieved on 2018/6/22)	0	0	0	0
Senior Manager	Yen-Hsi Chi (Inaugurated date: 2018/5/18)(Relief date: 2019/1/31)	75,000(50,000)	0	0	0

Note 1: On April 1, 2019, Mr. Ker-Fu Lu was promoted to SVP from VP.

Note 2: On April 1, 2019, Mr. Bao-Luo Ge was promoted to VP from Senior AVP.

Note 3: On April 1, 2019, Ms. Feng-Ping Liu was promoted to Senior AVP from AVP.

Note 4: On April 1, 2019, Mr. Kuo-Hong Yeh was promoted to AVP from Senior Manager.

Note 5: Accounting chief.

Note 6: Chief auditor

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 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	193,888,706	3.80	-	-	NA	NA	Chia Hsin International Co., Ltd. Chinatrust Investment Co., Ltd. International CSRC Investment Holdings Co., Ltd. Heng Qiang Investment Co., Ltd.	Also the Chairman of Chia Hsin Cement Corporation Director of the company	
Prerepresentative: Chang Kang-Lung, Jason	-	-	214,000	0.00	NA	NA	Chia Hsin International Co., Ltd.	Also the Chairman of Chia Hsin Cement Corporation	
Cathay Life Insurance Company, Ltd.	157,361,006	3.08	-	-	NA	NA	NA	NA	
Representative Diao-kuei Huang	-	-	-	-	NA	NA	NA	NA	
Chinatrust Investment Co., Ltd.	137,608,757	2.69	-	-	NA	NA	Heng Qiang Investment Co., Ltd. Chia Hsin Cement Corporation International CSRC Investment Holdings Co., Ltd., Heng Qiang Investment Co., Ltd.	Also the Chairman of Heng Qiang Investment Co., Ltd. Director of the company	
Representative: Tian-Yi Huo	19,631,332	0.38	2,242,754	0.04	NA	NA	Heng Qiang Investment Co., Ltd.	Also the Chairman of Heng Qiang Investment Co., Ltd..	
China Life Insurance Co., Ltd.	115,325,915	2.26	-	-	NA	NA	NA	NA	
Representative Ming-yang Wang	-	-	-	-	NA	NA	NA	NA	
Shin Kong Life Insurance Co., Ltd.	110,765,958	2.17	-	-	NA	NA	NA	NA	
Representative Eugene Wu	-	-	-	-	NA	NA	NA	NA	
New Labor Pension Scheme Fund	104,145,550	2.04	-	-	NA	NA	NA	NA	
Nan Shan Life Insurance Company, Ltd.	100,974,700	1.98	-	-	NA	NA	NA	NA	
Representative Ying-tzyong Tu	-	-	-	-	NA	NA	NA	NA	
Chia Hsin International Co., Ltd.	96,717,520	1.89	-	-	NA	NA	Chia Hsin Cement Corporation Chia Hsin Cement Corporation	Also the Chairman of Chia Hsin Cement Corporation Director of the company	
Representative: Chang Kang-Lung, Jason	-	-	214,000	0.00	NA	NA	Chia Hsin Cement Corporation	Also the Chairman of Chia Hsin Cement Corporation	
International CSRC Investment Holdings Co., Ltd	92,155,487	1.80	-	-	NA	NA	Chia Hsin Cement Corporation Chinatrust Investment Co., Ltd., Heng Qiang Investment Co., Ltd.	Director of the company	
Representative: Koo, Kung-Yi	250,000	0.00	-	-	NA	NA	NA	NA	
Heng Qiang Investment Co., Ltd.	90,991,540	1.78	-	-	NA	NA	Chinatrust Investment Co., Ltd. Chia Hsin Cement Corporation Chinatrust Investment Co., Ltd. International CSRC Investment Holdings Co., Ltd.,	Also the Chairman of Chinatrust Investment Co., Ltd. Director of the company	
Representative: Tian-Yi Huo	19,631,332	0.38	2,242,754	0.04	NA	NA	Chinatrust Investment Co., Ltd.	Also the Chairman of Chinatrust Investment Co., Ltd.	

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.

December 31, 2018 (expressed in shares and %)

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 Co., Ltd.	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%
Hong Kong Cement Manufacturing Co., Ltd.	38,094	84.65%	-	-%	38,094	84.65%
Ta-Ho Maritime Corporation	118,649,441	64.79%	53,472,126	29.20%	172,121,567	93.99%
TCC Investment Co., Ltd.	63,150,000	100.00%	-	-%	63,150,000	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	116,790,998	40.00%	7,503,001	2.57%	124,293,999	42.57%
Dong Cheng Quarry Co., Ltd.	19,890	99.45%	-	-%	19,890	99.45%
Jin Chang Minerals Co., Ltd.	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.	1,100,875,900	100.00%	-	-%	1,100,875,900	100.00%
Ho-Ping Power Company	805,940,306	59.50%	6,772,608	0.50%	812,712,914	60.00%
Ta-Ho Taitung Environmental Services 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.	79,166	33.33%	158,334	66.67%	237,500	100.00%
Feng Sheng Enterprise Co., Ltd.	27,260,611	45.43%	-	-%	27,260,611	45.43%
E.G.C. Cement Corporation	8,062,600	50.64%	7,857,400	49.36%	15,920,000	100.00%
Onyx Ta-Ho Environmental Services Co., Ltd.	30,176,000	50.00%	-	-%	30,176,000	50.00%
Ta-Ho RSEA Environment Co., Ltd.	66,600,000	66.60%	-	-%	66,600,000	66.60%
TCC Green Energy Corporation	150,898,696	100.00%	-	-%	150,898,696	100.00%
He Sheng Mining Co., Ltd.	30,100,000	100.00%	-	-%	30,100,000	100.00%
TCC International Holdings Ltd.	2,581,832,362	38.28%	4,163,097,279	61.72%	6,744,929,641	100.00%

December 31, 2018 (expressed in shares and %)

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
Taicorn Minerals Corp.	119,997	72.70%	-	-%	119,997	72.70%
Trans Philippines Mineral Corp.	19,996	40.00%	-	-%	19,996	40.00%
E-ONE Moli Energy Corporation	48,126,798	15.97%	206,435,400	66.34%	254,562,198	82.31%
International CSRC Investment Holdings Co., Ltd.	135,820,226	15.59%	44,464,037	5.10%	180,284,263	20.69%
Taiwan Cement(Dutch) Holdings B.V.	831,431	100.00%	-	-%	831,431	100.00%

¹Investments made by the company with the equity method.

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

4 Fund Raising

4.1 Capitals and shares

4.1.1 Equity sources

By April 14, 2019 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	5,308,059,911	-	5,308,059,911	1,691,940,089	7,000,000,000

*Including treasury stocks, see 4.9 for details.

By April 14, 2019 book closure date for AGM (expressed in shares)

Capital Formation:

Year Month	Issued price (NT\$)	Authorized Capital		Paid-in Capital		Remarks				
		Shares	Amount	Shares	Amount	Equity sources				
						Capitalization of retained earnings	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	1,002,474,880 ¹	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	2,000,000,000 ²	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	-	-	1,640,000,000 ³	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	-	-	4,000,000,000 ⁶	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
2018/08	10	6,000,000,000	60,000,000,000	4,670,559,911	46,705,599,110	4,240,509,010	-	-	NA	NA
2018/09	10	6,000,000,000	60,000,000,000	5,108,059,911	51,080,599,110	-	-	4,375,000,000 ⁸	NA	NA
2019/01	10	6,000,000,000	60,000,000,000	5,308,059,911	53,080,599,110	-	-	2,000,000,000(preferred shares) ⁹	NA	NA

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-Cheng-(1) 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-Cheng-(1) 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-Cheng-(1) 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-Cheng-(1)-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.

8. Capital increase in cash by issuing 375,000,000 shares to 468,750,000 shares, and participation of issuance for Global Depository Receipt for 75,000,000 units to 93,750,000 units, totaling about USD440,000,000 to USD 550,000,000; It is approved by the Financial Supervisory Commission with the Letter Jin-Guan-Zheng-Fa-Zhi No. 10703258531 dated 2018/7/25.

9. It refers to a cash capital increase by issuing 200,000,000 A-Type preferred shares approved by the FSC with Letter Jin-Guan-Zheng-Fa-Zi No. 1070325853 dated 2018/7/25.

4.2 Structure of shareholdings

Common share capital

Base date: April 14, 2019 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	39	176	1,207	1,281	174,311	1	177,015
Quantity of shareholdings	10,311,054	848,941,545	1,654,959,542	1,489,064,146	1,104,713,624	70,000	5,108,059,911
Proportion of shareholders (%)	0.20	16.62	32.40	29.15	21.63	0.00	100.00

Preferred share capital

Base date: April 14, 2019 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	2	21	100	37	12,072	0	12,232
Quantity of shareholdings	6,494	97,375,840	87,474,640	1,612,573	13,530,453	0	200,000,000
Proportion of shareholders (%)	0.00	48.68	43.74	0.81	6.77	0.00	100.00

4.3 Diversification of shareholdings

Common share capital

Base date: April 14, 2019 book closure date for AGM

Ranking of Shareholdings	Number of Shareholders	Quantity of shareholdings	Proportion of shareholders (%)
1-999	75,034	14,095,478	0.28
1,000-5,000	68,881	146,723,822	2.87
5,001-10,000	14,395	106,016,391	2.08
10,001-15,000	5,894	71,889,649	1.41
15,001-20,000	3,103	55,584,282	1.09
20,001-30,000	3,073	76,295,784	1.49
30,001-40,000	1,489	52,115,774	1.02
40,001-50,000	974	44,668,328	0.87
50,001-100,000	1,883	133,336,386	2.61
100,001-200,000	995	140,256,688	2.75
200,001-400,000	529	148,666,683	2.91
400,001-600,000	197	96,994,281	1.90
600,001-800,000	117	80,992,844	1.59
800,001-1,000,000	70	62,666,693	1.23
1,000,001 and above	381	3,877,756,828	75.90
Total	177,015	5,108,059,911	100.00

Preferred share capital

Base date: April 14, 2019 book closure date for AGM

Ranking of Shareholdings	Number of Shareholders	Quantity of shareholdings	Proportion of shareholders (%)
1-999	8,108	997,786	0.50
1,000-5,000	3,865	4,653,486	2.33
5,001-10,000	101	744,577	0.37
10,001-15,000	25	299,706	0.15
15,001-20,000	24	425,650	0.21
20,001-30,000	16	394,453	0.20
30,001-40,000	7	249,597	0.12
40,001-50,000	6	283,313	0.14
50,001-100,000	28	2,444,876	1.22
100,001-200,000	17	2,600,013	1.30
200,001-400,000	11	3,221,860	1.61
400,001-600,000	3	1,625,000	0.81
600,001-800,000	2	1,465,130	0.73
800,001-1,000,000	5	4,692,359	2.35
1,000,001 and above	14	175,902,194	87.96
Total	12,232	200,000,000	100.00

4.4 List of major shareholders

Base date: April 14, 2019 book closure date for AGM

Shareholder	Shareholdings	Proportion (%)
Chia Hsin Cement Corporation	193,888,706	3.80
Cathay Life Insurance Company, Ltd.	157,361,006	3.08
CTCB Investments Co., Ltd.	137,608,757	2.69
China Life Insurance Co., Ltd.	115,325,915	2.26
Shin Kong Life Insurance Co., Ltd.	110,765,958	2.17
New Labor Pension Scheme Fund	104,145,550	2.04
Nan Shan Life Insurance Company, Ltd.	100,974,700	1.98
Chia Hsin International Co., Ltd.	96,717,520	1.89
International CSRC Investment Holdings Co., Ltd	92,155,487	1.80
Heng Qiang Investment Co., Ltd.	90,991,540	1.78

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

(expressed in NT\$/thousand shares)

Item	Year	2017	2016	By May 10, 2019 ⁸	
Market price per share ¹	Highest	38.90	47.30	43.15	
	Lowest	33.35	32.70	34.90	
	Average	35.14	39.26	39.67	
Net value per share ²	Before allocation	32.11	34.20	36.57 ⁵	
	After allocation	30.61	NA	NA	
EPS	Weighted average of shares	4,162,421	4,849,335	5,107,990	
	EPS	Before Adjustment	2.03	4.37	0.77
		After Adjustment ³	1.82		
Dividend per share	Cash dividend	1.50	3.30	NA	
	Stock grants	From retained earnings	1.00	0.7	NA
		From capital reserve	-	-	NA
	Accumulated unpaid dividends ⁴	-	-	NA	
Analysis on ROI	P/E ratio ⁵	Before Adjustment	17.31	8.98	NA
		After Adjustment	19.31		NA
	P/P ratio ⁶	23.43	11.90	NA	
	Cash dividend yield ⁷	0.04	0.08	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 over the year / earnings per share.

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

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

⁹The net value per share and equity per share are based on the data audited (certified) by CPAs on March 31, 2019; 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 and distributing the dividends for the preferred shares pursuant to Article 5-1 of the Company Charter. 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.

(2) Profit distribution

The 2018 profit distribution proposal was approved at the 8th Meeting of the 23rd BOD on March 22, 2019 as shown below. The dividends for the preferred share are NT\$ 18,219,178; the cash dividend for the common shares is NT\$3.3 per shares and stock dividend is NT\$0.7 per share, as total NT\$ 20,431,959,636. This proposal will be implemented after approval by the AGM on June 12, 2019.

(expressed in NT\$)

Dividend for preferred stocks: about 0.09/share	18,219,178
Cash dividend for common stocks: 3.3/share	16,856,366,706
Stock dividend for common stocks: 0.7/share	3,575,592,930

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

Item	Year	March 31, 2019 (distribution of profit in 2018)
Beginning paid-in capital (expressed in NT\$ thousands)		53,080,599
Stock and dividend distribution of the year ¹	Dividend for preferred stocks per share	0.09
	Cash dividend per share (NT\$)	3.3
	Number of shares per share allocated from capitalization with retained earnings	0.7
	Number of shares per share allocated from capitalization with capital reserves	-
ROE (%)	Before allocation	2.08
	After allocation	2.17
Net value/share (NT\$)	Before allocation	36.57
	After allocation	31.29

Note 1: Undistributed earnings of 2018 will be settled at the 2019 AGM.

Note 2: The Company did not disclose the financial forecasts for 2019; therefore, it is not required to disclose the forecasted data for 2019.

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 has specified in sub-paragraphs 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 2018, 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 March 22, 2019 BOD passed the amount of rewards for employees and directors is NT\$68,236,208 and NT\$215,087,848, respectively. The amount of rewards for employees and directors in 2018 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	Second time (installment)	Third time (installment)
Purpose of buyback	Transfer to employees	Transfer to employees
Buyback period	2018/02/05~2018/02/12	2019/05/13~2019/07/12
Buyback price range (NT\$)	26.53~56.63	29.75~63.62
Types and number of shares bought	6,000,000 ordinary shares	-
Amount of buyback (NT\$)	218,165,694	-
Number of shares transferred	5,930,000	-
Number of shares not yet transferred	70,000	-
Accumulative shareholdings	70,000	70,000
Proportion of accumulative shareholdings in the totally issued shares (%)	-	-

Note: Data until report publication on May 10, 2019.

4.10 Status of corporate bonds:

4.10.1 Information of corporate bonds:

(expressed in NT\$)

Item	Type	2018 First Unsecured Corporate Bond
Issuance (Process) Date		June 21, 2018
Face value		NT\$1,000,000
Locate of Issuance and Exchange		NA
Price of Issuance		100% of per value
Total Amount		NT\$12,000,000,000
Rate		Fixed annual rate of 1.7%
Tenor		Fifteen years Maturity Date: June 21, 2033
Guarantor		NA
Trustee		CTBC Bank
Underwriter		HSBC Bank (Taiwan) Company Limited
Appointed Attorney of Law		Hui-Chi Kuo
Appointed CPAs		Ya-Ling Won and Chih-Ming Shao
Repayment Method		On due date, the bonds will be redeemed in whole
Outstanding principal		NT\$12,000,000,000
Terms of redemption or early repayment		NA
Restrictive terms		NA
Name of the credit rating agency, date, and outcome of the rating of the corporate bond		Credit Rating Agency : Taiwan Ratings Corporation Rating subject : Taiwan Cement Corporation Credit Ratings: twA+ Date of rating: May 8, 2018
Other Rights Att a fit	By the publication date of the annual report, the amount of the converted (exchanged or subscribed) common shares, GDR, or other negotiable securities	NA
	Guidelines of issuance or conversion (exchange or subscription)	NA
	Guidelines of issuance or conversion, exchange or subscription; the possible dilutions to equities by the issuance terms, Effects to the current shareholders' equity	NA
	Delegated custodian of the underlying exchange	NA

Note: The Company announced on May 10, 2018 the Board of Directors' resolution to issue unsecured corporate bonds with total value not exceeding NT\$30 billion and the issuance may be at once or by installments. The unsecured corporate bonds NT\$12 billion were issued on June 21, 2018, the remaining unsecured corporate bonds NT\$18 billion will continue to execute. The balance of outstanding not yet executed corporate bonds are NT\$18 billion until report publication on May 10, 2019.

(expressed in USD dollars)

Item	Type	2018 First Overseas Unsecured Convertible Corporate Bond
Issuance (Process) Date		December 10, 2018
Face value		USD 200,000
Locate of Issuance and Exchange		Singapore Exchange Limited
Price of Issuance		100% of per value
Total Amount		USD 400,000,000
Rate		0%
Tenor		Five years Maturity Date: December 10, 2023
Guarantor		NA
Custodian		CITI Bank
Underwriter		JP Morgan Securities plc
Appointed Attorney of Law		Hsin-lan Hsu
Appointed CPAs		Ya-Ling Won and Chih-Ming Shao
Repayment Method		Unless previously redeemed, repurchased and cancelled or converted, the Bonds will be redeemed at their principal amount with a yield calculated at the rate of 0.5% per annum on the Maturity Date.
Outstanding principal		USD 400,000,000
Terms for redemption or early repayment		(a) From 2 years after the Issuance Date to the Maturity Day, the Issuer may redeem the Bonds in whole or in part, at the Early Redemption Amount, provided that the closing price of Issuer's Common Shares on TWSE (converted into USD by applying the prevailing exchange rate) for a total of 20 days out of 30 consecutive trading days is at least 130% of the amount which is equal to the Early Redemption Amount multiplied by the then prevailing Conversion Price (converted into USD at the Fixed Exchange Rate), divided by the principal amount of the Bonds. (b) The Issuer may redeem all of the Bonds at the Early Redemption Amount in the event that more than 90% of the Bonds have been early redeemed, converted, repurchased or cancelled. (c) The Issuer may redeem all of the Bonds at the Early Redemption Amount in the event of changes in ROC taxation laws resulting in an increase of tax obligation, the necessity to pay additional interest expense, or increase of additional costs to the Issuer after the Issue Date. Bondholders may elect not to have their bonds redeemed but with no entitlement to any additional amounts or reimbursement of additional tax.
Restrictive terms		NA
Name of the credit rating agency, date, and outcome of the rating of the corporate bond		NA
Other Rights Att a fit	By the publication date of the annual report, the amount of the converted (exchanged or subscribed) common shares, GDR, or other negotiable securities	NA

Item	Type	2018 First Overseas Unsecured Convertible Corporate Bond
Guidelines of issuance or conversion (exchange or subscription)		Unless previously redeemed, repurchased, or during the Closed Period (as defined below), the Bonds may be converted into the newly-issued Common Shares at any time starting from the next day immediately after three months from the Issue Date (not including the Issue Date) to the 10th day prior to the Maturity Date (the "Conversion Period"), based on the Bondholder's request in accordance with relevant laws and regulations and the Indenture. Under current ROC laws and regulations, the Closed Period is defined as follows: (a) The book closure period under the laws of the ROC, including the 60-day period prior to the date of the annual general shareholders' meeting of the Issuer, or the 30-day period prior to a special shareholders' meeting of the Issuer. (b) In the event of issuance of bonus of shares, distribution of cash dividend or capital increase by cash, the period from the 15 trading days prior to the commencing day of the book closure period to the record date for determination of shareholders entitled to receive bonus shares or cash dividends or subscribe new shares. (c) In the event of capital reduction of the Issuer, the period from the record date for capital reduction to the day one day prior to the trading day of the shares newly issued upon the capital reduction. (d) Other period for book closure pursuant to the ROC laws and regulations and the Taiwan Stock Exchange ("TWSE") regulations and rules. (e) If there is any change in the future with respect to the relevant laws and regulations on Closed Period, the then updated laws and regulations shall apply.
Guidelines of issuance or conversion, exchange or subscription; the possible dilutions to equities by the issuance terms, Effects to the current shareholders' equity		If all the Bonds were converted into Common Shares, the share dilution effect will be around 5.94%. Although the Bonds will increase the share capital and dilute the EPS, this offering in terms of financial structure could help increase equity fund, reduce debt ratio and strengthen the financial structure, which shall be beneficial to the future operations and development of TCC Group.
Delegated custodian of the underlying exchange		NA

4.10.2 Information of corporate bonds:

Type of Corporate Bonds	2018 First Overseas Unsecured Convertible Corporate Bond			
Item	Year	At the issuance	2018	Up to May 10, 2019 (Note 1)
Market value for converting the corporate bonds	Highest	US\$101.083	US\$103.307	US\$113.194
	Lowest	US\$101.083	US\$101.083	US\$102.622
	Average	US\$101.083	US\$102.433	US\$108.146
Price of conversion (NT\$/share)		NT\$41/share	NT\$41/share	NT\$41/share
Issuance (process) date and Price of conversion at issuance		Issued on December 10, 2018 NT\$41/share		
Means of performing the obligation of conversion		Delivery of issued shares		

Note 1: Fill up with the information of the current year up to the publication date of the annual report.

4.10.3 Information of exchange corporate bonds: NA

4.10.4 Aggregated report of issuance of corporate bonds: NA

4.10.5 Information of corporate bonds with warrants: NA

4.11 Status of preferred shares:

4.11.1 Information of preferred shares

Item		Issuance (Process) Date	December 13, 2018 (TCC B-Preferred)
Face value			NT\$ 10
Issued price			NT\$ 50 per share
Quantity			Total 200,000,000 shares
Total amount			NT\$ 10,000,000,000
Rights and Obligations	Distribution of Dividends and Bonus		1.Dividends:3.5% per annum (equal to the sum of 5-year IRS 0.9375%+2.5625%) The IRS rate will be reset every 5 year based on the average rate of PYTWDFIX and COSMOS3 at 11:00 am on the date which is two business days prior to the interest rate reset date. If no such rate can be obtained, the company will determine the rate based on reasonable market price with good faith. 2. Dividend payout: (1) The dividends will be distributed annually in arrears.Once the Company's Audited Financial Reports have been acknowledged and the earnings resolved in the annual general meeting of the shareholders, the Board shall be authorized to set the payment date for the distribution of the payable preferred share dividends for the previous year. In the year of issuance and redemption, the distribution of the payable dividends shall be calculated based on the actual number of days the Preferred Shares remained outstanding in that year. (2) Any earnings concluded in a fiscal year shall first make up for losses of previous years, right after statutory taxation and accounting adjustment. Any surpluses are subject to provision of legal reserves and special reserves according to the Articles of Incorporation, and to preferred shareholders the respective year's dividends are to be paid not exceeding them the remaining earnings hereof. (3) The company has discretion over the dividend distribution of 2nd Preferred Shares. The company may decide not to distribute dividends of preferred shares in the following circumstances:(a) there are no earnings in a fiscal year, (b)the earnings are insufficient to distribute dividends of preferred share. The cancellation of dividend payment should not constitute an event of default (4) 2nd Preferred Share preferred shares are noncumulative, and the preferred shareholders do not have the right to claim any of the unpaid or omitted dividends in the future. (5) 2nd Preferred shares are not entitled to cash or stock dividends derived from earnings or capital reserve.
	Liquidation of the remaining properties		The order of claim for distribution of property is prior to ordinary shares,and the claim of all series of 2nd Preferred Shareholders are equal.The repayment shall be capped at the respective issue amount of preferred shares upon liquidation.
	Exercising the voting rights		Not entitled to voting rights and have no rights to vote on election of directors but are entitled to be elected as directors. Holders of outstanding preferred shareholders have voting rights with respect to agendas that would affect 2nd Preferred Shares in preferred shareholders'meetings and in general shareholders' meetings.
	Others		Have the same pre-emptive right as common shareholders for newly issued shares.
Out-standing pre-ferred shares'	redeemed or converted amount		NT\$ 0
	Unredeemed or unconverted amount		NT\$ 10,000,000,000
	Terms of redemption or conversion		1. Cannot be converted to common shares and holders do not have the right to request the company to redeem preferred shares. 2. 2nd Preferred Shares are perpetual but may be redeemed in whole or in part at issue price anytime after five years of issuance at the option of the Company. Unredeemed preferred shares shall continue to have the rights and obligations of issuance terms prescribed in this Article.
Market Price per Share	The current year May 10, 2019 (Note 1)	Highest	NT\$ 53.00
		Lowest	NT\$ 50.90
		Average	NT\$ 52.00
Other Rights Att a fit	The converted or subscribed amount up to the publication date of the annual report		2nd Preferred Shares Cannot be converted to common shares and holders do not have the right to request the company to redeem preferred shares.
	Guidelines of issuance, conversion, or subscription		NA
The effects to the holders of preferred shares, possible dilution of the equity, Effects to the current shareholders' equity			NA

Note 1: Fill up with the information of the current year up to the publication date of the annual report.

4.11.2 Information of preferred shares with warrants: NA

4.12 Status of global depository receipts (GDR):

Item		Issuance (Process) Date	August 3, 2018
Locate of Issuance and Exchange			EuroMTF, Luxembourg Stock Exchange
Total Issuance Amount			USD 548,625,000
Issuance Price per Unit			USD 6.27 per unit
Total Issued Units			87,500,000 units
Source of the represented negotiable securities			The common shares from the cash capital increase
Quantity of the represented negotiable securities			437,500,000 shares
Rights and Obligations of the Holders of the GDR			Rights and obligations are identical to the common shares
Trustee			NA
Depository Institution			CITI Bank
Custodian			First Commercial Bank
Outstanding balance of unredeemed GDR (March 31, 2018)			0 units
Distribution of the related expenses for issuance and during the duration			Borne by the Company
Important agreed matters in the depository and custody agreements			Please refer to the depository and custody agreements
Market Value per Share (Note1)	January 1, 2018 to December 31, 2018	Highest	US\$7.069
		Lowest	US\$5.403
		Average	US\$6.185
	January 1, 2019 to May 10, 2019	Highest	US\$6.950
		Lowest	US\$5.688
		Average	US\$6.322

Note 1: Fill up with the information of the current year up to the publication date of the annual report.

4.13 Status of employee stock options/warrants:NA

4.14 Status of restricted stock awards (RSA):NA

4.15 Status of acquisition or transfer of other newly issued shares from other companies:NA

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:NA

4.15.2 Basic data of the transferee of shares:NA

4.16 Capital utilization plan

1. Description of the plan and the execution:

(1)The placement and issuance of 2018 First Unsecured Corporate Bond:

A)Capital utilization plan: filling up the operating funds and investing in domestic or overseas companies.

B)Approved date and document no.: Dated June 12, 2018, Zheng-Guei-Zai-Zhi No. 10700148971

C)Amount needed for this plan: NT\$ 12,000,000,000.

D)Source of funds: issuing unsecured common corporate bonds for NT\$ 12,000,000,000.

E)Items of the plan and the executions (expressed in NT\$ thousands)

Items of the plan	The executions	As of March 31, 2019	Reason of being early or late and the improvement plan
Filling up the operating funds	Amount to be used	Estimated 5,000,000 Actual execution 5,000,000	Fully executed as the plan
	Progress of execution(%)	Estimated 100.00% Actual execution 100.00%	
Investing in domestic or overseas companies.	Amount to be used	Estimated 750,000 Actual execution 1,400,000	To accelerate the investment in the domestic business, NT\$ 650,000 thousands has been used early. Unutilized funds NT\$ 5,600,000 thousands are executed in accordance with the future funding plan.
	Progress of execution(%)	Estimated 10.71% Actual execution 20.00%	

(2)Issuance 2nd Preferred shares for capital raising in 2018, new shares issuance for sponsoring issuance of global depository receipts and 2018 First Unsecured Corporate Bond:

A)Capital utilization plan: investing in overseas companies and repay the borrowings from banks

B)Approved date and document no.: Dated July 25, 2018, Jin-Guan-Zheng-Zhi No. 1070325853, No. 10703258531, and No. 10703258532.

C)Amount needed for this plan: NT\$ 40,000,000,000.

D)Source of funds: Issuance 2nd Preferred shares for capital raising for NT\$ 10,000,000,000; new shares issuance for sponsoring issuance of global depository receipts for USD 548,625,000, and 2018 First Overseas Unsecured Convertible Corporate Bond for USD 400,000,000.

E)Items of the plan and the executions

(expressed in NT\$ thousands)

Items of the plan	The executions		As of March 31, 2019	Reason of being early or late and the improvement plan
Investment overseas company - TCCI	Amount to be used	Estimated	15,000,000	Fully executed as the plan
		Actual execution	15,000,000	
	Progress of execution(%)	Estimated	100.00%	
		Actual execution	100.00%	
Investment overseas company-TCCIH	Amount to be used	Estimated	21,000,000	Fully executed as the plan
		Actual execution	21,000,000	
	Progress of execution(%)	Estimated	100.00%	
		Actual execution	100.00%	
Investment overseas company-CCC	Amount to be used	Estimated	780,000	Fully executed as the plan
		Actual execution	780,000	
	Progress of execution(%)	Estimated	100.00%	
		Actual execution	100.00%	
Repaying the borrowings from banks	Amount to be used	Estimated	3,220,000	Based on the demands of fund movement, extend the schedule of repayment of banks' borrowings.
		Actual execution	0	
	Progress of execution(%)	Estimated	100.00%	
		Actual execution	0%	
Total	Amount to be used	Estimated	40,000,000	
		Actual execution	36,780,000	
	Progress of execution(%)	Estimated	100.00%	
		Actual execution	91.95%	

Note 1: the exchange rate of NTD to USD is estimated as NTD 30 : USD 1

Note 2: TCC International Ltd., referred as TCCI hereafter.

Note 3: TCC International Holdings Ltd., referred as TCCIH hereafter.

Note 4: Continental Carbon Company, referred as CCC hereafter.

2.Evaluation for Effects of Execution

(1)

Item	2017 (Before execution)	2018 (After execution)	(Increase/decrease)
Current assets (expressed in NT\$ thousands)	92,719,914	110,380,695	17,660,781
Current liabilities (expressed in NT\$ thousands)	65,192,960	64,503,844	(689,116)
Total liabilities (expressed in NT\$ thousands)	119,909,833	146,705,662	26,795,829
Total equity (expressed in NT\$ thousands)	136,348,204	181,541,510	45,193,306
Interest expenses (expressed in NT\$ thousands)	1,764,869	2,249,022	484,153
EPS (NT\$)	1.82	4.37	2.55
Current ratio (%)	142.22	171.12	28.90
Liabilities to assets ratio	43.99	42.64	(1.35)
Long-term capital to property, plant and equipment ratio	218.95	306.92	87.71

As demonstrated in the table above, the EPS in 2018 increased NT\$ 2.55 from 2017, the financial structure was also better than 2017, the outcome of executions is supposed to be good.

(2) The funds raised with Issuance 2nd Preferred shares for capital raising in 2018, new shares issuance for sponsoring issuance of global depositary receipts and 2018 First Overseas Unsecured convertible Corporate Bond were used to investment in overseas companies, namely TCCI, TCCIH and CCC, for them to repay the banks' borrowings of these invested companies. In terms of the the saved interests from these repaid loans, the estimated effects are not materially different from the actual achievement.

5 Overview of Operation

5.1 Business activities

5.1.1 Scope of business

Sector	Proportion in operations
Cement	74.3%
Chemical Engineering	12.3%
Power Plant	10.2%
Others	3.2%
Total	100.0%

5.1.2 Industry overview

5.1.2.1 Cement sector

Status and future development

Taiwan cement industry is a mature industry. Regarding the capacity of clinker rotary kilns, as the mineral claims of western Taiwan expired in 1997, and capacities thus suspended, the current installed capacities are 20.24 million tons. Part of the capacities have halted or reduced the amount of production. Base on the statistics of the Cement Manufacturer's Association, the members have produced 10.94 million tons in 2018, and the domestic consumption for the whole year was 10.68 million tons, or 453kg per capita annually.

Looking into 2019, the economic growth in the US and Europe is moderate. Though the emerging markets continue to grow, the uncertainties resulted from the US-Mainland China trade war may affect Mainland China's economy and the growth may slow down. Taiwan is not immune from this impact; the export may slow down and the growth may be weaker. Even though investments from ICT companies continue to grow, the property market and construction investments are still weak, therefore, the government's Forward-looking Infrastructure Program is expected to realized and executed gradually in 2019. The overall market is expected to show flat growth in 2019.

Supply 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-fire power plants supplying fly 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 (RMC), 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, benefitting from the continuous support from the infrastructure projects in recent years, the demand for special cement has increased significantly. In addition, RMC plants have been increasingly replacing cement with fly 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

During 2012 to 2018, a total of 13 new plants of phenol/acetone were established. In 2018, CNOOC of Mainland China (annual capacity as 220,000 tons of phenol) and Deepak of India (annual capacity as 200,000 tons of phenol) began production. Currently, the expansion trend has waned. The downstream products, such as Cyclohexanone, Bis-phenol A, Polycarbonate...etc, from 2017 to 2019, more capacities have entered the market, and the annual consumption of phenol has been increasing by 860,000 tons per year. The oversupply issue of phenol/acetone seen in the recent years has been mitigated.

Supply 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, each segment of the industry is thus highly correlated.

(2) 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, entertainment equipment, and wires and cables; the synthetic fiber industry provides raw materials for clothing, agricultural and fishery implements, and tires; solvents can 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.

(3) Interrelations between upstream materials and phenol products

Phenol products are made with propene and benzene obtain 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 synthetization of phenol and acetone produces BPA. Through hydrogenation, phenol produces cyclohexanone products.

(4) 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. Cyclohexanone is mainly used to produce CPL and as a solvent.

Development trends of products

Phenol: In global phenol demand, BPA is the highest, phenol formaldehyde resin is the second highest, followed by CPL and alkylphenol.

Acetone: As a by-product of phenol, acetone supply is sufficient, as the number of new phenol plant constructions has been growing. 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: Global growth continues to grow annually and 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, hence supply has been greater than demand. As the same situation is also found in Asia, Japan, and South Korea, mainly export excess production volume to Mainland China, India and Southeast Asia. However, it is difficult to enter the Southeast Asia market which is dominated by Japanese suppliers. Furthermore, as the new capacity in Mainland China enters the market, the supply is also greater than the demand. As most phenol is consumed internally for producing BPA and cyclohexanone, and only a limited quantity is exported annually, 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, and the supply is greater than the demand. The capacities in Japan and South Korea are also greater than the domestic demand, and the surplus is exported to Mainland China, India, Southeast Asia, and emerging markets.

Cyclohexanone: Except TCC Group, Sinopec Group also produces cyclohexanone; Mainland China suppliers are the main competitors of our cyclohexanone export. Apart from producing CPL, cyclohexanone is mostly used as a solvent.

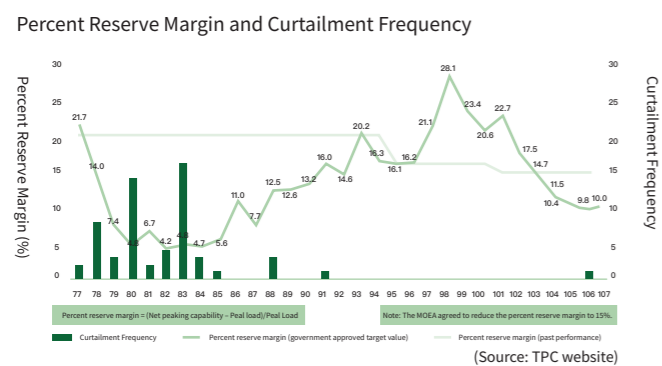
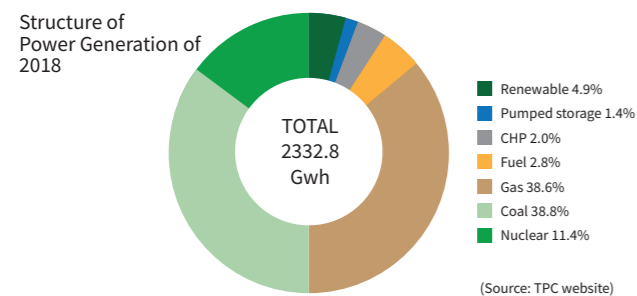
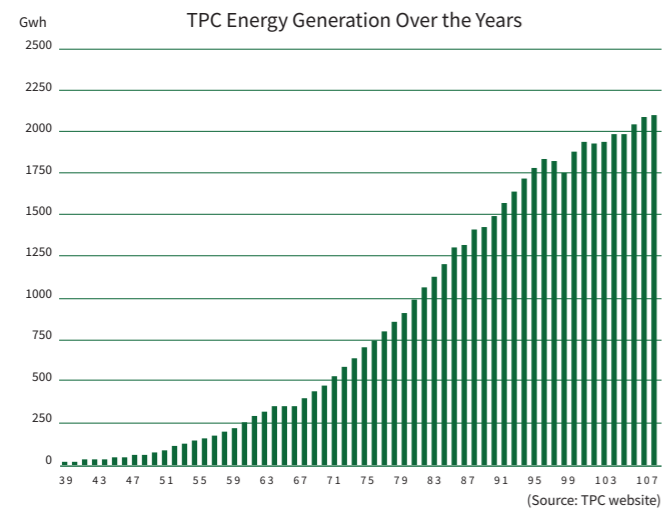
Maleic anhydride: Other than TCC Group, the domestic producers include Nanya and Hexing. It is mainly used in the production of UP resin. Supply exceeds demand. But TCC's focus is on the production and application of the down stream hydrogenation.

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, industry competitions, environmental protection, and national security. Although the government's monopoly of the electricity industry ended in 1995, and it has been 24 years since 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-owned 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 current margin at 15%, 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.



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 approved 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.

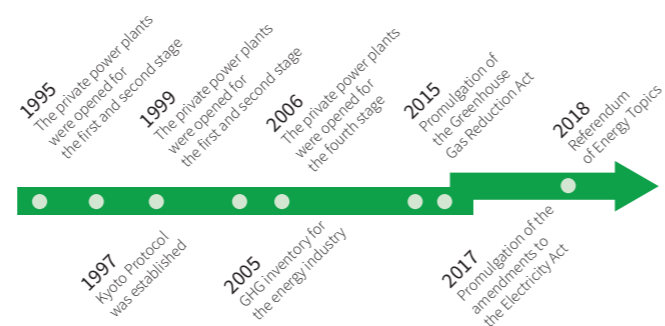
The deregulation took place in three phases: January 1995, August 1995, and January 1999. A total of 15 IPPs were approved to establish, and nine were eventually completed, with a total capacity of 7.71 GWh. Along with the boom of cogeneration, Taiwan’s electricity market entered the “electricity liberalization” 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 goals of global development. Taiwan lacks 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-term 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.

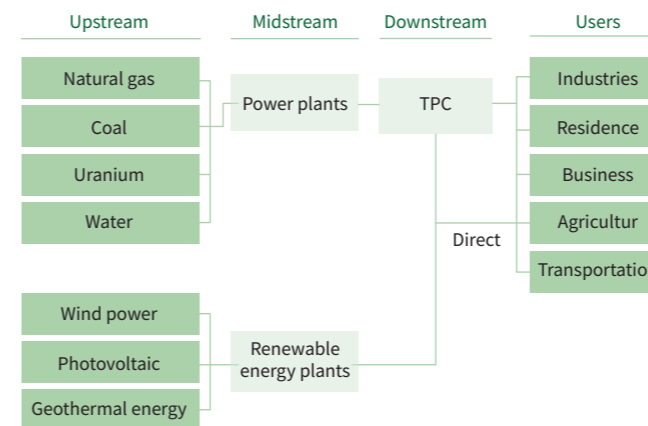
The Bureau of Energy (BOE) has also begun to amend related by-laws and establish supporting measures. We will keep track on the amendment schedule to plan and adjust our long-term development directions.

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. Reduce the dependence to the petrochemical to implement carbon reduction, and develop an autonomous and diversified energy industry, so that the dependence to the imported energy is decreased as well. Currently the Government is actively promoting the development of renewable energy, through the “Two-year promotion program of solar photovoltaic” and the “Four-year promotion program of wind-power.” It seeks to achieve the goal as “realizing the structure of power generation as 20% of renewable energy, 50% of natural gas, and 30% of coal by 2025” gradually.

5.1.3 Technology and RD status

In 2018 and by the date of report publication in 2019, we have invested a total R&D expense of NT\$23,666,000 and NT\$10,937,000 (January-March 2019) respectively. The technology and R&D 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, apart from developing new products and optimizing the quality of existing products, we also actively develop technologies in the following areas:

- Expanding the scope of resource recycling: Blending recycled aggregates, industrial waste, fly ash from refuse incineration and power generation and steel slag for reuse and processing as refuse derived fuel (RDF)
- Cement kiln co-processing of household garbage and toxic waste treatment.
- Reducing unit energy consumption and carbon emissions during process.
- Combining calcium-looping carbon capture system with the carbon capture, storage, and utilization (CCSU) functions of microalgae culture.

Successfully developed technologies or products:

- Developed and achieved mass production of type II high-performance cement and types II/V high-strength cement.
- Developed and achieved mass production of type IV cement with quality complying with the CNS requirements and special construction requirements. The product has been awarded with the CNS mark and MIT Smile Logo.
- Development of the mass production capability of 10000psi high-performance concrete.
- Development of the mass production capability of self-compacting concrete.
- Development of the mass production capability of high impermeability 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.
- Technology to process domestic garbage with cement kilns
- 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.
- Completion of the trial productions of four medical cosmetics products, including bubble cleansing masks, moisture crystal serum, anti-aging dual pearl, and juvenile cream. The health inspections for these products were also completed to ensure their qualities.
- Development of giftbox of Haematococcus pluvialis products, including soba noodles, seaweed, Litsea cubeba, and shichimi.
- For the material of cosmetics for ASTAROSE, INCI, the name / trade name are registered.

·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 steam hydration and cascade cyclone carbon capture system using calcium looping have been completed, with accumulative operating hours for 1,200 hours.

·The Calcium-Looping technology for CO₂ capture has applied 26 patents under 13 items, and now 22 of them are granted and one is pending.

·Development of the formula of cement mortar specifically for perfusion, and the promotion of craftsmanship workshop of cement.

■Future research projects and new product development plans

·The new generation of calcium-looping technology for CO₂ capture: development of the project of “Validation of Calcium-Looping Technology for CO₂ Capture and the R&D for Amplifying Technology,” which implemented a long-term continuous operation for validation. The key points of the project include:

(1) Optimization and improvement of unit system, to enhance the stability of operation for the whole system;

(2) Test of long-term stable operation for the new generation of calcium-looping technology for CO₂ capture;

(3) The industrial amplified application demonstration of the capture system, it is promoted to conduct the detailed design on the basis of the 10MW grade capture system with calcium looping, and also establish the engineering specs for the industrial amplified capture system.

Development of microalgae culture technology: Implementation of the three-year High Efficiency Biological Carbon Fixation and Application TDP (II) plan, 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.

·Currently the second-year plan is under progress. The focus is on developing the biomimetic compounds accelerating the growth of microalgae, and the exploration of their applications for the growth of microalgae, as well as the feasibility of adding microalgae to food. In addition, we further optimized the production and the efficacy of bio carbon fixation/product. The small bio carbon fixation fermentation system is planned as the basis of the test and demonstration of the high efficiency bio carbon fixation.

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. Up to now, the plan and design of renovation is under progress. It is expected to complete the enhancement for the efficacies of two power generation sets and the efficiency of the prevention equipment in 2020-2023.

■As for the promotion of renewable energy, TCC, as the leader in the traditional industries, follows the pace of the Government's energy transformation, and actively develop and invest in renewable energy. TCC Green Energy actively develops solar photovoltaic, wind-power, and geothermal power generation. Currently in Taipei, Changhua, Yunlin, Chiayi, and Tainan, the solar photovoltaic and wind-power plants are promoted, and the geothermal power plants are promoted in Hualien and Taitung, as our contribution to response to the Government's energy transformation.

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 enhancements.

■To fulfill the environmental responsibilities, we invested on the improvement in the regards of waste gas and water generated during the production, to reduce the emission.

■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 tons. Adding up Taiwan's capacity and the total is up to 74.70 million tons, we were ranked the sixth largest groups in Mainland China's cement sector. After the privatization of TCCIH in 2018 and with regard to the green development, supply side reformation, and environmental

protection policies of the business, we maintained leadership in green process and regional market share to increase profit for the group.

(3) Other than the business in Taiwan and Mainland China, TCC has established a new wholly-owned Dutch subsidiary Dutch TCC Holdings and set up a joint venture (“JVC” hereafter) with OYAK from Turkey. TCC and OYAK holds 40% and 60% stake of the JVC, respectively. This JVC will obtain all the cement business of OYAK in Turkey. This is a first step of TCC to step out of the Asian market. Through the partnership with OYAK and the special positioning of Turkey in the Mediterranean Area, it is expected to make the JVC become an influential player in the cement industry via strategic M&A or partnerships, and which in turn helps the future global positioning of TCC.

Long-term development plan

(1) Starting from the JVC, the objective is to expand into European and African countries, to find the suitable partners or location, for the purpose of extending the cement business to other geographic areas in the world actively.

(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. Also, we have been actively establishing environmental protection companies, working collaboratively with the cement plants to treat the city garbage, industrial waste, and hazardous waste, as the projects to achieve circular economy.

(3) Apart from maintaining the brand status in Taiwan, we are devoted to improving product quality and customer services in Southern China, Southwest China, and Eastern China. TCC aims to keep roots in Taiwan and cultivate Mainland China, in order to become the top brand in Southern China and a leading cement manufacturer in Mainland China.

(4) Using the three high's process characteristics—high temperature, high retention time, and high turbulence—of the cement kiln, TCC aims to develop the value chain of the circular economy through “environmental protection service integration” which processes solid waste, such as city garbage, sludge and toxic waste.

■Cement kiln co-processing household garbage projects

- In December 2015, the first equipment set of cement kiln co-processing household garbage began operation successfully at the TCC Anshun Cement Co., Ltd. in Pingba District, Anshun City, Guizhou Province, Mainland China. The complex was listed as the “Key Demonstration Project of Cement Kilns for Co-Processing of Household Garbage in 2016” by the Ministry of Industry and Information Technology and Ministry of Finance of China.

-A new set of cement kiln for co-processing household garbage is under construction at TCC (Shaoguan) Cement Co., Ltd. in Qujiang District, Shaoguan City, Guangdong Province.

We have also signed a 25-year household garbage processing agreement with the local government in July 2016. The equipment procurement has been completed and the construction has been outsourced. Operation is estimated to begin at the end of 2020.

—At the end of 2018, TCC's Jinzhou plant, located in Jinzhou county in Hunan province, has received approval from Jinzhou county government of constructing cement kiln co-processing household garbage treatment project. The county government is currently conducting single-source process and project construction is expected to begin in second-half 2019.

—For the co-processing of household garbage for Hualien County by Ho-Ping Plant, the preparation of the explanation seminar before the environmental impact evaluation. The goal is to complete the installation of related facilities by the end of 2020.

■Projects of cement kilns for collaborative processing of solid and hazardous waste

—On January 8, 2019, the permit was granted by the Yilan County Government. On the basis that the Suao Plant has been processing calcium fluoride sludge from the semiconductor industry, coal bottom ash and fly ash, the county government has agreed the Suao Plant to further process reducing slags from steel mills, sludge from water purifier, inorganic sludge from chemical factories, and the recycled aggregates of the IBA from the incinerators.

—On August 2, 2018, the Ho-Ping Plant has obtained the approval letter of assessment for environmental deviance, on November 5, 2018, the approval of waste cleaning plan by the Environmental Protection Bureau of Hualien County Government was obtained, and on February 11, 2019, the Hualien County Government granted the permit for operation. On the basis that the Ho-Ping Plant has been processing coal ashes from power plants, inorganic sludge from paper-maker, stone sludge and derived stone powder, the county government has agreed the Ho-Ping Plant to further process the calcium fluoride sludge from the semiconductor industry, slags from steel mills, sludge from water purifier, and plastic molds from the packaging industry.

—In February 2019, the TCC Dongyuan Environmental Corp's project of 300,000 tons of toxic waste and 30,000 tons of sludge from sewage processor obtained environmental impact evaluation approval and the construction permit. The construction outsourcing for the first phase, the construction for 200,000 tonnes of hazardous waste has been complete in March, and the operation is expected to begin in December 2019.

—On February 20, 2019, Kaili City Development and Reform Bureau has approved the project for our Kaili Plant in Guizhou Province, with capacity to treat 50,000 tonnes of hazardous waste annually.

5.1.4.2 Chemical engineering sector

Short-term development plan:

- (1) As the first company 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 knowledge of market information and trend, our chemical engineering sector can achieve the balance between production and sales.
- (2) Domestically, we aim to increase market share. In export, we aim to diversify markets and extend sales to Mainland 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 services 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 the Company. 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 the Company's 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

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

Mid-term development plan:

- (1) Execution of the Project for Enhancing the Efficiency of Boiler Coal
 - ① In November 2018, Yusen Logistic and Idemitsu came to install the ULTY control system. Now the verification for the functions of the facility is under progress.
 - ② March to June 2019, Shanghai Boiler will come to the plant for the project of adjusting the boilers at the first generating set.

Long-term development plan

- (1) Improvement of AQCS:

Assessed technology improvement plans

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	<ul style="list-style-type: none"> ◆ Increase the volume of catalyst reactors. ◆ Invest in low nitrogen burners. 	<ul style="list-style-type: none"> ◆ Improve flue gas desulphurization (FGD) towers. ◆ Select no leakage gas reheaters 	<ul style="list-style-type: none"> ◆ Increase wet electrostatic precipitators.

The plan is to complete the project of improving AQCS for the 2nd and 1st generating set by 2021 and 2023, respectively.

- (2) Building new clean energy generation sets and engaging in the planning and investment of various renewable energy projects to increase profit.

Continue the assessment of adding more clean energy generating sets, or installation of various renewable energy power plants, and participation of investment near the Plant or other locations in Taiwan, in order to increase the capacities and profitability, as well as corresponding the green energy promoting policy of the Government.

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 2018 cement consumption in Taiwan was 10.68 million tonnes, 510,000 tonnes or 5.01% more than 10.17 million tonnes in 2017.

The 2018 domestic sales of cement and clinkers (including consumption by own ready-mix cement plants) were 3.98 million tonnes, 5.85% higher than 3.76 million tonnes in 2016, with a market share of about 37.27%. The Taiwanese cement market in 2018 was driven by the Governmental forward-looking infrastructure projects; the increase in public construction led the growth in the holistic market. The sale price of cement was stable.

For the domestic cement market in 2018, as the cross-strait economic interaction reduces, the Sino-US trading war, and the fluctuation of the global financial markets, as well as less supply in the property market, even the fixed investment in ICT industry and manufacturing industry, it is expected that the demand of cement will maintain the 10.5 to 11 million tonne level. For TCC, it is expected to sell cement and clinkers domestically 4.1 million tonnes. The price in the domestic cement market will be stable.

Bulk cement and bulk clinkers are our major exports. The exported cement and clinker exports were 1.45 million tonnes in 2018, same as 1.45 million tonnes in 2017. Our major export regions include Mauritius, Australia, the Philippines, and Hong Kong. An export reduction to 1.50 million tonnes is estimated for 2019. 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 China becomes importer from exporter due to staggering production reduction. 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 being driven by the Governmental forward-looking infrastructure projects, the domestic market had greater demands, the 2018 domestic sales of ready-mix concrete (including consumption by own ready-mix cement plants) were 5.43 million tonnes, 4.22% more than 5.21 million tonnes in 2017. It is estimated that raising profit and increase domestic sales will be the main targets for 2019, including 5.60 million tonnes of cement and clinkers (including consumption by own ready-mix cement plants) for both domestic and export sales, about 3.13% higher than 2018 sales volume of 5.43 million tonnes.

In ready-mix concrete, the 2018 sales were 4.72 million m³, 10.53% or 450,000 m³ higher than 4.27 million m³ in 2017. Despite the sales reduction in the realty market, the estimated ready-mix concrete sales in 2019 will increase by about 5.20 million m³ from 2018 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 continuously 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, 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 2019 capacity in mainland China still reached 2 to 2.1 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 prudentially assess the circumstances 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. The first project of cement kilns for collaborative processing of solid and hazardous waste in Guigang City, Guangxi Province, China, has passed the environmental assessment and obtained the approval. This is the largest project of processing of solid and hazardous waste in China. The first phase construction that processes 200,000 tonnes of solid and hazardous waste annually, is expected to start the production in December 2019. At that time, the effect of the green circular economy of the Company will be enhanced.

2. Taiwanese cement market is rather a mature industry with little room of growth. Therefore, TCC has invested in China's cement market, and the target market is at the Southern China while extending the Eastern and Southeastern China. At the end of 2009, to cope with the new Chinese policy that controlled the capacities, suspended new projects, encouraged M&A, and increased the concentration of the industry, TCC successfully merged and acquired the cement capacity of Chang-Xing Mining; from 2011, the capacities in Guizhou and Sichuan of Gangan, Kaili, Saide, Taichang were merged and acquired; in 2014, Sichuan Chuangtie and Hunan Jin Da Di Cement Company were merged and acquired. In 2018, the annual capacity of the Company in China has reached 64.3 million tonnes. In the future, apart from continuing M&A in China when opportunities emerging, the BOD approved the establishment of new joint venture on October 25, 2018. A new wholly-owned Dutch subsidiary Dutch TCC Holdings, a joint venture ("JVC" hereafter) between Dutch TCC Holdings and OYAK from Turkey. TCC and OYAK holds 40% and 60% stake of the JVC, respectively. This JVC will obtain all the cement business of OYAK in Turkey. This is a first step of Taiwanese cement industry out of the Asian market. TCC therefore become a key shareholder of a holding company that dominates Turkish market selling 73 million tonnes of cement per year with its 16% market share. Through the partner OYAK and the special position of Turkey in the Mediterranean Area, it is expected to make the JVC become an influential player in the cement industry via strategic M&A or partnerships, and which in turn helps the future global positioning of TCC.

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 implementa-

tion 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	2017		2018	
	Amount	%	Amount	%
Domestic sales	5,645,916	42.79	6,815,053	44.94
Export sales	7,547,068	57.21	8,351,000	55.06
Total revenue	13,192,984	100.00	15,166,053	100.00

Market share

The domestic market shares are describe in the following table:

	2017	2018
Phenol	32%*	26% (Note)
Acetone	46%*	44% (Note)
BPA	0%	0%
Cyclohexanone	100%*	83% (Note)

Source: Statistics of Customs Services and TCC
*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

The technologies of phenol products are more advanced, with higher investment. The users have stricter requirements for the quality. As for the global supply of phenol, the Asian capacity is the greatest as 52.8%, followed by Americas and Europe. Basically, excessive products of these regions will mostly be exported to India, mainland China, or Southeast Asia.

(2) Global demand

Overall, the Company 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. Once the new product lines are built in the downstream markets, the export markets are getting active.

(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 now play an important role in the global supply of these products, with

internationally recognized products and high international competitiveness. In the future, customers will increase their demand for phenol formaldehyde resin, epoxy, PC, and related solvent markets. Future 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

Long-term contracts are signed to secure the stable supply of materials, for the purpose of coping with the production.

(2) 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 the chemical engineering sector of the Company, 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, TCC passed ISO certification. As customers have great faith in our product quality, delivery punctuality, and after-sale service, we will continue to enhance the production efficiency of TCC to help cultivate more markets.

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

The chemical engineering sector hold production-sales coordination meetings. Apart from reviewing the production and sales performance, the chemical engineering sector discusses and coordinates the current status of market, production, stock, and material supply to set the sales target 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. Objectively speaking the hurdle to enter the business is higher. TCC has a long history of product manufacturing, and thus the professional image, market position and a complete network of marketing has been established. There

fore, in the regards of capacity and market sales, TCC has the efficacy from the economic scale, and the costs of productions are lowered, to offer very competitive products. As the result, TCC becomes one of the key suppliers to the petrochemical industry.

(2) Unfavorable factors

Excessive capacity and low import tariff

The import tariff of petrochemical products too low to protect domestic suppliers and with the 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 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 them to allocate the power supplies in Taiwan.

Market share

Based on the statistics on the official website of TPC, until the end of 2018, the total capacity of facilities in Taiwan is 445.1GW, and the net power generation in 2018 was 23.33 MWh. Among the generation, 18.34MWh was generated by TPC. The total capacity of facilities of the private coal power plants is 77.1GW, and the net power generation is 3.87 MWh. The capacity of the two generating sets in the Group's Ho-ping Power Plant is 1.32GW, and sales of electricity in 2018 was 8,559 KWh, or 22.12% of the private coal power plants, or 3.67% in 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. It is expected to grow 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. Regarding the development of power supply, the Government is promoting the "Two-year promotion program of solar photovoltaic" and

the “Four-year promotion program of wind-power,” seeking to achieve the policy of realizing 20% of power generated by renewable energy in 2025, hoping to resolve electricity shortages in the energy transition period and bring Taiwan citizens a 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 as

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, and it is expected to grow to 33.564 MWh in 2033. For the power supply, the capacity of power generating facilities is expected to grow to 503.5 GW in 2027 from 445.1 GW in 2018. It is expected that the retired capacities during 2019 to 2028 are 123.9 GW, and new capacities are 169.3 GW for the same time (based on the long-term development proposal of TPC in 2017). We the demand is still higher than the supply, this will favor TCC 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 seeking the win-win results for all parties. The projects of the Group that are in production, under progress and planning are as the following:

■ In production: Phase1 2MW solar energy power plant in Chang-Bin Industrial Zone

■ Under progress:

◎Phase 2 10.08MW solar energy power plant (under construction)

◎Phase 1 7.2MW wind power plant already concluded a power-selling agreement with TPC, and the construction permit is pending; the Phase 2 14.4MW wind power plant is under the environmental impact assessment

◎The 14.4MW wind power plant in Changhua already concluded a power-selling agreement with TPC, and the construction is outsourcing

◎The new warehouse of CSRC in Kaohsiung (700KW) and the Phase 1 and 2 roof-top solar energy of E-One plant (336KW) are prepared for construction.

◎The photovoltaic project in Yi-chu, Chiayi: under the review of the business plan for agricultural tolerance

◎Taitung-Dadu Plant and the Linyuan Plant are outsourcing the construction of the photovoltaic project.

■ Planning: the photovoltaic project in Yunlin

②Global fuel price volatility 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
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

① Isopropylbenzene plant: Catalyzing the alkylation and transalkylation of propane and benzene, to produce highly pure Isopropylbenzene

② Phenol/Acetone plant: Oxidize Isopropylbenzene to become cumene hydroperoxide by air, followed by catalytic cracking to produce products like phenol, acetone, and methylstyrene.

③ BPA plant: Phenol and acetone are catalytically condensed under acidic conditions to synthesize propylene glycol.

④ Cyclohexanone plant: Through the addition reaction of phenol material and hydrogen, to produce cyclohexanone.

⑤ Maleic anhydride plant: use highly pure U-butaine to be oxidized for generating Maleic anhydride.

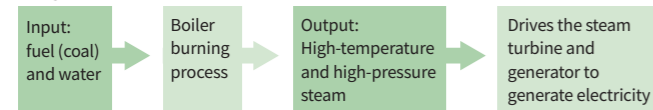
5.2.2.3 Electricity sector

(1) Important applications of major products

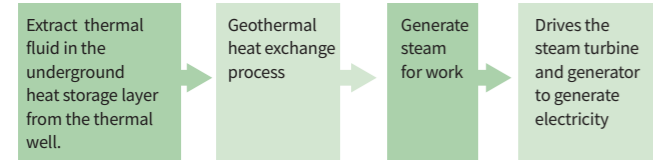
As the main product of the electricity sector, electricity is the mother of industries and the hand that rocks economic development. Electricity has a wide range of application, as it maintains the normal operation of daily life, industry, agriculture, and transportation.

(2) Manufacturing processes of major products

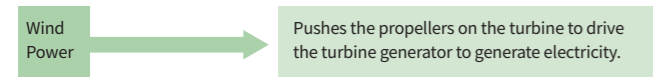
The generation processes of a fossil fuel power plant:



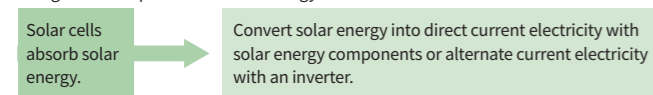
The generation processes of a geothermal power plant:



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 chemical products include benzene, propane, u-butane, and isopropylbenzene. For benzene and propane, long-term supply contracts are signed with the domestic supplier, with a few overseas supplies. U-butane is fully procured domestically with ong-term supply contracts. Isopropylbenzene is mainly produced on our own, and with a few overseas supplies from Japan and other countries.

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)

Item	Name	AY 2017			AY 2018			By Q1 2019				
		Amount	Percentage in annual net procurement amount percentage	Relationship with Issuer	Amount	Percentage in annual net procurement amount percentage	Relationship with Issuer	Amount	Percentage in annual net procurement amount percentage	Relationship with Issuer		
1	Company A	8,565,879	14%	NA	Company A	8,330,746	12%	NA	Company A	8,330,746	60%	NA
	Others	53,754,245	86%	-	Others	62,849,711	88%	-	Others	5,455,718	40%	-
	Net Procurement Amount	62,320,124	100%	-	Net Procurement Amount	71,180,457	100%	-	Net Procurement Amount	13,786,464	100%	-

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

(expressed in NT\$ thousands)

Item	Name	AY 2017			AY 2018			By Q1 2019				
		Amount	Percentage in annual net sales amount percentage	Relationship with Issuer	Amount	Percentage in annual net sales amount percentage	Relationship with Issuer	Amount	Percentage in annual net sales amount percentage	Relationship with Issuer		
1	TPC	10,950,099	11%	NA	TPC	13,827,292	11%	NA	TPC	3,208,250	13%	NA
	Others	87,361,677	89%	-	Others	110,767,310	89%	-	Others	22,148,078	87%	-
	Net Sales Amount	98,311,776	100%	-	Net Sales Amount	124,594,602	100%	-	Net Sales Amount	25,356,328	100%	-

5.2.5 Production volume and value in the past two years

(expressed in sales value and NT\$ thousands)

Value Products Major Production	AY 2017			AY 2018		
	Capacity	Output	Value	Capacity	Output	Value
Cement and Clinkers (thousand tonnes)	74,700	57,469	62,760,105	74,700	60,364	86,364,278
Ready Mix Concrete (thousand m ³)	12,006	4,338	7,596,066	12,654	4,763	8,212,993
Chemicals (tonnes; Note 2)	1,420,019	863,892	26,922,555	1,420,019	931,013	28,422,222
Electricity(Capacity: GW) Output: GWh	1,297.1	8,501.87	10,353,637	1,299.1	8,556.39	12,784,475
Total			107,632,363			135,783,968

Note 1: Capacity refers to the production quantity in normal operation of existing equipment after deducting required system downtime and holidays.
Note 2: Isopropyl benzene, phenol, acetone, cyclohexanone, BPA, and maleic anhydride.

5.2.6 Sales volume and value in the past two years

(expressed in volume and NT\$ thousands)

Value Sales Major Products	AY 2017		AY 2018		AY 2017		AY 2018	
	Domestic		Export		Domestic		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Cement and Clinkers (thousand tonnes)	55,333	59,808,272	1,673	1,867,519	54,707	78,345,796	1,495	1,854,214
Ready Mix Concrete (thousand m ³)	4,487	7,860,745	-	-	4,958	8,551,625	-	-
Chemicals (tonnes; Note 3)	205,636	5,645,916	242,409	7,547,068	210,981	6,815,053	255,482	8,351,000
Electricity (GWh)	8,501.87	10,353,637	-	-	8,556.39	12,784,465	-	-
Total		83,668,570		9,414,587		106,496,939		10,205,214

Note 1: Domestic sales of cement and clinkers do not include consumption by own ready-mix concrete plants (771,000 tonnes in 2017, and 928,000 tonnes in 2018).

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

Note 3: Isopropylbenzene, phenol, acetone, cyclohexanone, BPA, and maleic anhydride.

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

ITEM	YEAR	AY 2017	AY 2018	By May 10, 2019
Total number of employees		9,356	9,993	10,066
Average Age		37.99	38.80	38.53
Average Service Length		6.02	6.28	6.19
Education	Doctorate	0.01%	0.04%	0.05%
Distributions	Master's Degree	1.21%	1.44%	1.33%
	College and University	22.94%	24.89%	24.76%
	Senior High School	39.19%	34.60%	36.00%
	Below Senior High School	36.65%	39.03%	37.86%

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 14001 certification for the environmental management system (EMS) from the BSMI. All three cement plants in Taiwan also acquired ISO 15001 certification for the energy management system (EnMS) on December 8, 12 and 15, 2014 respectively. Apart from ISO 9000 and ISO 14001, 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, in 2009 and 2014. The Suao Plant was also awarded the Industrial Sustainable Excellence Award by the MOEA in 2004 and the Excellence in Voluntary GHG Reduction Award by the IDB in 2009. The Hoping Plant was awarded the Excellence in Voluntary GHG Reduction Award by the IDB in 2007. TCC has implemented the energy-saving and reduction of carbon since long, and strive for waste reduction and reuse of resources, with outstanding performances, the Company has won the Benchmark Enterprise Award for the Integration of Energy and Resources by the Industrial Development Bureau, MOEA in 2011; also in December 2018, the Ho-Ping Plant has been evaluated as the "two star grade for outstanding company in the evaluation of waste resources and circular economy" (the highest level) in the evaluation of waste resources and circular economy conducted by the Environmental Protection Administration, Executive Yuan.

The cement produced in the Suao Plant and the Ho-Ping Plant was also awarded with the certificate of environmental label for the cement products from the Environmental Protection Administration in January 2019. Furthermore, on August 25, 2014, the Environmental Protection Administration approved the early stage of greenhouse reduction project for 2000 to 2010, and the Company was granted for the reduction quota of 6,413,344 tonnes, or 71.01% of the reduction quota for the cement industry; 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. For the participation of sustainability activities, after winning five awards from the Taiwan Corporate Sustainability Awards (TCSA) in 2016 and 2017, TCC was again recognized by the TCSA again. In the Large Enterprise Group, TCC was ranked 17th, and won the single seven awards including Social Inclusion, Circular Economy Leadership, and Climate Leadership, among other awards. This is the best performance of TCC ever.

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 knowhow, 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. We have equipped the kilns #1 and #2 of the Hoping 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 budgeting at a certain amount every year for equipment maintenance, performance improvement, and new facility installation, such as the multistage combustion new control equipment. Other than the accumulated NT\$ 10 billion investment to replace and add the environmental equipment, in 2018, we have planned to modify electrostatic precipitation into electric bag combined precipitation for the Hoping Plant and Suao Plant, whose procurement of equipment and the outsourcing of constructions were all completed, and expected to be done within this year. 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\$1,210,000.

(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 Hoping Plant and Suao Plant, optimizing the SNCR equipment and procuring the multistage combustion system for the Hoping 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\$329,300,000 for 2019, NT\$91,260,000 for 2020, and NT\$95,820,000 for 2021; totaling NT\$516,380,000.

■ China: CNY733,670,000 for 2019, CNY374,980,000 for 2020, and CNY207,760,000 for 2021; totaling CNY1,316,410,000

With such investments, we aim to achieve zero pollution.

■ Continuously promote the integrated utilization of resources, to reduce the utilization of natural resources. Facilitate the electronic industry and the related industries, power plants, pulp and paper makers, water purifiers, waste incineration power plants, and steel mills to process their industrial wastes.

The efforts of TCC to the circular economy has won it the BS 8001 certificate; the type I Portland cement produced in the Ho-ping plant and Suao Plant has been awarded as the golden award environmental cement; the low alkaline type I Portland cement and type II Portland cement produced in the Suao Plant has been awarded as the silver award environmental cement. In the future, we will continue to extend to the optimization of quality, reduction of cement cost, expansion of the resources reuse, and collaborative process of domestic garbage and flying ash from waste incineration power plants by cement kilns. The project of cement kilns for collaborative processing of solid and hazardous waste in Guigang City, Guangxi Province, has passed the environmental assessment and will be constructed soon, to fulfill the correlate's responsibility of maximum use of waste and reduction of emission.

■ 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.

Also, 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 have continued 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 strive toward the costs for reduction of carbon capture. The Calcium-Looping technology for CO₂ capture has applied 26 patents under 13 items, and now 22 of them are granted and one is pending.

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, and the project is concluded at the end of 2018; we have preliminarily verified that the astaxanthin from *Haematococcus pluvialis* can relieve light induced retinal degeneration, protect Aβ induced nerve damage, and inhibit the LPS induced neuritis. On this basis, we have developed the skincare set, gift boxes of soba food. Through the products, we make the public feel the reduction of carbon, as the external communication. In 2019, with ITRI, TCC will continue the development of the high-efficiency growth mode of microalgae and the bionic applications, to enhance the production rate of carbon fixation microalgae $\geq 45\text{g}/\text{m}^2/\text{day}$ (lab) and the discussion of the high-efficiency outdoor culture microalgae, in order to develop a reference for high-efficiency outdoor culture of carbon fixation microalgae.

■ 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 Peal 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

Regarding the environmental protection, total expenditures in 2017 and 2018 were NT\$120 million. The focuses were on the renovation of boilers, and replacing fuel with natural gas. The project was completed in February 2019. The reduction of CO₂ emission is 32,000 tonnes, zero emission for sulphur oxides, and the reduction of nitrogen oxides emission is 140 tonnes. In March 2019, the ISO45001 Occupational Health and Safety Management System Certificated has been obtained. The projects in progress for 2019 including the coating of ceramic resin on the pump impellers, and introduction of energy-saving fans and lights. It is expected to save the power for at least 1.7 MW. In recent years and by the date of report publication, the total losses (including compensation) and penalties of the chemical engineering sector was NT\$2,820,000

5.4.3 Electricity sector

(1) In recent years and by the date of report publication, the total amount of losses (including compensation) and penalties for pollution was:

Other than the fine of NT\$440 million by the Environmental Protection Bureau due to the overuse of coal to accommodate the power allocation in 2009 and 2010, there has been no pollution. Currently, the annual coal use is controlled to under 3.44 million tonnes, and no more oversue.

(2) Explanation of the measures (including corrective measures) and possible disbursements to be made in the future (including an estimate of losses, fines, and compensation resulting from any failure to adopt responsive measures, or if it is not possible to provide such an estimate, an explanation of the reason why it is not possible).

Countermeasures

To continuously implement the improvement of environmental protection, apart from maintaining the normal operation of the 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\$400 million.

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 in Ho-Ping Cement Plant in the neighborhood, 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.

■ Warm water drainage, noise control, and wastewater treatment are controlled strictly to meet the latest national environmental standards.

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 festival, 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 2018, we organized 118,650 hours of education and training, with a total expense of NT\$ 28,934,229

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.

For AY 2018 and up to 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 December 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 Yancoal Glencore	January 1, 2005 to December 31, 2020 February 1, 2018 to December 31, 2020 April 1, 2018 to May 30, 2019	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
Syndication loan agreement	Bank of Taiwan as Agent Bank with the other ten banks as lenders	February 11, 2014 to February 11, 2019	Financing the operation of power plants	Maintenance of a steady financial ratio.
Insurance policy	Property insurers including Cathay Century, Shin Kong, Fubon, South China, First Insurance, Tokio Marine Nawa, Chung Kuo Insurance, Union Insurance, and Nan Shan General Insurance	December 31, 2018 to December 31, 2019	Power plant assets and operations insurance	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
Syndication loan agreement	Mega International Commercial Bank as Agent Bank with the other banks as lenders Hwa Nan Commercial Bank as Agent Bank with the other banks as lenders Mega International Commercial Bank as Agent Bank with the other banks as lenders Mega International Commercial Bank as Agent Bank with the other banks as lenders China Trust Commercial Bank as Agent Bank with the other banks as lenders China Trust Commercial Bank as Agent Bank with the other banks as lenders	March 2, 2015 to March 2, 2020 September 22, 2016 to September 22, 2021 September 16, 2014 to September 16, 2019 March 8, 2018 to March 8, 2023 November 16, 2018 to November 16, 2023 December 7, 2018 to December 7, 2025	Five-year term Five-year term Five-year term Five-year term Five-year term Seven-year term	Maintenance of a steady financial ratio. Maintenance of a steady financial ratio. Maintenance of a steady financial ratio. Maintenance of a steady financial ratio. Maintenance of a steady financial ratio. Maintenance of a steady financial ratio.
PURCHASE AGREEMENT	JP Morgan Securities plc	November 26, 2018 to November 26, 2023	Subscription Agreement for Overseas Convertible Corporate Bonds	NA
Indenture	CITICORP INTERNATIONAL LIMITED	December 10, 2018 to December 10, 2023	Agreement for Trustee of Overseas Convertible Corporate Bonds	NA
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	NA
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 China Steel Chemical Formosa Petrochemical Corporation	January 1, 2019 to December 31, 2019 January 1, 2019 to December 31, 2019 January 1, 2019 to December 31, 2019	Benzene, acetone and hydrogen gas procurement Purchase of benzene Purchase of U-butaine	Non-transferrable NA Not for energy, no resale
Agreement of building new wind-power generators	Vestas Asia Pacific A/S	March 15, 2019 to delivery	Agreement of building new wind-power generators	Payment as scheduled

6 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, 2019 Financial Information ²
		2018	2017	2016	2015	2014	
Current assets		110,380,695	92,719,914	77,884,012	90,593,376	96,605,816	120,649,402
Property, plant and equipment		91,093,825	94,709,404	101,799,766	113,310,134	108,445,563	91,816,496
Intangible assets		20,427,352	20,852,624	21,175,282	22,607,552	19,542,637	20,698,252
Other assets		122,183,246	64,275,107	66,129,636	66,555,293	68,149,816	132,360,881
Total assets		344,085,118	272,557,049	266,988,696	293,066,355	292,743,832	365,525,031
Current liabilities	Before allocation	64,503,844	65,192,960	55,104,919	68,083,832	68,632,044	76,865,453
	After allocation	Note 2	71,553,724	60,458,574	72,994,426	77,825,562	NA
Non-current liabilities		82,201,818	54,716,873	64,487,106	69,498,271	62,094,107	78,503,617
Total liabilities	Before allocation	146,705,662	119,909,833	119,592,025	137,582,103	130,726,151	155,369,070
	After allocation	Note 2	126,270,597	124,945,680	142,492,697	139,919,669	NA
Equity attributed to owners of the parent company		181,541,510	136,348,204	106,768,051	108,042,985	117,958,870	194,131,739
Share capital		53,080,599	42,465,090	36,921,759	36,921,759	36,921,759	53,080,599
Capital Surplus		47,836,241	25,739,065	13,534,162	12,309,615	12,225,528	47,956,296
Retained earnings	Before allocation	61,588,761	49,019,510	47,337,524	45,573,057	49,530,227	65,540,562
	After allocation	Note 2	38,418,237	41,983,869	40,662,463	40,336,709	NA
Other equity		19,038,454	19,124,539	8,974,606	13,238,554	19,281,356	27,556,827
Treasury stock		(2,545)	-	-	-	-	(2,545)
Non-control equity		15,837,946	16,299,012	40,628,620	47,441,267	44,058,811	16,024,222
Total equity	Before allocation	197,379,456	152,647,216	147,396,671	155,484,252	162,017,681	210,155,961
	After allocation	Note 2	146,286,452	142,043,016	150,573,658	152,824,163	NA

¹The financial information has been audited by CPAs.

²The proposal on 2018 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, 2019 Financial Information ³
		2018	2017	2016	2015	2014	
Revenue		124,594,602	98,311,776	89,564,306	93,679,076	118,325,809	25,356,328
Gross profit		33,591,539	18,912,914	17,981,004	14,528,017	24,872,595	6,487,864
Profit (loss) from operations		28,180,901	13,962,885	13,034,136	9,673,699	19,857,669	5,032,962
Non-operating income and expenses		2,363,520	(138,226)	(1,518,801)	(1,007,684)	1,341,051	570,533
Profit before income tax		30,544,421	13,824,659	11,515,335	8,666,015	21,198,720	5,603,495
Profit from continuing operations Net profit		22,644,071	10,322,800	8,842,075	6,925,626	16,583,876	4,229,970
Loss of discontinued operations		-	-	-	-	-	-
Net profit		22,644,071	10,322,800	8,842,075	6,925,626	16,583,876	4,229,970
Other comprehensive income (loss) (net of income tax)		(2,936,676)	9,976,772	(6,987,714)	(7,518,044)	3,225,651	8,600,127
Total comprehensive income		19,707,395	20,299,572	1,854,361	(592,418)	19,809,527	12,830,097
Net profit attributed to the owner of parent company		21,180,821	7,594,247	6,358,452	5,775,989	10,828,868	3,951,920
Net profit attributed to non-control equity		1,463,250	2,728,553	2,483,623	1,149,637	5,755,008	278,050
Total comprehensive income attributed to the owner of parent company		18,245,179	17,775,812	2,411,113	(806,454)	13,340,699	12,470,174
Total comprehensive income attributed to non-control equity		1,462,216	2,523,760	(556,752)	214,036	6,468,828	359,923
EPS ²		4.37	1.82	1.56	1.42	2.67	0.77

¹The financial information has been audited by CPAs.

²Calculated based on the outstanding weighted average of shares for each year. Retrospective adjustment of earnings per share for the previous year due to stock dividends.

³The financial information has been audited by CPAs.

3. Condensed Individual balance sheets

(expressed in NT\$ thousands)

Item	Year	Financial Information Over the Past Five Years ¹				
		2018	2017	2016	2015	2014
Current assets		21,170,918	9,912,028	8,006,764	8,697,661	8,916,096
Property, plant and equipment		27,007,306	27,577,177	28,064,674	28,635,070	29,491,105
Intangible assets		10,711	21,394	69,359	105,600	142,153
Other assets		215,271,048	125,178,129	96,318,761	98,246,219	104,571,268
Total assets		263,459,983	162,688,728	132,459,558	135,684,550	143,120,622
Current liabilities	Before allocation	18,483,895	20,929,218	13,036,677	11,719,056	5,616,776
	After allocation	Note 2	27,289,982	18,390,332	16,629,650	14,810,294
Non-current liabilities		63,434,578	5,411,306	12,654,830	15,922,509	19,544,976
Total liabilities	Before allocation	81,918,473	26,340,524	25,691,507	27,641,565	25,161,752
	After allocation	Note 2	32,701,288	31,045,162	32,552,159	34,355,270
Share capital		53,080,599	42,465,090	36,921,759	36,921,759	36,921,759
Capital Surplus		47,836,241	25,739,065	13,534,162	12,309,615	12,225,528
Retained earnings	Before allocation	61,588,761	49,019,510	47,337,524	45,573,057	49,530,227
	After allocation	Note 2	38,418,237	41,983,869	40,662,463	40,336,709
Other equity		19,038,454	19,124,539	8,974,606	13,238,554	19,281,356
Treasury stock		(2,545)	-	-	-	-
Total equity	Before allocation	181,541,510	136,348,204	106,768,051	108,042,985	117,958,870
	After allocation	Note2	129,987,440	101,414,396	103,132,391	108,765,352

¹The financial information has been audited by CPAs.

²The proposal on 2018 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				
		2018	2017	2016	2015	2014
Revenue		17,057,945	16,215,877	17,218,999	20,567,560	21,504,150
Gross profit		1,378,936	1,715,225	2,138,762	2,223,512	1,656,219
Profit (loss) from operations		192,868	895,292	1,275,775	1,473,255	678,272
Non-operating income and expenses		21,067,007	6,908,006	5,259,947	4,461,334	10,353,976
Profit before income tax		21,259,875	7,803,298	6,535,722	5,934,589	11,032,248
Profit from continuing operations		21,180,821	7,594,247	6,358,452	5,775,989	10,828,868
Loss of discontinued operations		-	-	-	-	-
Net profit		21,180,821	7,594,247	6,358,452	5,775,989	10,828,868
Other comprehensive income (loss) (net of income tax)		(2,935,642)	10,181,565	(3,947,339)	(6,582,443)	2,511,831
Total comprehensive income		18,245,179	17,775,812	2,411,113	(806,454)	13,340,699
EPS ²		4.37	1.82	1.56	1.42	2.67

¹The financial information has been audited by CPAs.

²Calculated based on the outstanding weighted average of shares for each year. Retrospective adjustment of earnings per share for the previous year due to stock dividends.

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	Opinion of Audit
2018	Ya-ling Wong and Chih-Ming Shao	Unqualified Opinion
2017	Ya-ling Wong and Chih-Ming Shao	Unqualified Opinion
2016	Ya-ling Wong and Chih-Ming Shao	Unqualified Opinion
2015	Ya-ling Wong and Mei-hui Wu	Unqualified Opinion
2014	Ya-ling Wong and Mei-hui Wu	Unqualified Opinion

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

(3) Deloitte & Touche Taipei, Taiwan Republic of China 20F, Taipei Nan Shan Plaza No.100, Songren Rd. Xinyi Dist. Taipei 11073, Taiwan TEL:2725-9988: (Rep.)

6.2 Important financial ratio analysis

1. Consolidated financial ratio analysis

Subject	Year	Financial Analysis for the Past Five Years ¹					By
		2018	2017	2016	2015	2014	March 31, 2019 Financial Information ²
Financial structure (%)	Liabilities to assets ratio	42.64	43.99	44.79	46.95	44.66	42.51
	Long-term capital to property, plant and equipment ratio	306.92	218.95	208.14	198.55	206.66	314.39
Solvency	Current ratio (%)	171.12	142.22	141.34	133.06	140.76	156.96
	Quick ratio (%)	155.85	128.72	124.52	119.28	124.35	142.97
	Times interest earned (times)	14.16	8.92	7.58	6.07	13.11	12.24
Operation	Accounts receivable turnover (times)	3.80	4.16	4.46	4.01	4.54	2.73
	Average days of cash receipts	96.05	87.74	81.83	91.02	80.39	133.7
	Inventory turnover (times)	10.21	9.21	8.03	8.15	9.29	7.72
	Accounts payable turnover (times)	11.67	10.27	9.70	11.03	11.91	9.64
	Average daily sales	35.74	39.63	45.45	44.79	39.28	47.27
	Property, plant and equipment turnover (times)	1.34	1.00	0.83	0.84	1.09	1.11
	Total assets turnover (times)	0.40	0.36	0.32	0.32	0.41	0.29
Profitability	Return on assets (%) (ROA)	7.95	4.36	3.68	2.85	6.27	1.3
	Return on equity (%) (ROE)	12.94	6.88	5.84	4.36	10.51	2.08
	Net income before tax as a percentage of paid-in capital (%)	57.54	32.56	31.19	23.47	57.42	10.56
	Net profit rate (%)	18.17	10.50	9.87	7.39	14.02	16.68
	EPS (NT\$) ³	4.37	1.82	1.56	1.42	2.67	0.77
Cash flow	Cash flow ratio (%)	34.34	18.88	34.03	31.97	29.12	6.37
	Cash flow adequacy ratio (%)	80.90	116.16	124.56	109.73	104.69	78.43
	Cash reinvestment ratio (%)	3.68	1.57	3.87	3.19	2.85	1.28
Leverage	Operation leverage	1.42	1.82	1.92	2.27	1.59	1.64
	Financial leverage	1.09	1.14	1.15	1.21	1.10	1.11

- Increase in capital to PP&E ratio: It is mainly because of the increase in long-term borrowing and net equity amount.
- Increase in the current ratio and quick ratio: It is mainly because of the increase in cash and cash equivalents in 2018.
- Increase in PP&E turnover rate: It is mainly because of the increase in net sales in 2018.
- Increase in the times interest earned, ROA, ROE and Net income before tax as a percentage of paid-in capital, Net profit rate and EPS: It is mainly because of the profit increase in 2018.
- Increase in the cash flow ratio: It is mainly because of the increase in the net cash generated from operating activities of 2018.
- Decrease in the cash flow adequacy ratio: It is mainly because of the increase in long-term investments in 2018.
- Increase in the cash reinvestment ratio: It is mainly because of the increase in the net cash generated from operating activities of 2018.
- Decrease in the operation leverage: It is mainly because of the increase of the profit from operations in 2018.

¹The financial information has been audited by CPAs.

²Financial data have been reviewed and certified by CPAs.

³Retrospective adjustment of earnings per share for the previous year due to stock dividends.

2. Analysis of individual financial ratio

Subject	Year	Financial Analysis for the Past Five Years ¹				
		2018	2017	2016	2015	2014
Financial structure(%)	Liabilities to assets ratio	31.09	16.19	19.40	20.37	17.58
	Long-term capital to property, plant and equipment ratio	907.07	514.05	425.53	432.91	466.26
Solvency	Current ratio (%)	114.54	47.36	61.42	74.22	158.74
	Quick ratio (%)	106.96	39.33	49.71	60.02	132.12
	Times interest earned (times)	47.29	39.30	28.49	25.85	50.67
Operation	Accounts receivable turnover (times)	4.27	4.44	4.36	4.67	4.69
	Average days of cash receipts	85.48	82.20	83.71	78.15	77.82
	Inventory turnover (times)	10.29	9.22	9.71	11.79	14.71
	Accounts payable turnover (times)	8.99	8.87	9.36	11.59	12.67
	Average daily sales	35.47	39.58	37.59	30.95	24.81
	Property, plant and equipment turnover (times)	0.62	0.58	0.61	0.71	0.72
	Total assets turnover (times)	0.08	0.11	0.13	0.15	0.15
Profitability	Return on assets (%) (ROA)	10.11	5.26	4.89	4.29	7.89
	Return on equity (%) (ROE)	13.33	6.25	5.92	5.11	9.37
	Net income before tax as a percentage of paid-in capital (%)	40.05	18.38	17.70	16.07	29.88
	Net profit rate (%)	124.74	46.83	36.93	28.08	50.36
	EPS (NT\$) ²	4.37	1.82	1.56	1.42	2.67
Cash flow	Cash flow ratio (%)	4.45	4.27	19.41	20.14	21.59
	Cash flow adequacy ratio (%)	7.17	19.49	24.75	34.74	52.25
	Cash reinvestment ratio (%)	(2.01)	(2.53)	(1.55)	(4.34)	(4.26)
Leverage	Operation leverage	9.89	2.56	2.24	2.14	3.84
	Financial leverage	0.72	1.29	1.23	1.19	1.49

- Increase in liabilities to assets ratio: It is mainly because of the fundraising instruments, e.g. issuance of the corporate bonds and long-term bills payables.
- Increase in capital to PP&E ratio: It is mainly because of the increase in long-term borrowing and net equity amount.
- Increase in the current ratio and quick ratio: It is mainly because of the increase in cash and cash equivalents in 2018.
- Total asset turnover rate decreased due to the increase of the Investments accounted for by using the equity method.
- Increase in the times interest earned, ROA, ROE and Net income before tax as a percentage of paid-in capital, Net profit rate and EPS: It is mainly because of the profit increase in 2018.
- Decrease in the cash flow adequacy ratio: It is mainly because of the increase in long-term investments in 2018.
- Decrease in operation leverage and financial leverage: It is mainly because of the decrease of the profit from operations in 2018.

¹The financial information has been audited by CPAs.

Note: The equations for calculation in financial analysis.

- 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
- Solvency
 - Current ratio = Current assets / Current liabilities
 - Quick ratio = (Current assets - Inventory - Prepayments) / Current liabilities
 - Times interest earned = EBIT / Interest expense for current period.
- 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 sales = 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 revenue / Average total assets.

²Retrospective adjustment of earnings per share for the previous year due to stock dividends.

- 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
- 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)
- Leverage
 - Operation leverage = (Net revenue - Variable cost and expenses from operation) / Operating profit
 - Financial leverage = Operating profit / (Operating profit - interest expenses)

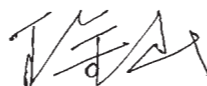
6.3 Audit Committee's report on financial statements

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2018 Business Report, Financial Statements, and proposal for earnings distribution. The CPA firm of Deloitte & Touch was retained to audit TCC's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and proposal for earnings distribution have been reviewed and determined to be correct and accurate by the Audit Committee members of Taiwan Cement Corporation. According to Article 14-4 of Security Exchange Act and Article 219 of Company Act, we hereby submit this report.

To
Taiwan Cement Corporation
2019 Annual General Meeting

Taiwan Cement Corporation
Audit Committee convener: Victor Wang
March 22, 2019



6.4 Consolidated financial statements of the previous year



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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan Cement Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Acquisition of Investments Accounted for by Using the Equity Method

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

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

1. We understood the management's relevant processes and control on how to assess the acquisition of the investment and whether it was properly approved.
2. We assessed the competence and objectivity of the external experts appointed by the management and reviewed the opinions on the reasonableness of the equity price.
3. We obtained the transaction voucher, equity agreement and equity registration documents to verify that of the transaction object and conditions were consistent with the approved proposal.

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

Ya-Ling Wong

Chih-ming, Shao

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2019

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, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

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

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

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

(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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

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

(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

TOTAL COMPREHENSIVE INCOME (LOSS)

ATTRIBUTABLE TO:

Shareholders of the parent
Non-controlling interests

2018		2017	
Amount	%	Amount	%
\$ 18,245,179	15	\$ 17,775,812	18
1,462,216	1	2,523,760	3
<u>\$ 19,707,395</u>	<u>16</u>	<u>\$ 20,299,572</u>	<u>21</u>

Income Attributable to Shareholders of the Parent

2018		2017	
<u>\$ 4.37</u>		<u>\$ 1.82</u>	
<u>\$ 4.37</u>		<u>\$ 1.82</u>	

EARNINGS PER SHARE (Note 26)

Basic earnings per share
Diluted earnings per share

\$4.37
\$4.37

\$1.82
\$1.82

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

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Shareholders of the Parent										Total Equity	
	Ordinary Shares	Share Capital Preferred Shares	Capital Surplus	Legal Reserve	Special Reserve	Retained Earnings	Unappropriated Earnings	Exchange on Disposal of Foreign Operations	Unrealized Gain on Financial Assets at Fair Value	Unrealized Gain on Financial Assets at Fair Value - Other		
BALANCE AT JANUARY 1, 2017	\$ 36,921,759	\$ -	\$ 13,534,102	\$ 13,389,264	\$ 13,090,484	\$ 47,337,224	\$ 11,200,323	\$ -	\$ 7,900	\$ -	\$ 106,768,051	\$ 147,396,671
Appropriation of 2016 earnings	-	-	-	635,845	-	(635,845)	-	-	-	-	(635,845)	(635,845)
Cash dividends distributed by the Corporation	-	-	-	(5,353,655)	-	(5,353,655)	-	-	-	-	(5,353,655)	(5,353,655)
Cash dividends distributed by subsidiaries	-	-	-	-	-	7,594,247	-	-	-	-	7,594,247	7,594,247
Net income for the year ended December 31, 2017	-	-	-	-	-	31,632	31,632	31,632	1,443,142	(1,920)	10,181,565	9,976,722
Other comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	-	-	-	-	-	(204,793)	(204,793)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	31,632	31,632	31,632	1,443,142	(1,920)	9,976,722	9,976,722
Differences between consideration recognized and the carrying amount of subsidiaries not assets during actual acquisitions and disposals	-	-	(1,224,547)	-	-	(590,238)	(590,238)	-	-	-	(1,814,785)	(1,814,785)
Changes in ownership interests of subsidiaries	-	-	2,120	-	-	-	-	-	-	-	2,120	2,509
Issuance of new shares for the acquisition of shares in subsidiaries	5,543,331	-	13,427,330	-	-	-	-	-	-	-	18,970,661	18,970,661
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(26,003,118)	(26,003,118)
Reversal of special reserve recognized from asset disposals	-	-	-	-	(849)	849	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2017	42,465,090	-	25,739,065	14,025,109	13,089,635	49,019,510	19,915,014	(790,475)	-	-	136,348,204	152,647,216
Adjustments on initial application of IFRS 9	-	-	-	654,005	-	654,005	(19,915,014)	-	-	-	4,897,862	4,914,227
BALANCE AT JANUARY 1, 2018 AFTER THE IMPACT OF RETROSPECTIVE APPLICATION OF IFRS 9	42,465,090	-	25,739,065	14,025,109	13,089,635	49,019,510	19,915,014	(790,475)	-	-	141,246,066	157,561,443
Appropriation of 2017 earnings	-	-	-	759,425	-	(759,425)	-	-	-	-	(759,425)	(759,425)
Legal reserve distributed by the Corporation	-	-	-	(4,240,209)	-	(4,240,209)	-	-	-	-	(4,240,209)	(4,240,209)
Share dividends distributed by the Corporation	4,240,209	-	-	-	-	-	-	-	-	-	-	-
Cash dividends distributed by subsidiaries	-	-	-	-	-	21,180,821	-	-	-	-	21,180,821	21,180,821
Net income for the year ended December 31, 2018	-	-	-	-	-	73,268	73,268	73,268	(4,246,246)	1,109	18,335,179	17,963,395
Other comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	(88,513)	(88,513)	-	-	-	(88,513)	(88,513)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	73,268	73,268	73,268	(4,246,246)	1,109	18,335,179	17,963,395
Issuance of global depositary shares	4,375,000	-	-	-	-	-	-	-	-	-	-	-
Issuance of preference shares	-	2,000,000	12,339,355	-	-	21,254,882	-	-	-	-	16,714,355	16,714,355
Organization restructuring	-	-	7,973,907	-	-	(88,513)	-	-	-	-	9,973,907	9,973,907
Differences between consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	466,755	-	-	-	-	-	-	-	(68,513)	(67,758)
Changes in ownership interests of subsidiaries	-	-	41	-	-	-	-	-	-	-	41	41
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	(459)	-	(89)	(89)	-	-	-	-	(459)	(459)
Deposits of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	1,321,032	-	-	-	(1,321,032)	-	-
Reversal of special reserve recognized from asset disposals	-	-	-	-	(573)	573	-	-	-	-	-	-
Equity components of issuance of convertible bonds	-	-	1,308,070	-	-	-	-	-	-	-	1,308,070	1,308,070
Buy-back of treasury shares	-	-	-	-	-	-	-	-	(218,166)	-	(218,166)	(218,166)
Compensation costs of treasury shares transferred to employees	-	-	-	-	-	-	-	-	-	-	45,448	45,448
Treasury shares transfer to employees	-	-	(35,941)	-	-	-	-	-	-	-	(35,941)	(35,941)
BALANCE AT DECEMBER 31, 2018	\$ 51,880,299	\$ 2,000,000	\$ 47,836,241	\$ 14,784,534	\$ 13,049,065	\$ 61,588,261	\$ 24,074,565	\$ (5,037,221)	\$ -	\$ (2,545)	\$ 181,511,510	\$ 197,379,456

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

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

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

(Concluded)

6.5 Parent company only 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, 2018 and 2017, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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

Basis for Opinion

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

Key Audit Matters

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

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

Acquisition of Investments Accounted for by Using the Equity Method

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

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

1. We understood the management's relevant processes and control on how to assess the acquisition of the investment and whether it was properly approved.
2. We assessed the competence and objectivity of the external experts appointed by the management and reviewed the opinions on the reasonableness of the equity price.
3. We obtained transaction voucher, equity agreement and equity registration documents to verify that of the transaction object and conditions were consistent with the approved proposal.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Ya-Ling Wong Chih-ming, Shao

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2019

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, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

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

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

TAIWAN CEMENT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

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

(Continued)

TAIWAN CEMENT CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

	2018		2017	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Note 18)	\$ 98,819	-	\$ 70,524	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	98,784	-	-	-
Share of other comprehensive income (loss) of subsidiaries and associates	1,143,130	7	(26,903)	-
Income tax expense related to items that will not be reclassified subsequently to profit or loss (Note 21)	<u>(29,629)</u>	-	<u>(11,989)</u>	-
	<u>1,311,104</u>	<u>7</u>	<u>31,632</u>	-
Items that may be reclassified subsequently to profit or loss:				
Unrealized gain on available-for-sale financial assets	-	-	1,370,286	9
Share of other comprehensive income (loss) of subsidiaries and associates	<u>(4,246,746)</u>	<u>(25)</u>	<u>8,779,647</u>	<u>54</u>
	<u>(4,246,746)</u>	<u>(25)</u>	<u>10,149,933</u>	<u>63</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(2,935,642)</u>	<u>(18)</u>	<u>10,181,565</u>	<u>63</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 18,245,179</u>	<u>107</u>	<u>\$ 17,775,812</u>	<u>110</u>
EARNINGS PER SHARE (Note 22)				
Basic earnings per share	<u>\$ 4.37</u>		<u>\$ 1.82</u>	
Diluted earnings per share	<u>\$ 4.37</u>		<u>\$ 1.82</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, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	Share Capital			Retained Earnings			Others			Total Equity
	Ordinary Shares	Preferred Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain/Loss on Available-for-sale Financial Assets	Unrealized Gain/Loss on Financial Assets at Fair Value	
BALANCE AT JANUARY 1, 2017	\$ 36,921,729	\$ -	\$ 13,534,162	\$ 13,389,264	\$ 13,050,484	\$ 20,897,176	\$ (2,232,617)	\$ 11,200,323	\$ -	\$ -
Appropriation of 2016 earnings	-	-	-	635,845	-	(635,845)	-	-	-	-
Legal reserve	-	-	-	-	-	(535,655)	-	-	-	-
Cash dividends	-	-	-	-	-	7,594,247	-	-	-	-
Net income for the year ended December 31, 2017	-	-	-	-	-	31,632	1,443,142	8,714,691	-	-
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	-	-	-	(7,500)	-
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	31,632	1,443,142	8,714,691	(7,500)	-
Difference between consideration received and the carrying amount of subsidiaries' net assets during actual acquisitions and disposals	-	-	-	-	-	7,635,829	1,443,142	8,714,691	(7,500)	-
Changes in ownership interests of subsidiaries	-	-	-	-	-	(590,238)	-	-	-	-
Reversal of special reserve recognized from asset disposals	5,543,331	-	-	-	-	-	-	-	-	-
Reversal of special reserve recognized from asset disposals	-	-	-	(829)	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2017	42,465,090	-	25,739,065	14,025,109	13,049,635	21,944,766	(790,475)	19,915,014	-	-
Adjustments on initial application of IFRS 9	-	-	-	-	-	654,005	-	(19,915,014)	-	-
APPLICATION OF IFRS 9	-	-	-	-	-	-	-	-	-	-
BALANCE AT JANUARY 1, 2018 AFTER THE IMPACT OF RETROSPECTIVE APPLICATION OF IFRS 9	42,465,090	-	25,739,065	14,025,109	13,049,635	22,598,771	(790,475)	-	-	-
Appropriation of 2017 earnings	-	-	-	759,425	-	(759,425)	-	-	-	-
Cash dividends	-	-	-	-	-	(6,360,764)	-	-	-	-
Stock dividend	4,240,509	-	-	-	-	(4,240,509)	-	-	-	-
Net income for the year ended December 31, 2018	-	-	-	-	-	21,180,821	-	-	-	-
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	-	-	-	-	-
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	21,180,821	-	-	-	-
Issuance of global depository shares	4,375,000	-	-	-	-	71,268	(4,246,264)	-	-	-
Issuance of preference shares	-	-	-	-	-	21,254,082	(4,246,264)	-	-	-
Organization restructuring	-	-	-	-	-	-	-	-	-	-
Difference between consideration and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	-	-	-	-	-	(58,513)	-	-	-	-
Changes in ownership interests of subsidiaries	-	-	-	-	-	-	-	-	-	-
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	-	(89)	-	-	-	-
Disposal of investments in equity instrument at fair value through other comprehensive income	-	-	-	-	-	1,321,032	-	-	-	-
Reversal of special reserve recognized from asset disposals	-	-	-	-	(573)	573	-	-	-	-
Equity components of issuance of convertible bonds	-	-	-	-	-	-	-	-	-	-
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	-
Compensation costs of treasury shares transferred to employees	-	-	-	-	-	-	-	-	-	-
Treasury shares transfer to employees	-	-	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2018	\$ 51,080,599	\$ 2,000,000	\$ 47,836,241	\$ 14,784,534	\$ 13,049,602	\$ 33,755,165	\$ (5,037,221)	\$ -	\$ 1,109	\$ (2,545)

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

TAIWAN CEMENT CORPORATION

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

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 21,259,875	\$ 7,803,298
Adjustments for:		
Depreciation expense	518,572	537,065
Amortization expense	10,683	36,553
Net loss on fair value changes of financial assets designated as at fair value through profit or loss	1,117	-
Finance costs	481,032	211,840
Interest income	(98,520)	(6,102)
Dividend income	(381,051)	(323,812)
Compensation costs	45,448	-
Share of profit of subsidiaries and associates	(21,133,842)	(6,950,116)
Loss (gain) on disposal of property, plant and equipment, net	140,615	(142)
Inventory write-downs	6,401	19,519
Impairment losses on non-financial assets	37,524	156,000
Loss on disposal of investment	-	745
Unrealized loss (gain) on foreign exchange, net	7,189	(4,067)
Changes in operating assets and liabilities:		
Notes receivable and accounts receivable	(705,416)	(3,116)
Notes receivable and accounts receivable from related parties	(49,150)	101,352
Inventories	272,624	(185,122)
Other current assets	(1,291)	27,302
Net defined benefit asset	(3,104)	(827)
Accounts payable	140,208	(217,514)
Accounts payable to related parties	238,681	40,173
Other payables	271,773	(202,465)
Other payables to related parties	(21,409)	(16,332)
Other current liabilities	(678)	(4,118)
Cash generated from operations	1,037,281	1,020,114
Income tax paid	(214,394)	(125,525)
Net cash generated from operating activities	822,887	894,589
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of financial assets at fair value through other comprehensive income	(72,086)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,333	-
Disposals of available-for-sale financial assets	-	1,961
Proceeds from the return of capital upon investees' capital reduction of financial assets measured at cost	-	5,833
Acquisitions of investments accounted for by using the equity method	(4,127,150)	(1,329,584)
Net cash out flow on acquisition of subsidiaries	(67,877,447)	-
Payments for property, plant and equipment	(612,055)	(32,268)
Proceeds from disposal of property, plant and equipment	14,533	6,992

(Continued)

TAIWAN CEMENT CORPORATION

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

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

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

(Concluded)

6.6 Financial difficulties for the company and its affiliates: None

7 Review of financial position and financial performance and risk management

7.1 Financial position

(expressed in NT\$ thousands)

Item	Year	AY 2018	AY 2017	Difference	
				Amount	%
Current assets		110,380,695	92,719,914	17,660,781	19
Property, plant and equipment		91,093,825	94,709,404	(3,615,579)	(4)
Intangible assets		20,427,352	20,852,624	(425,272)	(2)
Other assets		122,183,246	64,275,107	57,908,139	90
Total assets		344,085,118	272,557,049	71,528,069	26
Current liabilities		64,503,844	65,192,960	(689,116)	(1)
Non-current liabilities		82,201,818	54,716,873	27,484,945	50
Total liabilities		146,705,662	119,909,833	26,795,829	22
Share capital		53,080,599	42,465,090	10,615,509	25
Capital surplus		47,836,241	25,739,065	22,097,176	86
Retained earnings		61,588,761	49,019,510	12,569,251	26
Other equity		19,038,454	19,124,539	(86,085)	0
Equity attributed to owners of the parent company		181,541,510	136,348,204	45,193,306	33
Non-control equity		15,837,946	16,299,012	(461,066)	(3)

Description:

- Increase in other assets and total assets: mainly because of the increase in long-term investment with the equity method.
- Increase in non-current liabilities and total liabilities: mainly because of the increase in long-term bill payables and the corporate bonds.
- Changes of share capital, capital reserve, and the equity attributed to the owner of parent company : mainly because of the new shares issued with premiums for capital increase, and the increase of profits.

7.2 Financial performance

Comparison and analysis of financial performance

(expressed in NT\$ thousands)

Item	Year	AY 2018	AY 2017	Increased (Decreased) Amount	Change Ratio (%)
Operating revenue		124,594,602	98,311,776	26,282,826	27
Operating cost		91,003,063	79,398,862	11,604,201	15
Gross profit		33,591,539	18,912,914	14,678,625	78
Operating expenses		5,410,638	4,950,029	460,609	9
Profit from operations		28,180,901	13,962,885	14,218,016	102
Non-operating income and expenses		2,363,520	(138,226)	2,501,746	(1,810)
Profit before income tax		30,544,421	13,824,659	16,719,762	121
Income tax expense		7,900,350	3,501,859	4,398,491	126
Net profit after tax		22,644,071	10,322,800	12,321,271	119

Ratio change analysis:

- Operating revenue, gross profit, profit from operations, profit before income tax and net profit after tax increased mainly because of the profit increase of the cement sector in 2018.
- Non-operating revenue increased mainly because of the gains of investment recognized with the equity method, dividend income and the decrease in exchange loss in 2018.
- Income tax expenses increased because of the increase in the net profit before tax in 2018.

7.3 Cash flow

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(outflow)	Cash balance (insufficiency)	Remedy for cash shortage	
				Investment plans	Financial management plans
26,331,218	22,150,720	22,176,671	48,507,889	-	-

1. Analysis of cash flow changes

(1) Operating activities: Mainly because of the profit from operations. (2) Investing activities: Mainly because of increase in long-term investments and fixed asset procurement. (3) Financing activities: Mainly capital injection by cash and etc.

2. Remedies for cash shortages and improvements for low liquidity: NA

2. Liquidity analysis of the past two years:

Item	Year	AY 2018	AY 2017	Increased (Decreased) Ratio(%)
Cash flow ratio		34.34	18.88	82
Cash flow adequacy ratio		80.90	116.16	(30)
Cash reinvestment ratio		3.68	1.57	134

Analysis of ratio change

(1) Increase in the cash flow ratio: It is mainly because of the increase in the inflow of net cash from operating activities of 2018.

(2) Decrease in the cash flow adequacy ratio: Mainly because of the increase in long-term investments in 2018.

(3) Increase in the cash reinvestment ratio: Mainly because of the increase in the inflow of net cash from the operating activities of 2018.

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 inflow(outflow)	Cash balance (insufficiency)	Remedy for cash shortage	
				Investment plans	Financial management plans
48,507,889	32,097,000	28,425,111	76,933,000	-	-

Analysis of cash liquidity in the next year

(1) Operating activities: Mainly from the profit of business operation. (2) Investing activities: Mainly from procurement of fixed asset.

(3) Financing activities: Mainly from cash dividends release.

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

Other than the routine capital expenditure, the material capital expenditure for projects include:

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

(2) The subsidiary, Ta-Ho Maritime Corporation, bought two new types of energy-saving ships; it is expected to replace the four old ships with the new ones gradually.

(3) The subsidiary, Taiwan Prosperity Chemical Corporation has completed the first renovation of the boilers, to meet the emission standards for the combustion equipment. The renovation for the second set of boiler is expected to be completed in 2019.

(4) To accommodate the Government's policies, the environmental equipment is improved continuously.

In 2018, the capital expenses were totaled as NT\$ 4.3 billion; these are expected to increase the revenue and save costs.

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

(1) The operations of International CSRC Investment Holdings Co., Ltd. in India and China have been on the track of growth. To expand internationally, the capital injection was conducted in October 2018. The consolidated shareholdings of the Company has increased to 19.19%, and in 2018, NT\$ 57 million was recognized as investment gain.

(2) Being positive to the potential of lithium batteries, the Company invested E-One Moli Energy Corporate additionally, and the consolidated shareholdings of the Company has increased to 29.95%; in 2018, NT\$ 52 million was recognized as investment gain.

(3) To promote globalization, board of directors of the Company approved to establish Taiwan Cement (Dutch) Holdings B.V. in Oct. 2018. After that Taiwan Cement (Dutch) Holdings B.V. set up a joint venture, Dutch OYAK TCC Holdings B.V, with Turkish company OYAK which the Company has obtained 40% of equity in cement project within Turkey and other locations indirectly. In 2018 financial statement, the Company recognized NT\$ 3 million as investment loss of Taiwan Cement (Dutch) Holdings B.V.

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) For interest rates, as the growth momentum of the global economics is weakening, the Sino-US trading tension continues, the economics in China moderates, and the main economies have signaled the accommodative stance for the monetary policies, it is expected no major movement of the interest rates for NTD, USD, and CNY this year. The interest rate volatility of Taiwan, USA, and mainland China, 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, CNY, and EUR, we have adopted net position natural hedging and constantly kept track on exchange rate volatility to make timely exchange, 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 2019 based on the latest statistics, the weaken global economic expansion will bring raw material demands, global commodity prices, such as the global oil price, to be lower than 2018. The latest statistics show that CPI in the first three months of 2019 rose by 0.56% in Taiwan, 1.9% in the USA, and 2.3% in mainland China, all present a moderate inflation. According to the 2019 outlook of the Directorate General of Budget, Accounting and Statistics (DBGAS), Executive Yuan, the annual CPI growth will be 0.73%, 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 the company nor our subsidiaries have engaged in high-risk and high-leverage investments in recent years.

(2) Either the 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 Procedures for Loaning of Funds to Others and Procedures for Endorsements/Guarantees. Therefore, losses will hardly happen.

(3) Both the 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 Procedures for the Acquisition and Disposal of Assets without engaging in any non-hedging transactions.

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

TCC has never suspend any research and development. In 2018, TCC continued investing and even spent more in the calcium looping program, and completed the technology reform for the second generation equipment in plants, and continued to expend the trial of CO2 capture plant. Currently, in order to continue the test of CO2 capture, the BOD of TCC is planning to construct the demo plant for the next phase, and expand the Microalgal Cultivation program to recycle CO2. The plan is to assess the feasibility of expanding the microalgal cultivation in Ho-Ping Power Plant, and to approve the capex budget of about NT\$ 600 million, for promoting the design and verification of reliability for the Amplifying System for Calcium Looping Carbon Capture Technology. The goal is to launch the operation of commercialized system to validate the business model in 2023, as an active effort of reducing carbon for our Earth.

(1) Future planning of calcium looping technology: to increase the holistic effect of the calcium looping technology, the emphasis will be on enhancing the carbonation conversion rate, reducing the mole fraction of Ca to C and the energy consumption. Also the 30MW demo plant will be designed and planned as a follow up, to execute the verification of the new generation of capture technology including integrated steam hydration and multi-stage cyclone, as well as the R&D of amplifying technology, technology of regenerating highly pure light-weighted carbonated calcium from de-active adsorbent, as well as other tasks such as detail design and procurement specs for the demo CO2 capture system with calcium looping for 30MW grade, planning of plant construction, and effects to environment.

(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 million (excl. sales tax) in 2019 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.

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

(1) The amendments to the Labor Standard Act released on January 31, 2018, are mainly responding the suggestions from the society including the adjustment of restriction to the extended working hours, arrangement of official holidays, and annual leaves after the new system of two-day-off per week. To cope the relevant laws and regulations with the practice of labor-management, The Company continuously strives to reach agreement with the employees, to reasonably adjust the intervals between shifts to meet the demands at the sites while respect the mental and physical health of employees, for the purpose of reducing the labor-management disputes by a better system.

(2) The China Government has enforced "Environmental Protection Tax Act" and the "Regulation on the Implementation of the Environmental Protection Tax Act" on January 1, 2018. The environmental protection tax has been levied since the same year. The strict enforcement has create an intensive pressure to some small and medium size cement manufacturers. The Company, on the other had, stay true to the philosophy of sustainable management: "Environmental protection is not a cost but a responsibility." Therefore, we have invested certain degree of funds to the cement subsidiaries to construct the related pollution-preventive equipment and technical reforms way before the promulgation of these laws and regulations. Currently, the emission indicators in these plants outperform the local standards, which in turn, accentuate the competitive advantage of TCC in the local environment, and thus a great positive effect is generated for TCC.

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

To corresponding the coming of Industry 4.0 era, TCC is promoting the optimization of internal management system, whose four major focuses including the cloud mobility, big data, IoT, and intelligent machines. The optimization project that integrates the economics, environment, society, and risk management, shifts from "objective management" to "behavior management," so that the personnel and managers may accurately judge and operate at the earliest time, to improve their outcomes of works and efficiency. The outcome of this project include the construction of the TCC war room system, to grasp the information of production and operation information of each plant, in order to

forecast any risk; as well as monitor the carbon emission data of each cement plants for continuous control and reduction. The bearing shell warning system is installed to monitor the temperature of each puller bearing shell in rotary kilns. The model is made through the big data of kiln temperature, to detect irregularly high temperature zones of kiln temperature real-time, and to warn actively for early actions taken by the operators to protect the rotary kilns. With the modern monitoring system and internet technologies, six major environmental indicators are under continual monitoring, and a complete database is built for the timeliness of management. In the future, TCC will promote the intelligent diagnosis mechanism for equipment. Through the intelligent database, the data are analyzed to see if any irregular occurs, and the possible irregulars are forecasted to alert the inspectors deal with them.

Both Taiwan and China have made the collaborative waste disposal with cement kilns as a national policy. TCC has more than 30-year experience in this regard. With the research laboratory recognized with the national TAF certificate, we will be able to expand the scope for more solid and hazardous wastes. In 2019, TCC was awarded for the largest project of collaborative solid and hazardous waste disposal with cement kilns in China, with 330,000 tonnes of annual disposal. In the future, TCC will make profits while contributing the national and social benefits, to bring the largest effect for the environmental protection as a circular economy in the cement industry, and act as the leader in the area of 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 not cost” 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 2018, the alternative material rate of solid waste in cement manufacture increased to 195.9kg per tonnes. The performance in the waste treatment and circular economy of TCC has won the “two star grade for outstanding company in the evaluation of waste resources and circular economy” (the highest level) in the evaluation of waste resources and circular economy conducted by the Environmental Protection Administration, Executive Yuan. The cement produced in the Suao Plant (Type I cement gold grade environmental cement, Type I low-alkaline, Type II cement silver grade

environmental cement) and the Ho-Ping Plant (Type I I cement gold grade environmental cement) was also awarded with the certificate of environmental label for the cement products from the Environmental Protection Administration. 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 nine water treatment plants in Taiwan to provide services for up to 29% of the population and generate electricity up to 1022 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 Chang An-Ping: “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.

Besides, the Group has been actively contributing to area of green energy, including the solar energy, wind power, and geothermal power generation. Except the Phase 1 2MW solar energy power plant at the old plant of TCC Chemical Plant in Chang-Bin Industrial Zone that started production in the first half of 2018, other projects include the Phase 2 10.08MW solar energy power plant (under construction), Phase 1 7.2MW wind power plant at the old plant of TCC Chemical Plant that already concluded a power-selling agreement with TPC, a 14.4MW wind power plant in Fang-Yuan Country, Changhua County, the new warehouse of CSRC in Kaohsiung (800KW) and the Phase 1 roof-top solar energy of E-One plant, the Phase 2 14.4MW wind power plant at the old plant of TCC Chemical Plant under the Environmental Impact Assessment, the integration of fishery and power generation in Chiayi (under the review of the business plan for agricultural tolerance), the geophysical survey completed primarily, and the Wan-Rong geothermal project in Hualien processing the tribal meetings; also TCC has found several other site for further positioning. Through the input to the energy transformation, we can contribute to the environmental sustainability.

7.6.7 Expected benefits and potential risks of mergers and acquisitions: NA

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. Currently the base piles are under construction. As the procedures and lead time of the mining permit are time consuming, operations will be postponed to Q3 of 2020.

Also, to accommodate the Government’s vision of non-nuclear home in 2025, and the goal of generating 20% of power with renewable energies, as the leader in the conventional industries, TCC has actively input the development and investment of renewable energies with the pace of the Government’s energy transformation. Except the Phase 1 2MW solar energy power plant at the old plant of TCC Chemical Plant in Chang-Bin Industrial Zone that started production in the first half of 2018, other projects include the Phase 2 10.08MW solar energy power plant (under construction), Phase 1 7.2MW wind power plant at the old plant of TCC Chemical Plant that already conclude a power-selling agreement with TPC, a 14.4MW wind power plant in Fang-Yuan Country, Changhua County, the new warehouse of CSRC in Kaohsiung (800KW) and the Phase 1 roof-top solar energy of E-One plant, the Phase 2 14.4MW wind power plant at the old plant of TCC Chemical Plant under the Environmental Impact Assessment, the integration of fishery and power generation in Chiayi (under the review of the business plan for agricultural tolerance). They all are expected to bring stable revenue for 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.

(1)

Company Name	Ta-Ho RSEA Environment Co., Ltd.
Fact in dispute	By the arbitration, for the “Contract of Waste Incineration Plant Building and Operating and Waste Incineration Commission by the Public and Private Institutions Encouraged by the Yunlin Country Government” (a BOO contract) between Ta-Ho RSEA Environment Co., Ltd. and the Yunlin Country Government, the Yunlin Country Government shall pay NT\$ 1,500,000,000 to Ta-Ho RSEA Environment Co., Ltd. before November 30, 2008, and the remaining payment NT\$ 1,440,000,000 shall be made before June 30, 2009; Ta-Ho RSEA Environment Co., Ltd. shall transfer the assets to the Yunlin Country Government.
Contract value (NT\$):	about NT\$ 2,940,000,000
Trial start date	Date of arbitration decision: October 1, 2008
Parties concerned	Yunlin County Government vs. Ta-Ho RSEA Environment Co., Ltd.
Status	Ta-Ho RSEA Environment Co., Ltd. has applied the compulsory enforcement for all the claims determined by the arbitration. Currently among the claims, NT\$ 3,540,000,000 (tax included) including both principal and interests, has been received. An other dispute regarding the interest of NT\$270,000,000 is pending for the appealing procedure. Shall Ta-Ho RSEA Environment Co., Ltd. is confirmed as the winner, the compensation will be executed accordingly.

Company Name	Ta-Ho RSEA Environment Co., Ltd.
Fact in dispute	As stipulated by Article 10.5 of the "Contract of Waste Incineration Plant Building and Operating and Waste Incineration Commission by the Public and Private Institutions Encouraged by the Yunlin Country Government"(BOO Contract) entered by and between Ta-Ho RSEA Environment Co., Ltd. and the Yunlin Country Government (Yunlin Government), once the BOO Contract is terminated due to reasons attributable to Yunlin Government, all assets of the Linnei Incineration Plant (the Plant) shall be transferred back to Yunlin Government. Nevertheless, Yunlin Government has refused to receive assets of the Plant in accordance with the BOO Contract regardless of several attempts to transfer made by Ta-Ho RSEA Environment Co., Ltd. As a result, Ta-Ho RSEA Environment Co., Ltd. has continuously operated and maintained the Plant on behalf of Yunlin Government ever since the BOO Contract was terminated on October 30, 2006. By the end of December 31, 2017, operating costs of the Plant amount to NT\$ 137,524,000 had been incurred. Compensation amount to NT\$ 2.9 billion (did not include sales tax) was awarded to Ta-Ho RSEA Environment Co., Ltd. According to the decision entered by an arbitration between Ta-Ho RSEA Environment Co., Ltd. and Yunlin Government. Based on the interpretation of Revenue Service Bureau of Yunlin County Government, sales tax shall be levied on that compensation awarded, which is amounted to NT\$ 165,591,000.

Contract value (NT\$):	Approximately 303,000,000
Trial/administrative appeal start date:	Application submitted to arbitration on February 15, 2019
Parties concerned	Between Ta-Ho RSEA Environment Co., Ltd. and Yunlin County Government
Status	The arbitration court was formed in April, 2019. First appearance has yet been notified by the Arbitration Association.

(2)

Company Name	Ho-Ping Power Company
Fact in dispute	The Fair Trade Commission fined Ho-Ping Power Company a sum of NT\$1,350 million for violation of Article 14 of the Fair Trade Act.
Contract value (NT\$):	1,350,000,000
Trial/administrative appeal start date:	April 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. The Taiwan Supreme Administrative Court denied the original decision (Ho-Ping Power Company won the case) and returned the case to the Taipei High Administrative Court on June 30, 2015. The Taipei 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 other parties appealed. For the part appealed by TPC, the Taiwan Supreme Administrative Court has ruled "appeal dismissal" on September 6, 2018. For the other part appealed by the Fair Trade Commission of the same case, the Taiwan Supreme Administrative Court denied the original decision and returned the case to the Taipei High Administrative Court. Now it is pending in the Taipei High Administrative Court.

Company Name	Ho-Ping Power Company
Fact in dispute	The Taiwan Power Co., Ltd (TPC or Taipower) filed a lawsuit to the Taipei High Administrative Court, claiming a payment for a least NT\$ 5.2 billion; with the interests, the claim expanded to NT\$ 10.7 billion; also another civil lawsuit was filed by TPC to the Taipei District Court, claiming NT\$ 5.5 billion.
Contract value (NT\$):	Totaling about 16 billion.
Trial/administrative appeal start date:	September 2015
Parties concerned	Ho-Ping Power Company vs. Taiwan Power Company

Company Name	Ho-Ping Power Company
Status	1.TPC filed two trials for this case including: (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; the claim was expanded to NT\$ 10,760,000,000. TPC has paid the judgement fee, 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 with similar reasons in sperate cases. Both IPPs lost the case as per the court decision made on 2018. Ho-Ping Power Company had reported the results to the jurisdiction court in order to win the case. 3.Ho-Ping Power Company believes the probability of case to be found is low, and thus estimated no relevant losses.

7.6.13 Other Material Risks

(1) Conducting environmental protections and management of climate change risks with the strategic mindset of sustainable development and circular economy

Intergovernmental Panel on Climate Change (IPCC) has listed the national energy policy, comprehensive management of wastes, and comprehensive management of water resources as the key points of coping measures to the climate in its Climate Change 2007 : Synthesis Report. Refining and manufacturing of raw materials creates significant energy consumption and greenhouse gas emission. According to the statistics of IEA and IPCC, the CO2 emissions generated from the material industries take about 65% of the emission of the whole industry; and 19% coming from the cement industry. If a circular economy mode reusing resources can be created in manufacturing industries, that reduces the refining of materials but replaces with the wastes, a great reduction of carbon will be achieve and lower the emissions of the greenhouse gas (Allwood and Cullen,2012). TCC deeply has realized the impacts from climate changes, and thus promoted the "one-stop environmental protection policy," i.e. "green value chain strategy." The cement plants are the core. From the well-executed environmental protection of mines and cement plants, the Group integrates the internal resources, to assist the central and local government, and the enterprises to re-use the wastes. The past records of the waste treatment have proved that the cement kilns can be applied to the circular economy, and achieve the recycle of resources. Applied to adopt the impacts from climate changes.

1. Management of Policies for Climate Change Risks

Compliance, accommodation, and promotion of related laws and regulations: a dedicated unit in the Company continuously participates the topics of climate changes and adoption by the Government, as well as the new international progress of these topics. On one hand, TCC collaborates with research units to continuously develop and promote the carbon capture and reuse of CO2. On the other hand, we comply with the Government's laws and regulations, while offering suggestions, to assist the central and local governments fix the bottlenecks in the regrads of waste and reuse of resources.

Management Execution: the ISO 50001 Energy Management System has been established. Through ISO 50001, the Company continuously seeking the improvement of performance for the utilization of energy, and enhance the energy management through the energy baseline survey, proposal of improvement plan, and approaches for establishing the management system. From 2007, TCC started to inventory the greenhouse gas, and has obtained the ISO 14064 – Greenhouse Gas Accounting and Verification from SGS. Through the outcomes of the inventory, the targets of reduction and priorities are determined, as well as the results of reduction can be confirmed. From Q2 2019, the policy that links the carbon emissions to bonus will be implemented, to urge each cement plant strive to reduce the carbon emissions per product unit.

Low-carbon products: cement is a major construction material, and it has to be made from milled and kilned of various mines. Other than the vertical well extraction that is environmental symbiosis to reduce impacts to the environment, TCC actively researches the means of resource reuse to replace the natural materials and raw materials. This not only reduces the consumption of the cement products, but also the emissions of the greenhouse gas. In 2018, the BS8001 circular economy assessment and certification were introduced. The Company has been certified as "the Optimal" by SGS. This promotes the enhancement of the efficiency of resources utilization, and has obtained the good quality certificate for cement.

Sustainable Ecology: the Dr. Cecilia Koo Botanic Conservation and Environmental Protection Development Foundation" was established in January 2007. The key task of the foundation is the establishment of the Dr. Cecilia Koo Botanic Conservation Center (KBCC) in Kaoshu Country, Pingtung County. The mission of KBCC is to conserve tropical and sub-tropical plants and maintain rich biodiversity on earth. This is an implementation of the philosophy of TCC, namely sustainable development, environmental conservation, and adoption of climate changes.

2. Identifications of Risks and Opportunities of Climate Change Climate Change Risks

Laws and policy aspect: under the related policies of energy and the circular economy of the central government, TCC stay true as an eco-solution provider, to support all works favorable to the mitigation and adoption of climate changes, and we expect

ourselves to assist the enterprises and local governments by providing mitigation for the impacts to the environment.

Enterprise risk management aspect:

The global warming results the irregular climates; the frequency of extreme climates increases, and thus results in the suspension of production and endangered lives and properties of employees. The internal contingency plans and the procedures of risk management of TCC regularly review these disasters and have the countermeasures in place. We even integrate the adoption of climate changes into the plant design(e.g. the coal warehouse in Ho-Ping Power Plant) as the control of risks.

Approach of Product Management:

Lower the energy consumption of per product unit through the systematic management. Also regarding the product development, the alternative materials and fuels from the recycled resources are used to enhance the efficiency of resources, while reducing carbon, lowering the risk of material shortage resulted from the climate changes. The recycled resources applied in per cement unit in 2018 has increased to 19.59%. (18.86% for 2017)

Climate Change Opportunities

Aspect of International Issues and Policies/Regulations: except that TCC Group continuously implement the inventory and reduction of emissions, we are also the first one proposing the green value chain and supply chain, to correspond the governmental energy and circular economy policies. We participate the related research, such as CCUS, creating the opportunities for corresponding the climate changes, and join various resource reuse and renewable energy protects of the Government.

Aspect of Operation and Management: not only seeking the forever growth, and the active collaborations with the Government in the regards of environmental protection, TCC also keeps on educating the employees and communicating with the stakeholders to have them also contribute to the adoption of climate changes.

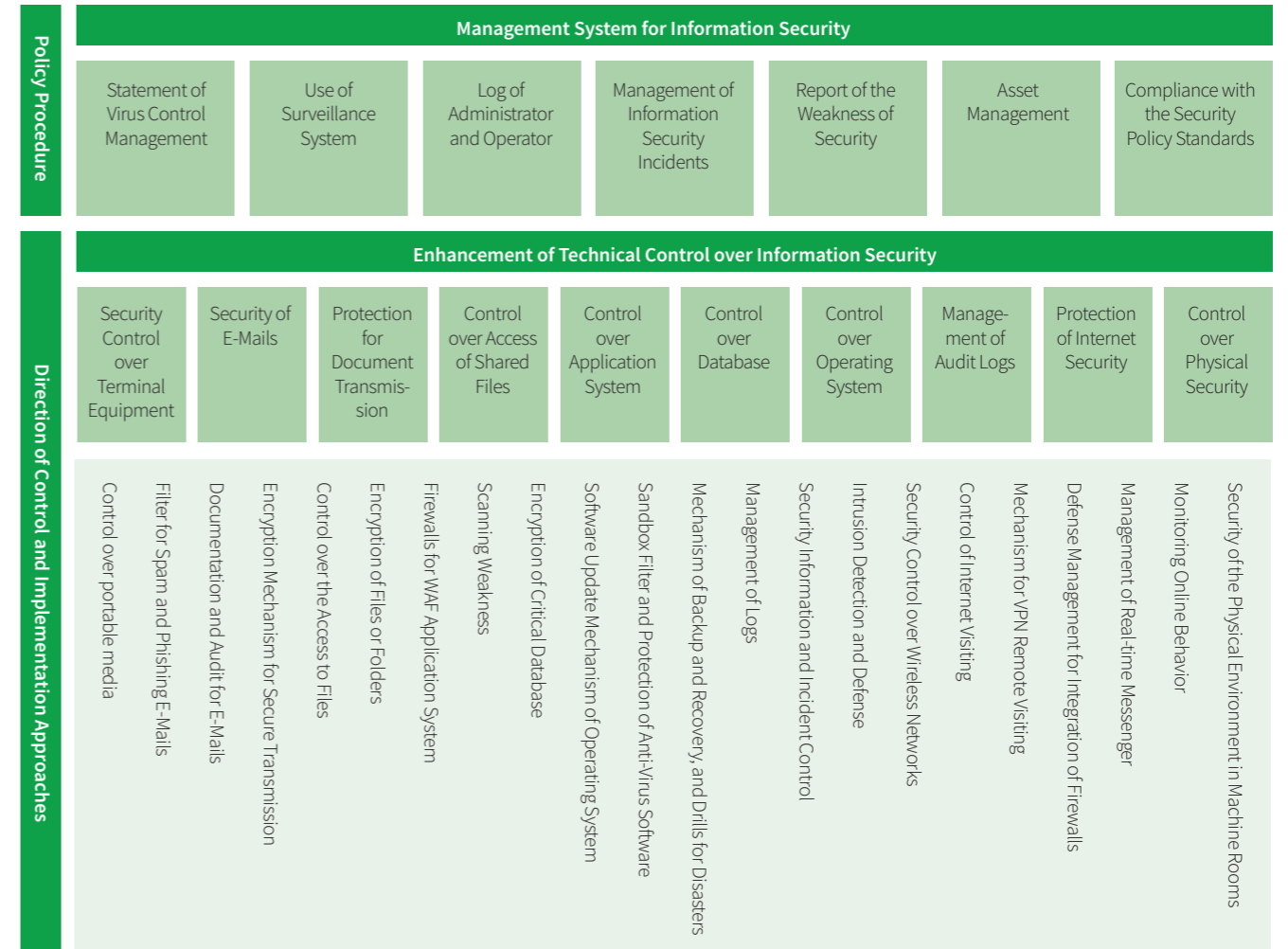
Aspect of Product Management: improving the energy efficiency and the completeness of the disclosure for carbon emission. We seek not only the better quality of products, but also the awareness of the consumers to our efforts for the energy-saving, and the adoption of climate changes during the process of producing low-carbon cement.

(2) Information Security

Facing the challenge of commercial competition and the globalization, the information safety and the protection of operational information are the important corner stones for the organizational sustainable development and maintenance of the core competitiveness. To ensure the stability, security, and availability of the information system, TCC strives to enhance the security management mechanism of information and the guarding capability, by establishing the secure and reliable digital opera-

tion environment, to ensure the security of the system, information, and the network, so that the important information assets of the Company and the normal operation of the information system are protected.

The direction and plans for the enhancement of the information security of the Company are as the following:



Except the backup of data and remote backup of system, the daily business continuity of the Company also includes the recovery of the core business from disasters, which an annual drill is required, to ensure the effectiveness of the backup procedure and data, for the purpose of preventing the risks of disasters, ensuring the seamless continuation of information system, as the foundation of sustainable operation of TCC.

7.7 Other material information: NA

8 Special notes

8.1 Information of affiliates

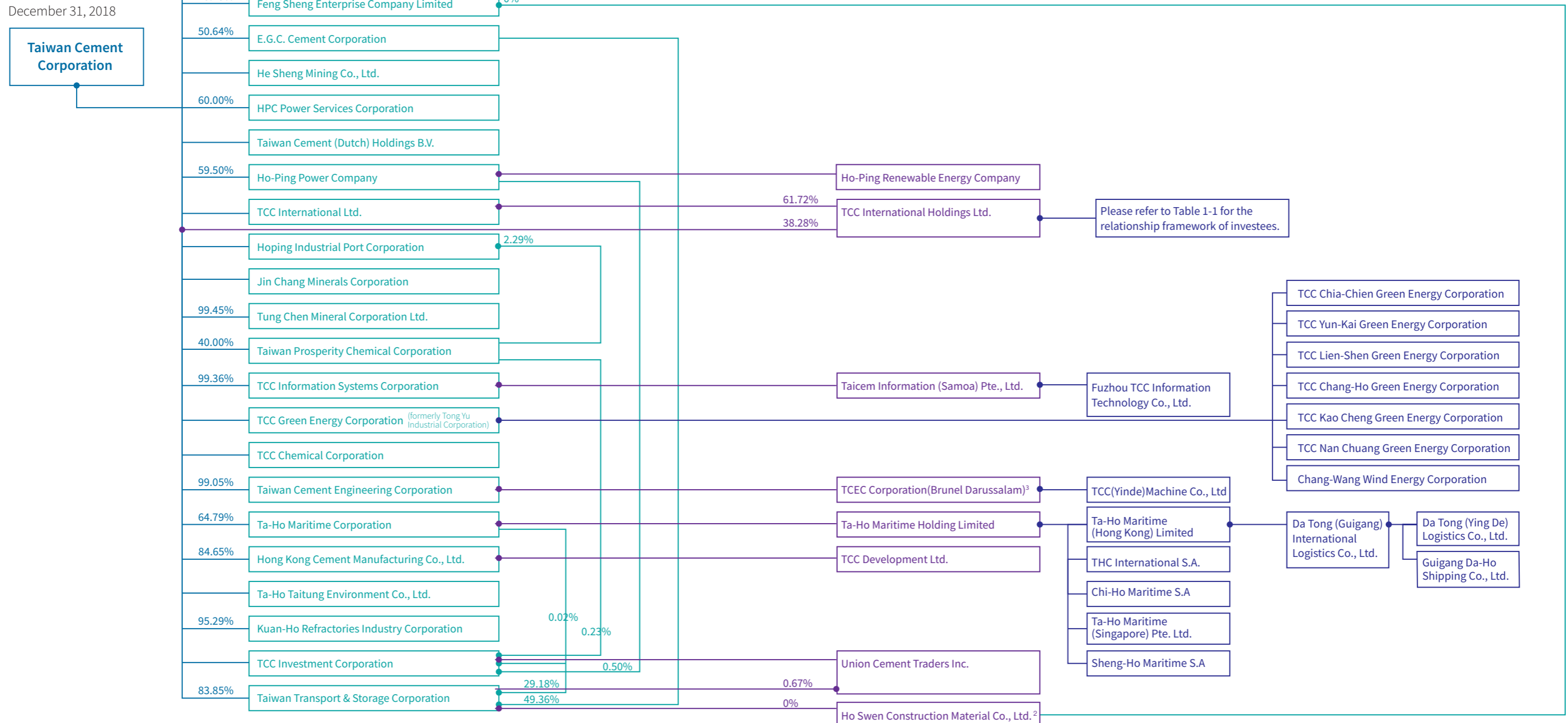
The scope of business covered by all TCC affiliates include the generation of electricity and the manufacture and sales of and chemicals; land transportation; sea transportation; manufacture and sales of fire-retardant materials; the undertaking of environmental control projects, the manufacture, service 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

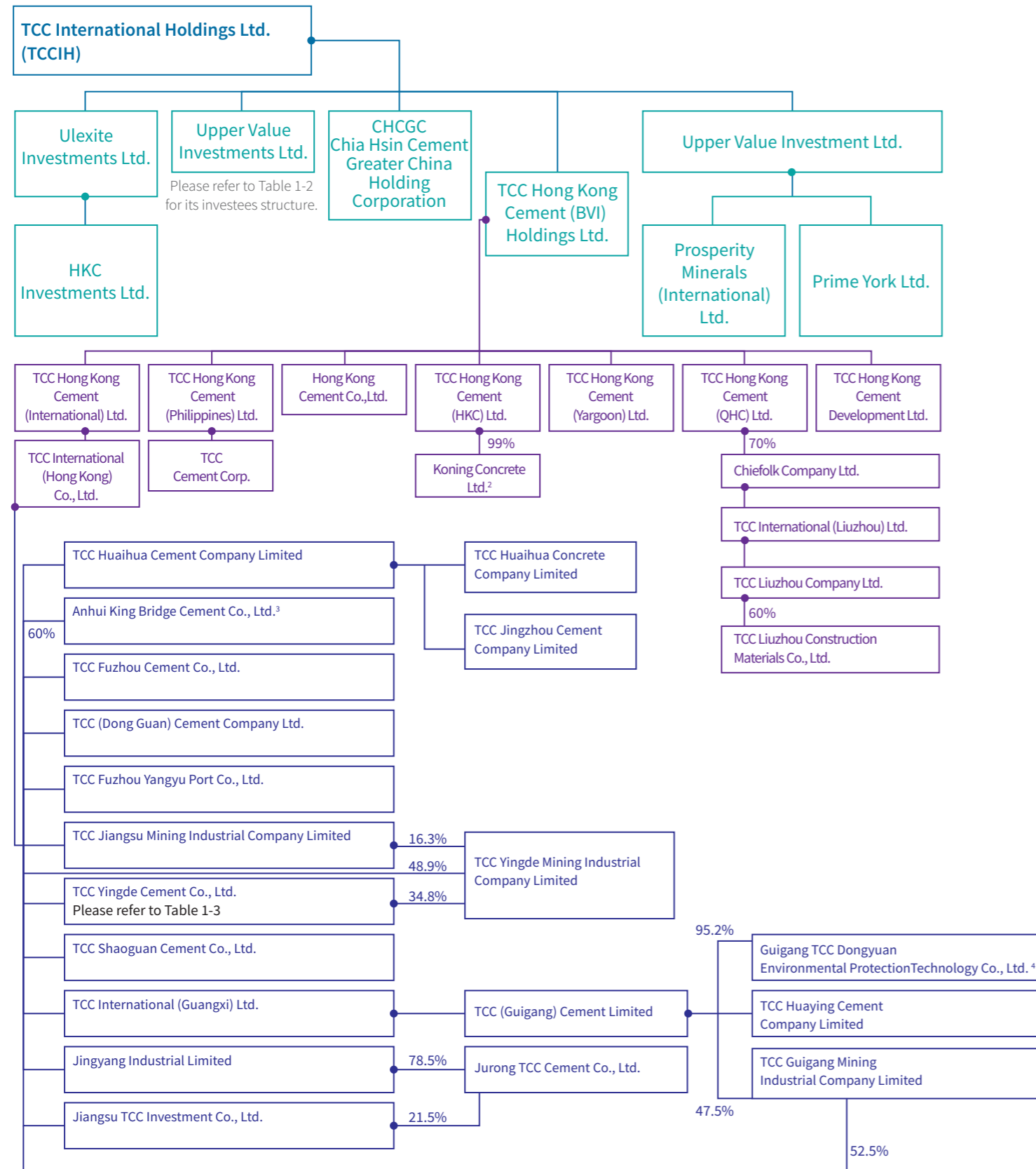
charge of data processing, and Kuan-Ho Refractories Industry Corporation supplies fire-retardant materials. Transactions among affiliates are governed by contracts or purchase orders to specify the rights and obligations of each party. Prices are determined based on the market price. The price of products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

Table 1
Taiwan Cement Corporation and its subsidiaries
Consolidated Organization Chart
December 31, 2018



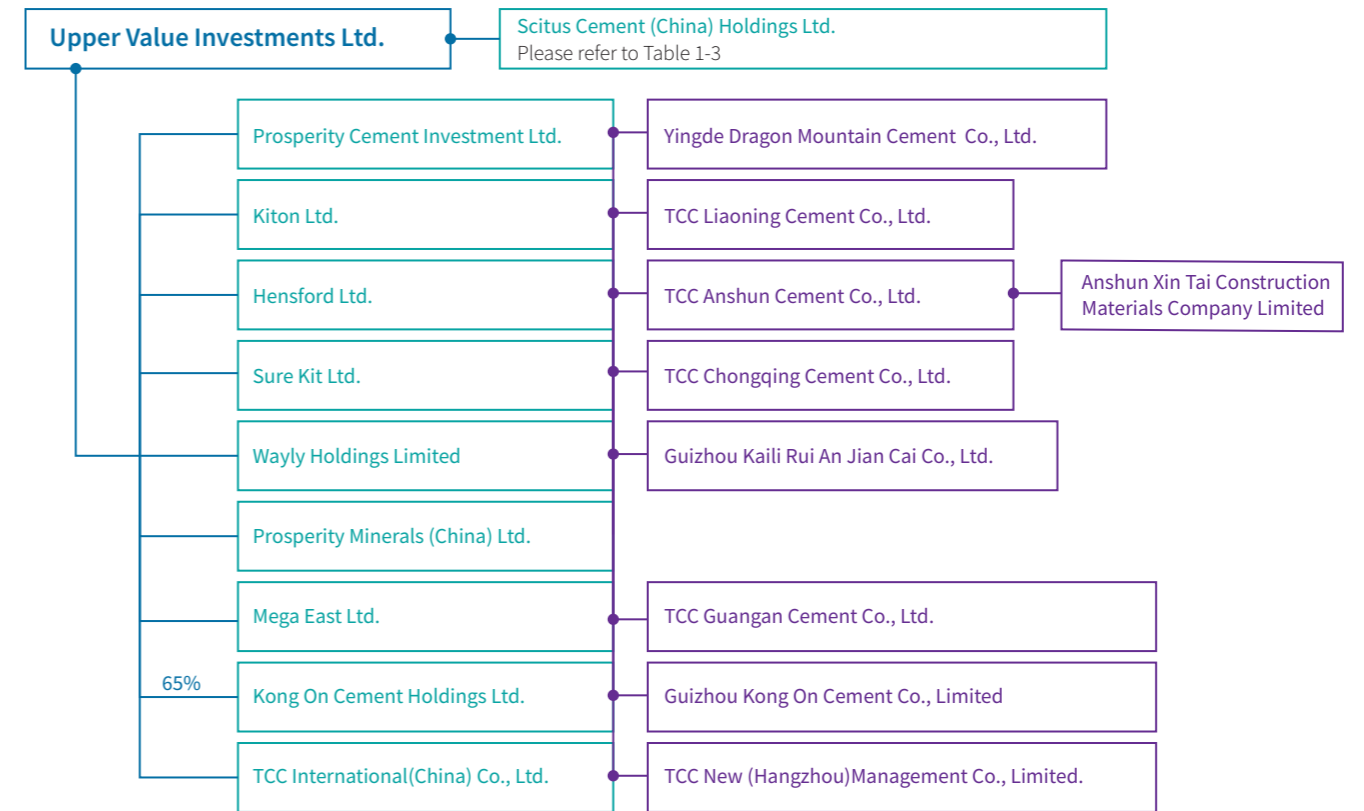
¹Unless specified otherwise, shareholdings of others are 100%. ²Ho Shun Construction Materials Corporation was completed liquidation procedure in December 2018. ³TCEC Corporation's cancellation was completed in December 2018.

Table 1-1
Taiwan Cement Corporation and its subsidiaries
Organization Chart of TCC International Holdings Ltd. and Subsidiaries
 December 31, 2018



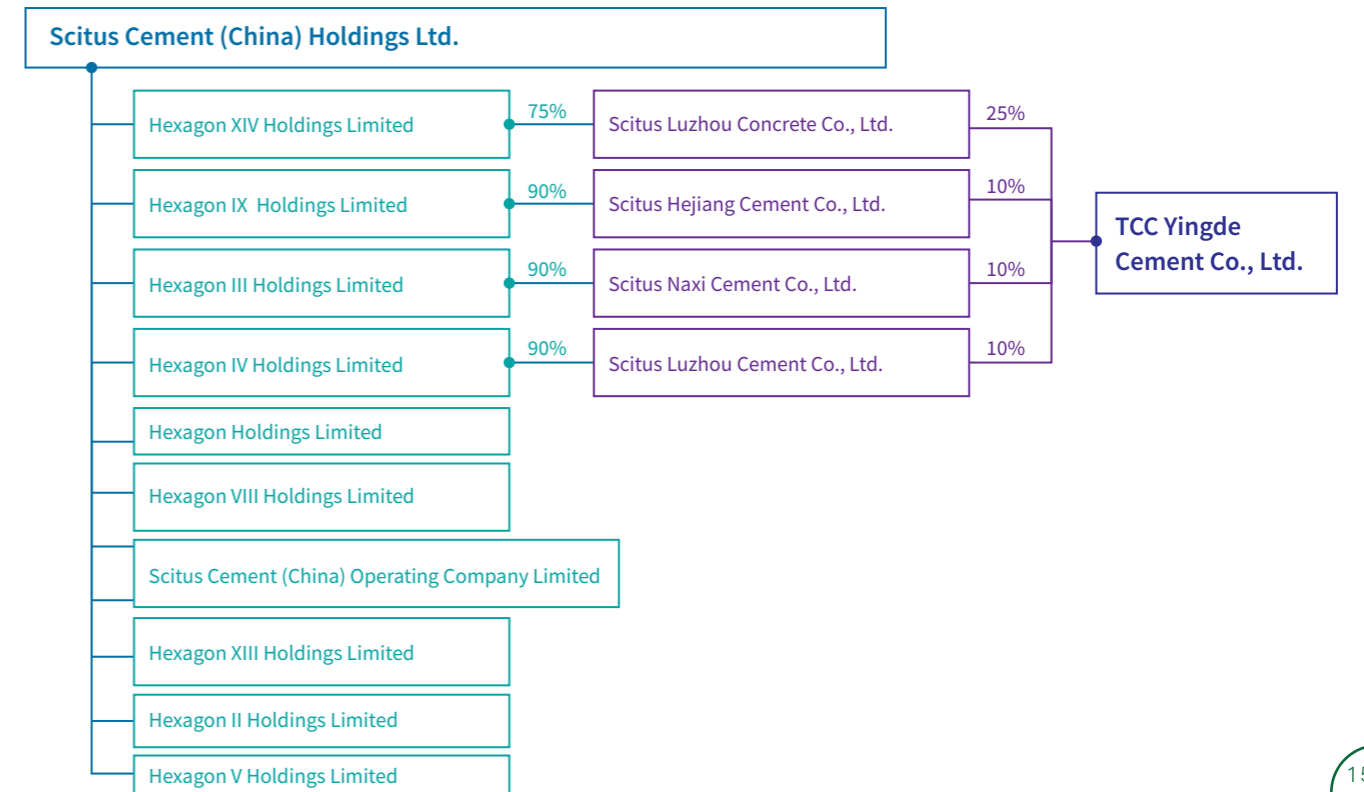
¹Unless specified otherwise, all shareholdings are 100%. ²Koning Concrete Ltd.'s cancellation was completed in August 2018. ³Anhui King Bridge Cement Ltd.'s cancellation was completed in January 2019. ⁴Guigang TCC Dongyuan Environmental Protection Technology Co., Ltd. was founded on June 7, 2018.

Table 1-2
Taiwan Cement Corporation and its subsidiaries
Organization Chart of Upper Value Investments Ltd. and Its Subsidiaries
 December 31, 2018



¹Unless 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, 2018



¹Unless specified otherwise, all shareholdings are 100%.

Data of affiliates

December 31, 2018 (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. ¹	2000/5/25	No. 69-2, Huadong Road, Hualien City, Hualien County	-	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) ²	2004/3/11	Rm51, 5th Floor Britannia House, Jalan Cator, Bandar Seri Begawan BS 8811, Brunei Darussalam	16,295	Offshore investee
TCC (Yingde) Machinery 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.
TCC Green Energy Corporation ³	1989/8/7	No. 11, Changbin East 1st Road, Wenzhi Village, Xianxi Township, Changhua County	1,508,987	Manufacture of machinery for the generation, transmission, and distribution of electricity, and own-use generation equipment
TCC CHIA-CHIEN Green Energy Corporation ⁴	2018/5/4	No. 8, Xinsheng St., Minxiang Township, Chiayi County	202,000	Manufacture of machinery for the generation, transmission, and distribution of electricity, and own-use generation equipment
TCC YUN-KAI Green Energy Corporation ⁵	2018/5/4	No. 41, Shanzimen, Erlun Township, Yunlin County	25,000	Manufacture of machinery for the generation, transmission, and distribution of electricity, and own-use generation equipment
TCC LIEN-HSIN Green Energy Corporation ⁶	2018/5/8	No. 263, Heping, Xiulin Township, Hualien County	12,000	Manufacture of machinery for the generation, transmission, and distribution of electricity, and own-use generation equipment
TCC CHANG-HO Green Energy Corporation ⁷	2018/7/10	No. 11, Changbin East 1st Road, Wenzhi Village, Xianxi Township, Changhua County	5,000	Manufacture of machinery for the generation, transmission, and distribution of electricity, and own-use generation equipment

Data of affiliates

December 31, 2018 (expressed in NT\$ thousands)

Affiliate	Establishing Date	Address	Paid-in Capital	Scope of Business
TCC KAO-CHENG Green Energy Corporation ⁸	2018/7/18	No. 16, Gongye 1st Rd., Renwu Dist., Kaohsiung City	12,000	Manufacture of machinery for the generation, transmission, and distribution of electricity, and own-use generation equipment
TCC NAN-CHUNG Green Energy Corporation ⁹	2018/9/6	No. 36, Taiyi 7th St., Rende Dist., Tainan City	20,000	Manufacture of machinery for the generation, transmission, and distribution of electricity, and own-use generation equipment
CHANG-WANG Wind Power Co., Ltd ¹⁰	2018/12/12	No. 11, Changbin East 1st Road, Wenzhi Village, Xianxi Township, Changhua County	120,000	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
Ta-Ho Maritime Holdings Limited	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	53rd 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	53rd 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	Peope's Government, Hualian Town, Qintang District, Guigang City	USD 5,000,000	Logistics

Data of affiliates

December 31, 2018 (expressed in NT\$ thousands)

Affiliate	Establishing Date	Address	Paid-in Capital	Scope of Business
Guigang Da-Ho shipping Co., Ltd.	2008/11/19	Peope's Government, Hualian Town, Qintang District, Guigang City	RMB 4,000,000	Ship transportation
Da Tong (Ying De) Logistics Co., Ltd.	2012/3/8	2 nd 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.	631,500	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.	2003/8/6	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
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. 7, Hegong 2nd Road, Heping Village, Xiulin Township, Hualien County	13,545,215	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.

Data of affiliates

December 31, 2018 (expressed in NT\$ thousands)

Affiliate	Establishing Date	Address	Paid-in Capital	Scope of Business
Ho-Ping Renewable Energy Company	2018/4/9	No. 7, Hegong 2nd Road, Heping Village, Xiulin Township, Hualien County	1,000	1.Electric Power Supply, Electric Transmission and Power Distribution Machinery Manufacturing. 2.Self-usage power generation equipment utilizing renewable energy industry. 3.Electricity Equipments Checking and Maintenance. 4.Apparatus Installation Construction. 5.Energy Technical Services
Ta-Ho 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. 7, 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 RSEA Environment Co., Ltd.	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 Shehg Enterprise Company Limited	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 Minera 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 1,100,876,000	Investment holdings.
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 674,492,964	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 332,875,900	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.

Data of affiliates

December 31, 2018 (expressed in NT\$ thousands)

Affiliate	Establishing Date	Address	Paid-in Capital	Scope of Business
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	HKD10,000	Investment holdings.
TCC Hong Kong Cement (Yagoon) 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 Cement (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. ¹¹	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 91,020,500	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, 2018 (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 9,935,122,694	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. ¹²	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 101,614,561	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.
Upper Value Investments Limited	2008/1/2	16/F, Hong Kong Diamond Exchange Bldg.,No. 8-10 Duddell Street, Central, Hong Kong	USD 12,700	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 759,955,769	Investment holdings.
Yingde Dragon Mountain Cement Co., Ltd.	2003/3/10	Wanpu Town, YingdeCity, Guangdong Province, China	RMB 428,110,000	Manufacture and distribution of clinkers and cement

Data of affiliates

December 31, 2018 (expressed in NT\$ thousands)

Affiliate	Establishing Date	Address	Paid-in Capital	Scope of Business
Prosperity Minerals (International) Limited	2004/4/23	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 28,533,976	Investment holdings.
Kiton Limited	2007/12/17	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 685,926,583	Investment holdings.
TCC Liaoning Cement Company Limited	2007/12/14	Xidayao Village, 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 1,191,945,979	Investment holdings.
TCC Anshun Cement Company Limited	2008/5/27	Martin Village, 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 953,818,809	Investment holdings.
TCC Chongqing Cement Company Limited	2008/6/3	Jianliang Village, 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 532,147,515	Investment holdings.
Prosperity Minerals (China) Limited	2007/7/26	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 10,300	Investment holdings.
Mega East Limited	2008/4/16	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 597,603,470	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, Wanniu 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 62,143,260	Investment holdings.
TCC New (Hangzhou) Management Company Limited	2011/5/13	Room 1902, 19 th Floor, Jialianhua Building, 586 Jiaguo North Road, Hangzhou, China	USD 8,000,000	Business management

Data of affiliates

December 31, 2018 (expressed in NT\$ thousands)

Affiliate	Establishing Date	Address	Paid-in Capital	Scope of Business
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 Kong On Cement Company Limited	2009/6/9	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	2007/7/16	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	USD 10,501	Investment holdings.
Guizhou Kaili Rui An Jian Cai Co., Ltd.	2008/2/20	Xintai Village, Ximahe District, Kaili City, Guizhou Province, China	RMB 389,660,500	Manufacture and distribution of clinkers and cement
TCC Shaoguan Cement Co., Ltd.	2011/11/3	Shijiao Village, Wushi Town, Cuijiang 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.)	USD 11,500,000	Provision of limestone mining service
TCC Guigang Mining Industrial Company Limited	2007/6/28	Huanglian Valley, Huanglian Town, Qintang District, Guigang City (inside the mining site of TCC Guigang Cement Ltd.)	USD 5,000,000	Provision of limestone mining service
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 1,245,257,277	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	USD 10,000	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.
Hexagon III Holdings Limited	2008/1/11	16/F, Hong Kong Diamond Exchange Bldg., No. 8-10 Duddell Street, Central, Hong Kong	HKD 79,500,001	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 136,430,001	Investment holdings.

Data of affiliates

December 31, 2018 (expressed in NT\$ thousands)

Affiliate	Establishing Date	Address	Paid-in Capital	Scope of Business
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.
Upper Value Investment Limited	2008/5/20	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 ⁷	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, AnPing Office, 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

Data of affiliates

December 31, 2018 (expressed in NT\$ thousands)

Affiliate	Establishing Date	Address	Paid-in Capital	Scope of Business
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
Guigang TCC Dongyuan Environmental Protection Technology Co., Ltd. ¹³	2018/6/7	Huanglian Valley, Huanglian Town, Qintang District, Guigang City	RMB 126,000,000	Development of technologies for environmental protection products
Taiwan Cement (Dutch) Holdings B.V. ¹⁴	2018/11/08	Kingsfordweg 103, 1043GP Amsterdam	EUR 831,431,000	Investment holdings.

¹Ho Shun Construction Materials Corporation was completed liquidation procedure in December 2018.²TCEC Corporation's cancellation was completed in December 2018.³Tong Yu Industrial Corporation was renamed TCC Green Energy Corporation in March 2018.⁴TCC Chia-Chien Green Energy Co., Ltd was founded on May 4, 2018.⁵TCC Yun-Kai Green Energy Co., Ltd was founded on May 4, 2018.⁶TCC Lien-Shen Green Energy Co., Ltd was founded on May 8, 2018.⁷TCC Chang-ho Green Energy Co., Ltd was founded on July 10, 2018.⁸TCC Kao Cheng Green Energy Co., Ltd was founded on July 18, 2018.⁹TCC Nan Chung Green Energy Co., Ltd was founded on September 6, 2018.¹⁰Changwon Wind Power Generation Co., Ltd was founded on December 12, 2018.¹¹Koning Concrete Ltd.'s cancellation was completed in August 2018.¹²Anhui King Bridge Cement Co., Ltd.'s cancellation was completed in January 2019.¹³Guigang TCC Dongyuan Environmental Protection Technology Co., Ltd. was founded on June 7, 2018.¹⁴Taiwan Cement (Dutch) Holdings B.V was founded on November 8, 2018.

Profiles of directors, supervisors, and presidents of affiliates

May 10, 2019 (expressed in shares and %)

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
Taiwan Transport & Storage Corporation	Chairman Director	Representatives of Taiwan Cement Corporation: Koo, Kung-Yi Representatives of Taiwan Cement Corporation: Chang An-Ping, Li, Jong-Peir, Huang Chien-Chiang, Chien-Chuan Wang	32,668,031	83.85
	Supervisor President	Representative of Union Cement Traders Inc.: Xiao-En Tseng Cynthia.Wu	261,278 -	0.67 -
Ho Swen Construction Material Co., Ltd. ¹		The AGM on April 25, 2017 made a resolution to perform liquidation and determined April 30, 2017 was the date of 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 has been received in November 2018, and was completed liquidation procedure in December 2018.	-	-
Taiwan Cement Engineering Corporation	Chairman Director	Representative of Taiwan Cement Corporation: Qing-Song Guo Representatives of Taiwan Cement Corporation: Ker-Fu Lu, Huang Chien-Chiang	59,593,414	99.05
	Supervisor President	Representative of Taiwan Cement Corporation: Jian-Quan Wang Qing-Song Guo	-	-
TCEC Corporation (Brunei Darussalam) ²	Chairman	Representative of Taiwan Cement Engineering Corporation: Yu-Wen Qiu	Contribution: USD 500,000	100.00
TCC (Yingde) Machinery Co., Ltd.	Chairman Director	Representative of Taiwan Cement Engineering Corporation: Ker-Fu Lu Representative of Taiwan Cement Engineering Corporation: Cen-Wei Lan, Cheng-Dao Qiang	Contribution: RMB 4,075,000	100.00
	Supervisor	Representative of Taiwan Cement Engineering Corporation: Chen-Chia Song		
Kuan-Ho Refractories Industry Corporation	Chairman Director	Representative of Taiwan Cement Corporation: Yi-Cai Hu Representatives of Taiwan Cement Corporation: Qing-Song Guo, Chien-Chuan Wang, Chia-Pei Wei, Kuang-Hsi Chen	18,105,000	95.29
	Supervisor President	Representative of Taiwan Cement Corporation: Guo-Hong Yeh Chih-Jen Liu	-	-
TCC Green Energy Corporation ³	Chairman Director	Representative of Taiwan Cement Corporation: Ker-Fu Lu Representatives of Taiwan Cement Corporation: Wei-Jue Hong, Jin-Lung Yu	150,898,696	100.00
	Supervisor President	Representative of Taiwan Cement Corporation: Xiao-En Tseng Chi-Liang Weng		
TCC CHIA-CHIEN Green Energy Corporation ⁴	Chairman Director	Representative of TCC Green Energy Corporation: Ker-Fu Lu Representatives of TCC Green Energy Corporation: Wei-Jue Hong, Jin-Lung Yu	20,200,000	100.00
	Supervisor President	Representative of TCC Green Energy Corporation: Xiao-En Tseng Chi-Liang Weng	-	-
TCC YUN-KAI Green Energy Corporation ⁵	Chairman Director	Representative of TCC Green Energy Corporation: Ker-Fu Lu Representatives of TCC Green Energy Corporation: Wei-Jue Hong, Jin-Lung Yu	2,500,000	100.00
	Supervisor President	Representative of TCC Green Energy Corporation: Xiao-En Tseng Chi-Liang Weng	-	-

Profiles of directors, supervisors, and presidents of affiliates

May 10, 2019 (expressed in shares and %)

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
TCC LIEN-HSIN Green Energy Corporation ⁶	Chairman Director	Representative of TCC Green Energy Corporation: Ker-Fu Lu Representatives of TCC Green Energy Corporation: Wei-Jue Hong, Jin-Lung Yu	1,200,000	100.00
	Supervisor President	Representative of TCC Green Energy Corporation: Xiao-En Tseng Chi-Liang Weng	-	-
TCC CHANG-HO Green Energy Corporation ⁷	Chairman Director	Representative of TCC Green Energy Corporation: Ker-Fu Lu Representatives of TCC Green Energy Corporation: Wei-Jue Hong, Jin-Lung Yu	500,000	100.00
	Supervisor President	Representative of TCC Green Energy Corporation: Xiao-En Tseng Chi-Liang Weng	-	-
TCC KAO-CHENG Green Energy Corporation ⁸	Chairman Director	Representative of TCC Green Energy Corporation: Ker-Fu Lu Representatives of TCC Green Energy Corporation: Wei-Jue Hong, Jin-Lung Yu	1,200,000	100.00
	Supervisor President	Representative of TCC Green Energy Corporation: Xiao-En Tseng Chi-Liang Weng	-	-
TCC NAN-CHUNG Green Energy Corporation ⁹	Chairman Director	Representative of TCC Green Energy Corporation: Ker-Fu Lu Representatives of TCC Green Energy Corporation: Wei-Jue Hong, Jin-Lung Yu	2,000,000	100.00
	Supervisor President	Representative of TCC Green Energy Corporation: Xiao-En Tseng Chi-Liang Weng	-	-
CHANG-WANG Wind Power Co., Ltd. ¹⁰	Chairman Director	Representative of TCC Green Energy Corporation: Ker-Fu Lu Representatives of TCC Green Energy Corporation: Wei-Jue Hong, Jin-Lung Yu	12,000,000	100.00
	Supervisor President	Representative of TCC Green Energy Corporation: Xiao-En Tseng Chi-Liang Weng	-	-
Hong Kong Cement Manufacturing Co. Ltd.	Director President	Representatives of Taiwan Cement Corporation: Chang An-Ping, Chang Yong, Koo, Kung-Yi	38,094	84.65
		Representative of Wing Fat Investments Inc.: Chan Cheuk Wai Alvin	881	1.96
		Lydia Chao	-	-
		Lim Han-Ton Lin Chia-Cheng, Wu Tong-Liang Koo, Kung-Yi	100 - -	0.22 - -
TCC Development Ltd.	Director	Representative of Hong Kong Cement Manufacturing Company Limited: Chang An-Ping	Ordinary share 10	100.00
	President	Koo, Kung-Yi	Non-voting deferred share 90 -	- -
Ta-Ho Maritime Corporation	Chairman Director	Representatives of Taiwan Cement Corporation: Li, Jong-Peir Representatives of Taiwan Cement Corporation: Chang An-Ping, Huang Chien-Chiang, Ker-Fu Lu, Li-Wen Tsai	118,649,441	64.79
	Supervisor	Representatives of Taiwan Transport & Storage Corporation: Lin-Tian Huang, Chien, Wen	53,437,810	29.18
	President	Miin-Shyong Shieh	-	-
Ta-Ho Maritime Holdings Ltd.	Director	Ta-Ho Maritime Corporation	10,300,000	100.00

Profiles of directors, supervisors, and presidents of affiliates

May 10, 2019 (expressed in shares and %)

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
THC International S.A.	Director	Representatives of Ta-Ho Marine Corporation: Chang An-Ping, Li, Jong-Peir, Wei-Lung Gao Miin-Shyong Shieh	2,010	100.00
	President		-	-
Chi Ho Maritime S.A.	Director	Representatives of Ta-Ho Marine Corporation: Chang An-Ping, Li, Jong-Peir, Wei-Lung Gao Miin-Shyong Shieh	6,510	100.00
	President		-	-
ShengChi Ho Maritime S.A.	Director	Representatives of Ta-Ho Marine Corporation: Chang An-Ping, Li, Jong-Peir, Wei-Lung Gao Miin-Shyong Shieh	2,010	100.00
	President		-	-
Ta-Ho Maritime (Hong Kong) Limited	Director	Representative of Ta-Ho Marine Corporation: Li, Jong-Peir	5,100,000	100.00
Ta-Ho Maritime (Singapore) Pte. Ltd.	Director	Representative of Ta-Ho Marine Corporation: Chang An-Ping Wei-Lung Gao	100,000	100.00
	President		-	-
Ho Sheng Mining Co., Ltd.	Chairman Director	Representative of Taiwan Cement Corporation: Ker-Fu Lu Representatives of Taiwan Cement Corporation: Chia-Pei Wei, Yan-Ting Lin Representative of Taiwan Cement Corporation: Li-Wen Tsai Chia-Pei Wei	30,100,000	100.00
	Supervisor President		-	-
Da Tong (Guigang) International Logistics Co., Ltd.	Executive Director	Representative of Da Tong (Guigang) International Logistics Co., Ltd. Ta-Ho Marine (Hong Kong) Limited: Chen-Chia Song Chuan-Feng Shih	Contribution: USD5,000,000	100.00
	President		-	-
Guigang Da-Ho Shipping Co., Ltd.	Executive Director	Representative of Guigang Da-Ho Shipping Co., Ltd. Da Tong (Guigang) International Logistics Co., Ltd.: Chen-Chia Song Chuan-Feng Shih	Contribution: RMB4,000,000	100.00
	President		-	-
Da Tong (Ying De) Logistics Co., Ltd.	Executive Director	Representative of Da Tong (Ying De) Logistics Co., Ltd. Da Tong (Guigang) International Logistics Co., Ltd.: Cheng-Dao Qiang	Contribution: RMB5,000,000	100.00
	President		-	-
TCC Investment Corporation	Chairman Director Supervisor President	Representatives of Taiwan Cement Corporation: Chang An-Ping Representatives of Taiwan Cement Corporation: Li, Jong-Peir, Yu-Zhi Qiu Representative of Taiwan Cement Corporation: Guo-Hong Yeh Li, Jong-Peir	63,150,000	100.00
Union Cement Traders Inc.	Chairman Director Supervisor	Representative of TCC Investment Corporation: Chang An-Ping Representatives of TCC Investment Corporation: Li, Jong-Peir, Lin-Tian Huang Representative of TCC Investment Corporation: Li-Wen Tsai Li, Jong-Peir	21,945,000	100.00
	President		-	-
TCC Chemical Corporation	Chairman Director Supervisor President	Representatives of Taiwan Cement Corporation: Chang An-Ping Representatives of Taiwan Cement Corporation: Li, Jong-Peir and Koo, Kung-Yi Representative of Taiwan Cement Corporation: Li-Wen Tsai Ker-Fu Lu	240,000,000	100.00

Profiles of directors, supervisors, and presidents of affiliates

May 10, 2019 (expressed in shares and %)

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
TCC Information Systems Corporation	Chairman Directors	Representatives of Taiwan Cement Corporation: Li, Jong-Peir Representatives of Taiwan Cement Corporation: Li, Jong-Peir, Chang An-Ping, Ker-Fu Lu, Kuang-Hsi Chen, Huang Chien-Chiang Guo-Hong Yeh Jian-Zhi Chang	14,904,000	99.36
	Supervisor President		-	-
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 Director	Representatives of Taiwan Cement Corporation: Koo, Kung-Yi Representatives of Taiwan Cement Corporation: Li, Jong-Peir, Ji-Yeh Chen, Feng-Ping Liu Jen-Ho Chao Sheng Chin Jen Zi-Nan Jia Tian-Fu Zhao	116,790,998	40.00
	Independent Director		-	-
	Independent Director		-	-
	Independent Director		-	-
	President		-	-
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 Representative of Taiwan Cement Corporation: Yan-Ting Lin	19,890	99.45
	Supervisor		-	-
Jin Chang Minerals Corporation	Chairman Director	Representative of Taiwan Cement Corporation: Ker-Fu Lu Representatives of Taiwan Cement Corporation: Chia-Pei Wei, Yan-Ting Lin Representative of Taiwan Cement Corporation: Jin-Yi Chen	1,800,000	100.00
	Supervisor		-	-
Hoping Industrial Port Corporation	Chairman Director	Representatives of Taiwan Cement Corporation: Huang Chien-Chiang Representatives of Taiwan Cement Corporation: Chang An-Ping and Chia-Pei Wei Xiao-En Tseng Ping-Huang Chuang	319,990,000	100.00
	Supervisor President		-	-
Ho-Ping Power Company	Chairman Vice Chairman Director	Representatives of Taiwan Cement Corporation: Chang An-Ping Power Infrastructure Holdings (Malaysia) Limited: Ian George Tuft Representatives of Taiwan Cement Corporation: Qing-Song Guo, Huang Chien-Chiang, Koo, Kung-Yi, Li, Jong-Peir, Ker-Fu Lu Representatives of Power Infrastructure Holdings (Malaysia) Limited: Kwok-Wing Ho, Shunichi Tanaka and Sho Gemma Representatives of TCC Investment Corporation: Li-Wen Tsai, Xiao-En Tseng Representative of Power Infrastructure Holdings (Labuan) Limited: Sharon Therese LEE (estimate to process the registration amendment in mid-May) Li, Jong-Peir	805,940,306	59.50
	Director		539,099,566	39.80
	Supervisor		805,940,306	59.50
	Supervisor		539,099,566	39.80
	President		6,772,608	0.50

Profiles of directors, supervisors, and presidents of affiliates

May 10, 2019 (expressed in shares and %)

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
Ho-Ping Renewable Energy Company	Chairman	Representative of Ho-Ping Power Company: Koo, Kung-Yi	100,000	100.00
	Vice Chairman	Representative of Ho-Ping Power Company: Ian George Tuft		
	Director	Representative of Ho-Ping Power Company: Li-Wen Tsai, I-Meng Huang, Shunichi Tanaka		
	Supervisor President	Representative of Ho-Ping Power Company: Ker-Fu Lu I-Meng Huang	-	-
Ta-Ho Taitung Environment Co., Ltd.	Chairman	Representative of Taiwan Cement Corporation: Qing-Song Guo	37,100,000	100.00
	Director	Representative of Taiwan Cement Corporation: Huang Chien-Chiang		
	Director	Representative of Taiwan Cement Corporation: Chen-De Liu		
	Supervisor President	Representative of Taiwan Cement Corporation: Wei-Ling Gao Chen-De Liu	-	-
HPC Power Services Corporation	Chairman	Representative of Taiwan Cement Corporation: Yih-Chung Liu	6,000	60.00
	Vice Chairman	Representative of OneEnergy Taiwan Ltd.: Kwok-Wing Ho	4,000	40.00
	Director	Representatives of Taiwan Cement Corporation: Qing-Song Guo and Chia-Pei Wei	6,000	60.00
	Director	Representative of OneEnergy Taiwan Ltd.: Dick-Fai Lai	4,000	40.00
	President	I-Meng Huang	-	-
Ta-Ho RSEA Environment Co., Ltd.	Chairman	Representative of Taiwan Cement Corporation: Qing-Song Guo	66,600,000	66.60
	Director	Representative of Taiwan Cement Corporation: Chen-De Liu		
	Supervisor	Wei-Ling Gao, Xiao-En Tseng	-	-
	President	Chen-De Liu	-	-
E.G.C. Cement Corporation	Chairman	Representative of Taiwan Cement Corporation: Huang Chien-Chiang	8,062,600	50.64
	Director	Representatives of Taiwan Cement Corporation: Wei-Jue Hong ; Dennis Chang		
	Supervisor	Representative of Taiwan Transport & Storage Corporation.: Chong-Zhi Hong	7,857,400	49.36
	Manager	Dennis Chang	-	-
Feng Shehg Enterprise Company Limited	Chairman	Representative of Taiwan Cement Corporation: Huang Chien-Chiang	27,260,611	45.43
	Director	Representatives of Taiwan Cement Corporation: Wei-Jue Hong, Chong-Zhi Hong		
	Director	Representatives of Quintain Steel Co., Ltd.: Chi-Sheng Chu and Hsieh-Chia Chen	27,116,689	45.19
	Supervisor President	Fu-Tsai Liu Chi-Sheng Chu	1,827,373	3.05
			-	-

Profiles of directors, supervisors, and presidents of affiliates

May 10, 2019 (expressed in shares and %)

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
Taicorn Minerals Corp.	Chairman	Huang Chien-Chiang	1	0.00
	Director	Katz N. Tierra	1	0.00
	Director	Yih Chin Wu	1	0.00
	Director	Renato L. Gonzales	1	0.00
Trans Philipines Mineral Corp.	Chairman	Huang Chien-Chiang	1	0.00
	Director	Katz N. Tierra	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, Koo, Kung-Yi, Huang Chien-Chiang (change registration in progress)	1,100,875,900	100.00
	Manager	Koo, Kung-Yi	-	-
TCC International Holdings Limited	Chairman	Representatives of Taiwan Cement Corporation: Chang An-Ping, Koo, Kung-Yi	2,581,832,362	38.00
	Director	Representative of TCC International Ltd.: Koo, Kung-Yi, Huang Chien-Chiang (change registration in progress)	4,163,097,279	62.00
	President	Huang Chien-Chiang (change registration in progress)	-	-
TCC International (Guangxi) Limited	Director	Representatives of TCC International (Hong Kong) Co., Ltd.: Chang An-Ping, Koo, Kung-Yi	203,000,100	100.00
	Manager	Koo, Kung-Yi	-	-
TCC (Guigang) Cement Ltd.	Chairman	Representative of TCC International (Guangxi) Limited: Ker-Fu Lu	Contribution: USD 332,875,900	100.00
	Director	Representatives of TCC International (Guangxi) Limited: Qiu Yu-Wen, Wang Chien-Chuan		
	President	Qiu Yu-Wen	-	-
TCC Hong Kong Cement (BVI) Holdings Limited	Director Manager	Representative of TCC International Holding Limited: Chang An-Ping Koo, Kung-Yi	16,000	100.00
			-	-
Ulexite Investments Limited	Director Manager	Representative of TCC International Holding Limited: Chang An-Ping Koo, Kung-Yi	200	100.00
			-	-
HKC Investments Ltd.	Chairman	Representative of Ultexite Investments Limited: Chang An-Ping	Contribution: NTD 155,000,000	100.00
	Director	Representative of Ultexite Investments Limited: Koo, Kung-Yi		
	Director	Representative of Ultexite Investments Limited: Li-Wen Tsai		
	Supervisor Manager	Representative of Ultexite Investments Limited: Yu-Zhi Qiu Koo, Kung-Yi	-	-
TCC Hong Kong Cement Development Limited	Director	Representative of TCC Hong Kong Cement (BVI) Holdings Limited: Chang An-Ping	Ordinary share 10	10.00
	Director	Representative of Hong Kong Cement Manufacturing Company Limited: Chang An-Ping	Non-voting deferred share 90	90.00
	President	Koo, Kung-Yi	-	-
TCC Hong Kong Cement (QHC) Limited	Director Manager	Representative of TCC Hong Kong Cement (BVI) Holdings Limited: Chang An-Ping Koo, Kung-Yi	100	100.00
			-	-

Profiles of directors, supervisors, and presidents of affiliates

May 10, 2019 (expressed in shares and %)

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
Chieffolk Company Limited	Director	Representatives of TCC Hong Kong Cement (QHC) Limited: Chang An-Ping, Koo, Kung-Yi	70,000	70.00
	Director	Representatives of Top Form Construction Limited: Huang Chien-Chiang, Chan Cheuk Wai Alvin	30,000	30.00
	Manager	Koo, Kung-Yi	-	-
TCC International (Liuzhou) Limited	Director	Representatives of Chieffolk Company Limited: Chang An-Ping, Chan Cheuk Wai Alvin, Koo, Kung-Yi	50,000	100.00
	Manager	Koo, Kung-Yi	-	-
TCC Liuzhou Company Limited	Director	Representative of TCC International (Liuzhou) Limited: Chang An-Ping	10,000	100.00
	Manager	Koo, Kung-Yi	-	-
TCC Hong Kong Cement (Yargoan) Limited	Director	Representative of TCC Hong Kong Cement (BVI) Holdings Limited: Chang An-Ping	100	100.00
	Manager	Koo, Kung-Yi	-	-
TCC Hong Kong Cement (HKC) Limited	Director	Representative of TCC Hong Kong Cement (BVI) Holdings Limited: Chang An-Ping	100	100.00
	Manager	Koo, Kung-Yi	-	-
Koning Concrete Limited ¹¹	Director	Representative of TCC Hong Kong Cement (HKC) Limited: Chang An-Ping	99	99.00
	Manager	Koo, Kung-Yi	-	-
Hong Kong Cement Company Limited	Director	Representative of TCC Hong Kong Cement (BVI) Holdings Limited: Chang An-Ping, Koo, Kung-Yi, Huang Chien-Chiang (change registration in progress)	10,000	100.00
	Manager	Huang Chien-Chiang (change registration in progress)	-	-
TCC Hong Kong Cement (Philippines) Limited	Director	Representative of TCC Hong Kong Cement (BVI) Holdings Limited: Chang An-Ping	100	100.00
	Manager	Koo, Kung-Yi	-	-
TCC Cement Corporation	Director	Huang Chien-Chiang	910,199	100.00
	Director	Yih Chin Wu		
	Director	Yu Tzu Chiu		

Profiles of directors, supervisors, and presidents of affiliates

May 10, 2019 (expressed in shares and %)

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
TCC Hong Kong Cement (International) Limited	Director	Representative of TCC Hong Kong Cement (BVI) Holdings Limited: Chang An-Ping, Koo, Kung-Yi	1,600	100.00
	Manager	Koo, Kung-Yi	-	-
TCC International (Hong Kong) Co., Ltd.	Director	Representative of TCC Hong Kong Cement (International) Limited: Chang An-Ping	11,800	100.00
	Manager	Koo, Kung-Yi	-	-
TCC Fuzhou Yangyu Port Co., Ltd.	Chairman	Representative of TCC International (Hong Kong) Company Limited: Huang Chien-Chiang	Contribution: USD5,000,000	100.00
	Director	Representatives of TCC International (Hong Kong) Limited: Wang Chien Chuan, Chen Jia-lin	-	-
	Supervisor	Yeh Guo-Hong	-	-
	President	Lin Jao-Gui	-	-
TCC Liuzhou Construction Materials Co., Ltd.	Chairman	Representatives of Guangxi Liuzhou Iron and Steel Group Company Limited: Shen Liu-Ping	Contribution: USD 5,400,000	40.00
	Vice Chairman	Representative of TCC Liuzhou Company Limited: Huang Chien-Chiang	Contribution: USD 8,100,000	60.00
	Director	Representatives of TCC Liuzhou Company Limited: Wu Zhi-feng, Huang I Meng, Chan Cheuk Wai Alvin	As above	As above
	Director	Representatives of Guangxi Liuzhou Iron and Steel Group Company Limited: Jin Chuang, Hsu Jian-Qiang	As above	As above
	Supervisor	Representative of TCC Liuzhou Company Limited: Xiao-En Tseng	As above	As above
	Supervisor	Representative of Guangxi Liuzhou Iron and Steel Group Company Limited: Lee De-Yun	As above	As above
TCC Fuzhou Cement Co., Ltd.	Chairman	Representative of TCC International (Hong Kong) Company Limited: Huang Chien-Chiang	Contribution: USD 16,250,000	100.00
	Director	Representative of TCC International (Hong Kong) Company Limited: Wang Chien Chuan, Chen Jia-lin	-	-
	Supervisor	Yeh Guo-Hong	-	-
	President	Lin Jao-Gui	-	-
Anhui King Bridge Cement Co., Ltd. ¹²	Chairman	Representative of Anhui Conch Cement Co., Ltd.: Qi Sheng-Li	Contribution: USD 6,000,000	40.00
	Vice Chairman	Representative of TCC International (Hong Kong) Company Limited: Huang Chien-Chiang	Contribution: USD 9,000,000	60.00
	Director	Representatives of International (Hong Kong) Company Limited: Tsai Li-Wen (change registration in progress), Koo, Kung-Yi (change registration in progress), Qiu Yu-Wen	-	-
	Director	Representatives of Anhui Conch Cement Co., Ltd.: Zhou Po, Chang Ming-Jing	As Above	As Above
	Supervisor	Representative of TCC International (Hong Kong) Company Limited: Li, Jong-Peir (change registration in progress)	As Above	As Above
	Supervisor	President	Representative of Anhui Conch Cement Co., Ltd.: He Shu-Sheng Zhou Peng-Fei (change registration in progress)	As Above
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: Huang I Meng, Qiang Cheng-Dao	-	-
	President	Qiang Cheng-Dao	-	-

Profiles of directors, supervisors, and presidents of affiliates

May 10, 2019 (expressed in shares and %)

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
Jurong TCC Cement Co., Ltd.	Chairman	Representative of Jingyang Industrial Limited & Jiangsu TCC Investment Co., Ltd: Ker-Fu Lu	Contribution: USD 233,000,000	100.00
	Director	Representative of Jingyang Industrial Limited & Jiangsu TCC Investment Co., Ltd: Yao Cheng-Fu, Wang Chien-Chuan, Koo, Kung-Yi, Huang I Meng		
	Supervisor	Representative of Jingyang Industrial Limited & Jiangsu TCC Investment Co., Ltd: Yeh Guo-Hong		
	President	Yao Cheng-Fu		
Chia Hsin Cement Greater China Holding Corporation	Director	Representatives of TCC International Holdings Ltd.: Chang An-Ping, Koo, Kung-Yi	1,142,900,000	100.00
Jingyang Industrial Limited	Director	Representative of TCC International (Hong Kong) Company Limited: Chang An-Ping, Koo, Kung-Yi	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: Huang Chien-Chiang, Wang Chi May		
	Supervisor	Representatives TCC International (Hong Kong) Company Limited: Huang Hong-Zhen		
	President	Wu Hai-Hau		
Upper Value Investments Limited	Director Manager	Representative of TCC International Holdings Limited: Chang An-Ping Koo, Kung-Yi	12,700 -	100.00 -
Prosperity Cement Investment Limited	Director Manager	Representative of Upper Value Investments Limited: Chang An-Ping Koo, Kung-Yi	10,100 -	100.00 -
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: Wu Tie-Jun, Koo, Kung-Yi, Zhong-Hung Pan		
	Supervisor	Lee Shao-Ming		
	President	Ja Dao-Qiu		
Prosperity Minerals (International) Limited	Director Manager	Representative of Upper Value Investment Limited: Chang An-Ping Koo, Kung-Yi	3 -	100.00 -
Kiton Limited	Director Manager	Representative of Upper Value Investments Limited: Chang An-Ping Koo, Kung-Yi	10,400 -	100.00 -

Profiles of directors, supervisors, and presidents of affiliates

May 10, 2019 (expressed in shares and %)

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
TCC Liaoning Cement Company Limited	Chairman	Representative of Kiton Limited: Koo, Kung-Yi	Contribution: RMB 371,000,000	100.00
	Director	Representatives of Kiton Limited: Ker-Fu Lu, Huang Lin-Tien		
	Supervisor President	Representative of Kiton Limited: Tsai Li-Wen Peng Zhi-Heng		
Hensford Ltd.	Director Manager	Representative of Upper Value Investments Limited: Chang An-Ping Koo, Kung-Yi	10,500 -	100.00 -
TCC Anshun Cement Company Limited	Chairman	Representative of Hensford Ltd: Koo, Kung-Yi	Contribution: USD 153,490,000	100.00
	Director	Representatives of Hensford Ltd.: Huang Chien-Chiang, Ker-Fu Lu, Tsai Li-Wen		
	Supervisor President	Representative of Hensford Ltd: Yao Cheng-Fu Wang Shi-Ming		
Sure Kit Ltd.	Director Manager	Representative of Upper Value Investments Limited: Chang An-Ping Koo, Kung-Yi	10,400 -	100.00 -
TCC Chongqing Cement Company Limited	Chairman	Representative of Sure Kit Limited: Koo, Kung-Yi	Contribution: USD 118,000,000	100.00
	Director	Representatives of Sure Kit Limited: Ker-Fu Lu, Huang Chien-Chiang		
	Supervisor President	Representative of Sure Kit Limited: Yao Cheng-Fu Wang Jao-wen		
Prime York Ltd.	Director Manager	Representative of Upper Value Investment Limited: Chang An-Ping Koo, Kung-Yi	10,300 -	100.00 -
Prosperity Minerals (China) Limited	Director Manager	Representative of Upper Value Investments Limited: Chang An-Ping Koo, Kung-Yi	10,300 -	100.00 -
Mega East Limited	Director Manager	Representative of Upper Value Investments Limited: Chang An-Ping Koo, Kung-Yi	10,300 -	100.00 -
TCC Guangan Cement Company Limited	Chairman	Representative of Mega East Limited: Tsai Li-Wen	Contribution: USD 76,990,000	100.00
	Director	Representatives of Mega East Limited: Ker-Fu Lu, Huang Chien-Chiang		
	Supervisor President	Representative of Mega East Limited: Yao Cheng-Fu Yang Tao		
TCC (DongGuan) Cement Company Limited	Chairman	Representative of TCC International (Hong Kong) Company Limited: Huang Chien-Chiang	Contribution: USD 20,000,000	100.00
	Director	Representative of TCC International (Hong Kong) Company Limited: Huang I Meng, Ker-Fu Lu		
	Supervisor	Representative of TCC International (Hong Kong) Company Limited: Yu Chin Lung		
	President	Lin Bo-Jun		
TCC International (China) Company Limited	Director Manager	Representative of Upper Value Investments Limited: Chang An-Ping Koo, Kung-Yi	38,830 -	100.00 -
TCC New (Hangzhou) Management Company Limited	Chairman	Representative of TCC International (China) Company Limited: Li, Jong-Peir	Contribution: USD8,000,000	100.00
	Director	Representatives of TCC International (China) Company Limited: Ker-Fu Lu, Tsai Li-Wen, Huang Chien-Chiang		
	Supervisor	Representative of TCC International (China) Company Limited: Koo, Kung-Yi		
	President	Yao Cheng-Fu		

Profiles of directors, supervisors, and presidents of affiliates

May 10, 2019 (expressed in shares and %)

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
Kong On Cement Holdings Ltd.	Director	Representatives of Upper Value Investments Limited: Chang An-Ping, Koo, Kung-Yi	15,801,500	65.00
	Director	Representative of Central Champion Investment: Limited: Xu Jie Lian	8,508,500	35.00
	Manager	Koo, Kung-Yi	-	-
Guizhou Kong On Cement Co Ltd	Chairman	Representative of Kong On Cement Holdings Limited: Tsai Li-Wen	Contribution: USD 20,300,000	100.00
	Director	Representatives of Kong On Cement Holdings Limited: Huang Chien-Chiang, Xu JieLian		
	Supervisor	Representative of Kong On Cement Holdings Limited: Yao Cheng-Fu, Xu JieLian		
	President	Wang Shi-Ming	-	-
Wayly Holdings Limited	Director	Representative of Upper Value Investments Limited: Chang An-Ping	10,501	100.00
	Manager	Koo, Kung-Yi	-	-
Guizhou Kaili Rui An Jian Cai Co., Ltd.	Chairman	Representative of Wayly Holdings Limited: Tsai Li-Wen	Contribution: RMB 389,660,500	100.00
	Director	Representatives of Wayly Holdings Limited: Ker-Fu Lu, Yao Cheng-Fu		
	Supervisor	Representative of Wayly Holdings Limited: Wang Chien Chuan		
	President	Qiao Sheng-Tao	-	-
TCC Shaoguan Cement Co., Ltd.	Chairman	Representative of TCC International (Hong Kong) Co., Ltd: Ker-Fu Lu	Contribution: USD 40,000,000	100.00
	Director	Representatives of TCC International (Hong Kong) Co., Ltd.: Huang I Meng, Huang Chien-Chiang		
	Supervisor	Representative of TCC International (Hong Kong) Co., Ltd: Lan Cen-Wei		
	President	Li Ming-De	-	-
TCC Yingde Mining Industrial Company Limited	Chairman	Representative of TCC International (Hong Kong) Co., Ltd: Ker-Fu Lu	Contribution: USD 5,625,000	48.91
	Director	Representative of TCC Yingde Cement Co., Ltd.: Qiang Cheng-Dao	Contribution: USD 4,000,000	34.78
	Director	Representative of TCC Jiangsu Mining Industrial Company Limited: Liang Shih-Sheng	Contribution: USD 1,875,000	16.31
	Supervisor	Cen-Wei Lan	-	-
	President	Qiang Cheng-Dao	-	-
TCC Guigang Mining Industrial Company Limited	Chairman	Representative of TCC International (Hong Kong) Co., Ltd: Ker-Fu Lu	Contribution: USD 2,625,000	52.50
	Director	Representatives of TCC (Guigang) Cement Ltd.: Song Chen-Chia and Wei Chia-Pei	Contribution: USD 2,375,000	47.50
	Supervisor	Song Yuo-Xin	-	-
	President	Qiu Yu-Wen	-	-

Profiles of directors, supervisors, and presidents of affiliates

May 10, 2019 (expressed in shares and %)

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
TCC Jiangsu Mining Industrial Company Limited	Chairman	Representative of TCC International (Hong Kong) Co., Ltd: Ker-Fu Lu	Contribution: USD 4,000,000	100.00
	Director	Representatives of TCC International (Hong Kong) Co., Ltd.: Yao Cheng-Fu, Koo, Kung-Yi		
	Supervisor	Representative of TCC International (Hong Kong) Co., Ltd: Yeh Guo-Hong		
	President	Yao Cheng-Fu	-	-
Anshun Xin Tai Construction Materials Company Limited	Chairman	Representative of TCC Anshun Cement Company Limited: Huang Lin-Tien	Contribution: RMB 15,000,000	100.00
	President	Hu Guo-Hong (change registration in progress)		
	Supervisor	Song Yuo-Xin	-	-
Scitus Cement (China) Holdings Limited	Director	Representative of Upper Value Investments Limited: Chang An-Ping	109,163,251	100.00
	Director	Representative of TCC International (Hong Kong) Co., Ltd: Chang An-Ping	1	0.00
	Director	Ker-Fu Lu, Koo, Kung-Yi	-	-
	Manager	Koo, Kung-Yi	-	-
Scitus Cement (China) Operating Company Limited	Director	Representative of Scitus Cement (China) Holdings Limited: Chang An-Ping	10,000	100.00
	Manager	Koo, Kung-Yi	-	-
Hexagon Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: Chang An-Ping	1	100.00
	Manager	Koo, Kung-Yi	-	-
Hexagon II Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: Chang An-Ping	1	100.00
	Manager	Koo, Kung-Yi	-	-
Hexagon III Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: Chang An-Ping	201	100.00
	Manager	Koo, Kung-Yi	-	-
Hexagon IV Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: Chang An-Ping	201	100.00
	Manager	Koo, Kung-Yi	-	-
Hexagon V Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: Chang An-Ping	1	100.00
	Manager	Koo, Kung-Yi	-	-
Upper Value Investment Ltd.	Director	Representative of TCC International Holdings Limited: Chang An-Ping	1	100.00
	Manager	Koo, Kung-Yi	-	-
Hexagon VIII Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: Chang An-Ping	1	100.00
	Manager	Koo, Kung-Yi	-	-
Hexagon IX Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: Chang An-Ping	1	100.00
	Manager	Koo, Kung-Yi	-	-
Hexagon XIII Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: Chang An-Ping	1	100.00
	Manager	Koo, Kung-Yi	-	-
Hexagon XIV Holdings Limited	Director	Representative of Scitus Cement (China) Holdings Limited: Chang An-Ping	1	100.00
	Manager	Koo, Kung-Yi	-	-

Profiles of directors, supervisors, and presidents of affiliates

May 10, 2019 (expressed in shares and %)

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
Scitus Luzhou Cement Co., Ltd.	Chairman	Representative of Hexagon IV Holdings Limited: Yao Cheng-Fu	Contribution: RMB 355,500,000	90.00
	Vice Chairman	Representative of TCC Yingde Cement Co., Ltd.: Tsai Li-Wen	Contribution: RMB 39,500,000	10.00
	Director	Representatives of Hexagon IV Holdings Limited: Ker-Fu Lu, Huang Chien-Chiang	As above	As above
	Supervisor President	Representative of Hexagon IV Holdings Limited: Wang Yan-Xiang Yang Zhong-Hong	As above -	As above -
Scitus Hejiang Cement Co., Ltd.	Chairman	Representative of Hexagon IX Holdings Limited: Yao Cheng-Fu	Contribution: RMB20,925,000	90.00
	Vice Chairman	Representative of TCC Yingde Cement Co., Ltd.: Tsai Li-Wen	Contribution: RMB 2,325,000	10.00
	Director	Representative of Hexagon IX Holdings Limited: Ker-Fu Lu	As above	As above
	Supervisor President	Representative of Hexagon IX Holdings Limited: Wang Yan-Xiang Yang Zhong-Hong	As above -	As above -
Scitus Luzhou Concrete Co., Ltd.	Chairman	Representative of Hexagon XIV Holdings Limited: Yao Cheng-Fu	Contribution: RMB 18,750,000	75.00
	Vice Chairman	Representative of TCC Yingde Cement Co., Ltd.: Tsai Li-Wen	Contribution: RMB 6,250,000	25.00
	Director	Representatives of Hexagon XIV Holdings Limited: Ker-Fu Lu	As above	As above
	Supervisor President	Representative of Hexagon XIV Holdings Limited: Wang Yen-Xiang Yang Zhong-Hong	As above -	As above -
Scitus Naxi Cement Co., Ltd.	Chairman	Representative of Hexagon III Holdings Limited: Yao Cheng-Fu	Contribution: RMB 131,859,000	90.00
	Vice Chairman	Representative of TCC Yingde Cement Co., Ltd.: Tsai Li-Wen	Contribution: RMB14,651,000	10.00
	Director	Representative of Hexagon III Holdings Limited: Ker-Fu Lu	As above	As above
	Supervisor President	Representative of Hexagon III Holdings Limited: Wang Yan-Xiang Dong Gao-Ying	As above -	As above -
TCC Huaying Cement Company Limited	Chairman	Representative of TCC (Guigang) Cement Ltd.: Ker-Fu Lu	Contribution: RMB 949,880,000	100.00
	Director	Representative of TCC (Guigang) Cement Ltd.: Yao Cheng-Fu, Koo, Kung-Yi	-	-
	Supervisor President	Representative of TCC (Guigang) Cement Ltd.: Xiao-En Tseng Wang Dao-Ping	-	-
TCC Huaihua Cement Company Limited	Chairman	Representative of TCC International (Hong Kong) Co., Ltd: Ker-Fu Lu	Contribution: RMB 93,000,000	100.00
	Director	Representatives of TCC International (Hong Kong) Co., Ltd.: Yao Cheng-Fu, Koo, Kung-Yi	-	-
	Supervisor President	Representative of TCC International (Hong Kong) Co., Ltd: Yeh Guo-Hong Yao Cheng-Fu	-	-

Profiles of directors, supervisors, and presidents of affiliates

May 10, 2019 (expressed in shares and %)

Affiliate	Title	Name or Representative	Type of Shares	
			Shareholdings	Percentage
TCC Jingzhou Cement Company Limited	Chairman	Representative of TCC Huaihua Cement Company Limited: Ker-Fu Lu	Contribution: RMB 10,000,000	100.00
	Director	Representative of TCC Huaihua Cement Company Limited: Yao Cheng-Fu, Koo, Kung-Yi	-	-
	Supervisor President	Yeh Guo-Hong Yang Zhong-Hong	-	-
TCC Huaihua Concrete Company Limited	Chairman	Representative of TCC Huaihua Cement Company Limited: Ker-Fu Lu	Contribution: RMB 10,000,000	100.00
	Director	Representative of TCC Huaihua Cement Company Limited: Yao Cheng-Fu, Koo, Kung-Yi	-	-
	Supervisor President	Yeh Guo-Hong Yao Cheng-Fu	-	-
Guigang TCC Dongyuan Environmental Protection Technology Co., Ltd. ¹³	Chairman	Representative of TCC (Guigang) Cement Company Limited: Qiu Yu Wen	Contribution: RMB 12,000,000	95.24
	Director	Representative of TCC (Guigang) Cement Company Limited: Wang Chien Chuan, Hai-Hau Wu	-	-
	Supervisor President	Wang Yan-Xiang Hai-Hau Wu	-	-
Taiwan Cement (Dutch) Holdings B.V. ¹⁴	Director	Representative of Taiwan Cement Corporation: Li, Jong-Peir, Li-Wen Tsai, Huang Chien-Chiang	Contribution: EUR 831,431,000	100

¹Ho Shun Construction Materials Corporation was completed liquidation procedure in December 2018.

²TCEC Corporation's cancellation was completed in December 2018.

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

⁴TCC Jiachien Green Energy Co., Ltd was founded on May 4, 2018.

⁵TCC Yunkai Green Energy Co., Ltd was founded on May 4, 2018.

⁶TCC Lianshin Green Energy Co., Ltd was founded on May 8, 2018.

⁷TCC Changhe Green Energy Co., Ltd was founded on July 10, 2018.

⁸TCC Kaocheng Green Energy Co., Ltd was founded on July 18, 2018.

⁹TCC Nanchung Green Energy Co., Ltd was founded on September 6, 2018.

¹⁰Changwon Wind Power Generation Co., Ltd was founded on December 12, 2018.

¹¹Koning Concrete Ltd.'s cancellation was completed in August 2018.

¹²Anhui King Bridge Cement Co., Ltd.'s cancellation was completed in January 2019.

¹³Guigang TCC Dongyuan Environmental Protection Technology Co., Ltd. was founded on June 7, 2018.

¹⁴Taiwan Cement (Dutch) Holdings B.V was founded on November 8, 2018.

Business highlights of affiliates

2018.12.31 (expressed in NTS 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	2,563,651	397,833	2,165,817	1,251,745	61,847	161,612	4.15
Ho Swen Construction Material Co., Ltd.1	-	-	-	-	-	-	-	-
Taiwan Cement Engineering Corporation	601,656	791,905	62,590	729,315	857	(2,138)	11,506	0.19
TCEC Corporation (Darussalam, Brunei) ²	16,295	-	-	-	-	-	-	-
TCC (Yingde) Machinery Co., Ltd.	RMB 4,075,000	RMB 42,071,945	RMB 3,647,059	RMB 38,424,886	RMB 6,286,911	RMB 5,509,549	RMB 13,182,655	NA
Kuan-Ho Refractories Industry Corporation	190,000	1,000,783	524,438	476,345	1,387,978	163,049	123,697	6.51
TCC Green Energy Corporation ³	1,508,987	1,505,475	27,295	1,478,180	7,105	(11,566)	(50,285)	(0.68)
TCC CHIA-CHIEN Green Energy Corporation ⁴	202,000	174,017	200	173,817	0	(28,233)	(28,183)	(2.23)
TCC YUN-KAI Green Energy Corporation ⁵	25,000	22,912	30	22,882	0	(2,122)	(2,118)	(1.92)
TCC LIEN-HSIN Green Energy Corporation ⁶	12,000	11,402	2,035	9,367	0	(2,629)	(2,633)	(12.34)
TCC CHANG-HO Green Energy Corporation ⁷	5,000	2,983	495	2,488	0	(2,513)	(2,512)	(5.02)
TCC KAO-CHENG Green Energy Corporation ⁸	12,000	11,981	2,035	9,946	0	(2,049)	(2,054)	(9.17)
TCC NAN-CHUNG Green Energy Corporation ⁹	20,000	17,983	30	17,953	0	(2,050)	(2,047)	(1.02)
CHANG-WANG Wind Power Co., Ltd ¹⁰	120,000	150,011	30,341	119,670	0	(347)	(330)	(0.03)
Hong Kong Cement Manufacturing Company Limited	HKD 45,000,000	HKD71,787,771	HKD239,920	HKD71,547,851	HKD1,911,850	HKD(226,922)	HKD(226,922)	NA
TCC Development Limited	Ordinary shares: USD 10 Non-voting deferred shares: USD 90	HKD66,772,716	HKD2,095,196	HKD64,677,520	HKD16,287,462	HKD13,461,072	HKD11,309,208	HKD113,092.08
Ta-Ho Maritime Corporation	1,831,367	7,414,815	3,870,264	3,544,551	3,074,796	341,031	336,313	1.84
Ta-Ho Maritime Holdings Limited	USD10,300,000	USD136,718,000	USD9,000	USD136,709,000	USD 0	(US\$6,000)	USD6,267,000	USD0.61
THC International S.A.	USD2,010,000	USD86,673,000	USD765,000	USD85,908,000	USD7,568,000	(US\$2,348,000)	USD3,261,000	USD1,622.39
Chi Ho Maritime S.A.	USD6,510,000	USD11,828,000	USD223,000	USD11,605,000	USD1,665,000	(US\$68,000)	USD145,000	USD22.27
Sheng Ho Maritime S.A.	USD2,010,000	USD15,420,000	USD277,000	USD15,143,000	USD2,664,000	(US\$449,000)	(US\$290,000)	USD(144.28)
Ta-Ho Maritime (Hong Kong) Limited	USD5,100,000	USD21,284,000	USD12,000	USD21,272,000	USD 0	(US\$20,000)	USD3,130,000	USD0.61
Ta-Ho Maritime (Singapore) Pte. Ltd.	USD100,000	USD2,450,000	USD35,000	USD2,415,000	USD 0	(US\$30,000)	USD18,000	USD0.18

Business highlights of affiliates

2018.12.31 (expressed in NTS thousands)

Affiliate	Capital amount	Total asset	Total liabilities	Net worth	Revenue	Profit from operations	Profit (after tax)	EPS (NT\$) (after tax)
Da Tong (Guigang) International Logistics Co., Ltd.	USD5,000,000	RMB163,192,000	RMB20,930,000	RMB142,262,000	RMB82,231,000	RMB4,175,000	RMB20,750,000	NA
Guigang Da-Ho shipping Co., Ltd.	RMB4,000,000	RMB112,356,000	RMB37,551,000	RMB74,805,000	RMB225,434,000	RMB18,020,000	RMB13,932,000	NA
Da Tong (Ying De) Logistics Co., Ltd.	RMB5,000,000	RMB30,008,000	RMB8,173,000	RMB21,835,000	RMB23,473,000	RMB4,081,000	RMB3,365,000	NA
TCC Investment Corporation	631,500	5,270,046	2,170,341	3,099,705	0	(2,387)	207,697	3.30
Union Cement Traders Inc.	219,450	1,552,010	851,106	700,904	0	(225)	85,616	3.90
TCC Chemical Corporation	2,400,000	3,732,112	2,267,835	1,464,277	132,848	97,071	41,272	0.17
TCC Information Systems Corporation	150,000	349,918	96,350	253,568	229,769	13,317	9,042	0.60
Taicem Information (Samoa) Pte., Ltd.	3,412	59,713	10,643	49,070	-	(35)	2,387	NA
Fuzhou TCC Information Technology Co., Ltd.	RMB 826,510	RMB 9,852,137	RMB 388,109	RMB 9,464,027	RMB 1,555,831	RMB 617,430	RMB 484,666	NA
Taiwan Prosperity Chemical Corporation	2,919,750	11,514,529	7,981,287	3,533,242	15,166,053	338,047	332,064	1.14
Tung Chen Mineral Corporation	2,000	1,390	30	1360	0	(43)	(42)	(2.09)
Jin Chang Minerals Corporation	18,000	302,860	191,311	111,549	589,037	113,659	90,474	50.26
Hoping Industrial Port Corporation	3,200,000	7,650,080	1,991,465	5,658,615	1,583,732	973,561	740,169	2.31
Ho-Ping Power Company	13,545,215	38,653,110	9,980,898	28,672,212	12,777,360	3,496,014	2,390,778	1.77
Ho-Ping Renewable Energy Company	1,000	1,000	0	1,000	0	0	0	0
Ta-Ho Taitung Environment Co., Ltd.	371,000	340,876	43,688	297,188	-	(217)	859	0.02
HPC Power Services Corporation	3,107	288,701	97,939	190,762	417,256	231,598	185,738	NA
Ta-Ho RSEA Environment Co., Ltd.	1,000,000	3,685,351	3,384,403	300,948	-	(11,204)	(10,004)	(0.10)
E.G.C. Cement Corporation	159,200	276,968	72,446	204,522	452,003	26,596	10,872	0.68
Feng Shehg Enterprise Company Limited	600,000	2,203,712	1,436,736	766,976	2,349,418	35,602	36,546	0.61
Ho Sheng Mining Co., Ltd.	301,000	297,185	174,068	125,117	469,437	54,417	55,392	1.84
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 1,100,876,000	HKD15,984,811,835	HKD414,690,099	HKD15,570,121,736	HKD171,312,596	HKD(10,448,258)	HKD(27,427,701)	NA
TCC International Holdings Ltd.	Common share capital HKD 674,492,964	HKD26,229,099,943	HKD4,209,684,984	HKD22,019,414,959	HKD105,146,789	HKD(304,691,967)	HKD(304,893,598)	NA
TCC International (Guangxi) Limited	USD 203,000,000	HKD2,588,637,686	HKD78,392,271	HKD2,510,245,416	HKD12,616	HKD(8,573,034)	HKD(8,573,034)	NA

Business highlights of affiliates

2018.12.31 (expressed in NTS thousands)

Affiliate	Capital amount	Total asset	Total liabilities	Net worth	Revenue	Profit from operations	Profit (after tax)	EPS (NT\$) (after tax)
TCC (Guigang) Cement Ltd.	USD 332,875,900	HKD6,827,954,752	HKD1,369,664,308	HKD5,458,290,444	HKD3,570,103,698	HKD1,199,899,167	HKD904,807,324	NA
TCC Hong Kong Cement (BVI) Holdings Ltd.	USD 16,000	HKD10,410,722,124	HKD3,328,171	HKD10,407,393,953	HKD26,873,903	HKD23,784,250	HKD23,784,250	HKD1,486.52
Ulexite Investments Ltd.	USD200	HKD39,758,902	-	HKD39,758,902	HKD239	HKD(6,463)	HKD(6,463)	NA
HKC Investments Limited	155,000	HKD65,396,208	HKD39,000	HKD65,357,208	-	HKD(6,373)	HKD(6,373)	NA
TCC Hong Kong Cement Development Ltd.	Ordinary shares: USD 10 Non-voting deferred shares: USD 90	HKD79,967,016	HKD7,179,276	HKD72,787,740	HKD960,000	HKD(640,587)	HKD(495,488)	NA
TCC Hong Kong Cement (QHC) Ltd.	USD100	HKD18,114,340	-	HKD18,114,340	HKD23,730,000	HKD23,723,838	HKD23,723,838	HKD237,238.38
Chiefolk Company Ltd.	HKD 1,000,000	HKD47,706,127	HKD40,000	HKD47,666,127	HKD33,901,024	HKD33,858,019	HKD33,858,019	HKD338.58
TCC International (Liuzhou) Ltd.	USD50,000	HKD929,660	HKD610,648	HKD319,012	HKD13,900,000	HKD13,426,141	HKD13,426,141	HKD268.52
TCC Liuzhou Company Ltd.	HKD10,000	HKD63,000,356	HKD20,000	HKD62,980,356	HKD8,827,920	HKD8,783,785	HKD7,900,993	HKD790.10
TCC Hong Kong Cement (Yargoan) Ltd.	USD100	HKD3,367,430	-	HKD3,367,430	-	HKD(6,162)	HKD(6,162)	NA
TCC Hong Kong Cemenet (HKC) Ltd.	USD100	HKD4,946	-	HKD4,946	-	HKD(721,550)	HKD(721,550)	NA
Koning Concrete Ltd. ¹¹	HKD100	-	-	-	-	-	-	NA
Hong Kong Cement Company Ltd.	HKD 164,391,000	HKD224,440,379	HKD15,228,696	HKD209,211,683	HKD138,761,685	HKD4,012,314	HKD4,147,339	HKD414.73
TCC Hong Kong Cement (Philippines) Ltd.	USD100	HKD22,233,162	HKD6,148,468	HKD16,084,694	-	HKD(6,162)	HKD(6,162)	NA
TCC Cement Corporation	Peso 91,020,500	HKD11,258,702	HKD9,324,599	HKD1,934,103	-	-	-	NA
TCC Hong Kong Cement (International) Ltd.	USD 1,600	HKD9,938,777,782	HKD310,462,298	HKD9,628,315,483	HKD57	HKD(19,404,222)	HKD(19,404,222)	NA
TCC International (Hong Kong) Company Limited	HKD 9,935,122,694	HKD10,032,416,861	HKD7,718,215	HKD10,024,698,647	HKD71,262,391	HKD71,200,660	HKD71,200,660	HKD6,033.95
TCC Fuzhou Yangyu Port Co., Ltd.	USD 5,000,000	HKD73,506,951	HKD518,764	HKD72,988,187	HKD9,359,698	HKD(111,134)	HKD(135,399)	NA
TCC Liuzhou Construction Materials Company Limited	USD 13,500,000	HKD293,126,494	HKD25,096,511	HKD268,029,983	HKD286,897,736	HKD54,478,495	HKD47,312,311	NA
TCC Fuzhou Cement Co., Ltd.	USD 16,250,000	HKD328,965,523	HKD96,171,226	HKD232,794,297	HKD356,006,399	HKD7,954,248	HKD7,994,262	NA
Anhui King Bridge Cement Co., Ltd. ¹²	USD 15,000,000	HKD146,158,312	HKD49,167,782	HKD96,990,529	-	HKD(1,197,199)	HKD(1,045,130)	NA

Business highlights of affiliates

2018.12.31 (expressed in NTS thousands)

Affiliate	Capital amount	Total asset	Total liabilities	Net worth	Revenue	Profit from operations	Profit (after tax)	EPS (NT\$) (after tax)
TCC Yingde Cement Co., Ltd	USD 254,400,000	HKD6,701,966,883	HKD1,191,908,123	HKD5,510,058,761	HKD3,608,981,030	HKD1,281,628,530	HKD921,015,682	NA
Jurong TCC Cement Co., Ltd.	USD 233,000,000	HKD3,606,030,143	HKD404,632,306	HKD3,201,397,837	HKD1,675,631,008	HKD633,350,245	HKD468,054,529	NA
Chia Hsin Cement Greater China Holding Corporation	USD 11,429,000	HKD46,408	HKD140,911	HKD(94,503)	-	HKD(59,337)	HKD(59,337)	NA
Jingyang Industrial Limited	HKD 101,614,561	HKD1,426,283,439	HKD1,251,073,090	HKD175,210,349	HKD691	HKD(33,415)	HKD(33,415)	NA
JiangSu TCC Investment Co., Ltd.	USD 50,000,000	HKD387,037,790	-	HKD387,037,790	-	HKD(5,697)	HKD(5,697)	NA
Upper Value Investments Limited	USD 12,700	HKD8,466,770,691	HKD1,362,396,074	HKD7,104,374,617	HKD702	HKD(4,854,090)	HKD(4,854,090)	NA
Prosperity Cement Investment Limited	HKD 759,955,769	HKD973,855,249	HKD5,812,470	HKD968,042,779	HKD61	HKD(22,794)	HKD(22,794)	NA
Yingde Dragon Mountain Cement Co, Ltd	RMB 428,110,000	HKD3,717,440,233	HKD348,407,962	3,369,032,271	HKD2,093,427,009	HKD849,840,129	HKD638,951,934	NA
Prosperity Minerals (International) Limited	HKD 28,533,976	HKD844,260,116	HKD58,244,230	HKD786,015,886	HKD3,522	HKD(68,756)	HKD(68,756)	NA
Kiton Limited	HKD 685,926,583	HKD685,896,726	HKD48,000	HKD685,848,726	HKD154	HKD(50,851)	HKD(50,851)	NA
TCC Liaoning Cement Company Limited	RMB 371,000,000	HKD837,687,544	HKD436,058,086	HKD401,629,458	HKD291,530,400	HKD(27,191,704)	HKD(27,210,934)	NA
Hensford Limited	HKD 1,191,945,979	HKD1,192,485,041	HKD386,850	HKD1,192,098,191	HKD3,532	HKD(47,473)	HKD(47,473)	NA
TCC Anshun Cement Company Limited	USD 153,490,000	HKD2,092,275,877	HKD179,926,503	HKD1,912,349,373	HKD1,203,206,928	HKD365,496,612	HKD308,095,794	NA
Sure Kit Limited	HKD 953,818,809	HKD954,751,305	HKD48,000	HKD954,703,305	HKD57	HKD(1,794,208)	HKD(1,794,208)	NA
TCC Chongqing Cement Company Limited	USD 118,000,000	HKD2,251,169,094	HKD530,221,911	HKD1,720,947,183	HKD1,493,496,841	HKD577,636,020	HKD428,987,409	NA
Prime York Limited	HKD 532,147,515	HKD534,538,305	HKD2,422,287	HKD532,116,018	HKD39,009,101	HKD38,957,641	HKD38,957,641	HKD 3,782.30
Prosperity Minerals (China) Limited	HKD10,300	HKD128,668,866	HKD4,200,525	HKD124,468,341	HKD497,009	HKD(2,081,352)	HKD(2,127,519)	NA
Mega East Limited	HKD597,603,470	HKD597,932,790	HKD465,785	HKD597,467,005	HKD2,075	HKD(48,930)	HKD(48,930)	NA
TCC Guangan Cement Company Limited	USD 76,990,000	HKD1,172,890,082	HKD157,313,920	HKD1,015,576,162	HKD797,695,369	HKD331,445,766	HKD245,745,704	NA

Business highlights of affiliates

2018.12.31 (expressed in NTS 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	HKD82,505,911	HKD5,246	HKD82,500,665	-	HKD4,491,133	HKD4,491,133	NA
TCC International (China) Company Limited	HKD 62,143,260	HKD62,128,624	HKD162,040	HKD61,966,584	HKD13	HKD(22,992)	HKD(22,992)	NA
TCC New (Hangzhou) Management Company Limited	USD 8,000,000	HKD152,241,321	HKD100,974,728	HKD51,266,592	HKD31,131,275	HKD7,015,092	HKD7,015,092	NA
Kong On Cement Holdings Limited	HKD 127,440,000	HKD157,607,766	HKD19,669,786	HKD137,937,979	HKD4,424,208	HKD4,368,588	HKD4,368,588	HKD0.18
Guizhou Kong On Cement Company Limited	USD 20,300,000	HKD383,962,407	HKD173,332,881	HKD210,629,526	HKD374,617,685	HKD69,766,632	HKD44,058,887	NA
Wayly Holdings Limited	USD 10,501	HKD512,873,400	HKD26,709,732	HKD486,163,668	HKD648,058	HKD636,897	HKD636,897	HKD60.65
Guizhou Kaili Rui An Jian Cai Co., Ltd.	RMB 389,660,500	HKD1,110,597,700	HKD154,858,629	HKD955,739,071	HKD898,536,288	HKD299,563,685	HKD221,941,047	NA
TCC Shaoguan Cement Co., Limited	USD 40,000,000	HKD409,807,007	HKD114,120,152	HKD295,686,856	-	HKD(5,027,857)	HKD(5,027,857)	NA
TCC Yingde Mining Industrial Company Limited	USD11,500,000	HKD135,622,584	HKD19,594,279	HKD116,028,305	HKD78,326,196	HKD7,516,044	HKD5,636,298	NA
TCC Guigang Mining Industrial Company Limited	USD 5,000,000	HKD106,403,721	HKD9,392,099	HKD97,011,622	HKD69,152,720	HKD3,638,096	HKD2,722,777	NA
TCC Jiangsu Mining Industrial Company Limited	USD 4,000,000	HKD78,864,994	HKD10,208,527	HKD68,656,467	HKD31,900,772	HKD(6,100,714)	HKD(6,100,714)	NA
Scitus Cement (China) Holdings Limited	HKD 1,245,257,277	HKD1,269,151,092	HKD389,590,358	HKD879,560,734	HKD118,372	HKD(595,654)	HKD(595,654)	NA
Scitus Cement (China) Operating Company Limited	HKD10,000	-	HKD6,197,562	HKD(6,197,562)	-	HKD(14,355)	HKD(14,355)	NA
Hexagon Holdings Limited	HKD 1	HKD211,634,470	HKD12,000	HKD211,622,470	-	HKD(14,655)	HKD(14,655)	NA
Hexagon II Holdings Limited	HKD 1	HKD75,909,219	HKD12,000	HKD75,897,219	-	HKD(14,355)	HKD(14,355)	NA
Hexagon III Holdings Limited	HKD 79,500,001	HKD158,452,240	HKD68,998,047	HKD89,454,193	HKD4	HKD(51,089)	HKD(51,089)	NA
Hexagon IV Holdings Limited	HKD 136,430,001	HKD439,491,316	HKD281,540,378	HKD157,950,937	HKD162	HKD(53,159)	HKD(53,159)	NA
Hexagon V Holdings Limited	HKD 1	HKD89,121,958	HKD14,014,609	HKD75,107,349	-	HKD(15,522)	HKD(15,522)	NA
Upper Value Investment Limited	HKD 1	HKD560,693,716	HKD394,090,681	HKD166,603,035	HKD54,900,000	HKD54,876,995	HKD54,876,995	HKD54,876,995

Business highlights of affiliates

2018.12.31 (expressed in NTS thousands)

Affiliate	Capital amount	Total asset	Total liabilities	Net worth	Revenue	Profit from operations	Profit (after tax)	EPS (NT\$) (after tax)
Hexagon VIII Holdings Limited	HKD 1	HKD14,560,639	HKD12,000	HKD14,548,639	-	HKD(15,390)	HKD(15,390)	NA
Hexagon IX Holdings Limited	HKD 1	HKD19,293,851	HKD20,562,074	HKD(1,268,223)	-	HKD(51,545)	HKD(51,545)	NA
Hexagon XIII Holdings Limited	HKD 1	HKD6,857,776	HKD12,000	HKD6,845,776	-	HKD(15,130)	HKD(15,130)	NA
Hexagon XIV Holdings Limited	HKD 1	HKD21,447,138	HKD21,772,251	HKD(325,113)	-	HKD(51,665)	HKD(51,665)	NA
Scitus Luzhou Cement Co.,Ltd.	RMB 395,000,000	HKD903,277,800	HKD263,642,280	HKD639,635,520	HKD633,913,312	HKD171,481,512	HKD135,447,872	NA
Scitus Hejiang Cement Co.,Ltd.	RMB 23,250,000	HKD30,865,583	HKD1,720,135	HKD29,145,448	-	HKD(2,133,272)	HKD(2,133,272)	NA
Scitus Luzhou Concrete Co.,Ltd.	RMB 25,000,000	HKD54,930,004	HKD17,650,449	HKD37,279,555	HKD75,338,202	HKD3,726,971	HKD2,388,637	NA
Scitus Naxi Cement Co.,Ltd.	RMB 146,510,000	HKD259,741,968	HKD176,948,906	HKD82,793,062	HKD209,477,264	HKD50,461,848	HKD50,461,848	NA
Anshun Xin Tai Construction Materials Company Limited	RMB 15,000,000	HKD22,745,634	HKD5,741,078	HKD17,004,556	HKD9,542,325	HKD617,928	HKD617,928	NA
TCC Huaying Cement Company Limited	RMB 949,880,000	HKD1,077,159,517	HKD290,976,615	HKD786,182,902	HKD736,749,542	HKD235,915,801	HKD235,915,801	NA
TCC Huaihua Cement Company Limited	RMB 93,000,000	HKD1,511,078,341	HKD856,207,416	HKD654,870,925	HKD796,652,601	HKD139,404,587	HKD137,466,552	NA
TCC Jingzhou Cement Company Limited	RMB 10,000,000	HKD547,410,916	HKD207,106,828	HKD340,304,088	HKD382,998,138	HKD70,667,317	HKD60,431,257	NA
TCC Huaihua Concrete Company Limited	RMB 10,000,000	HKD30,786,426	HKD17,573,203	HKD13,213,224	HKD22,267,208	HKD(4,386,037)	HKD(4,480,415)	NA
Guigang TCC DongYuan Environmental Technology Company Limited ¹³	RMB126,000,00	HKD143,658,422	HKD337,369	HKD143,321,053	-	HKD(332,768)	HKD(332,768)	NA
Taiwan Cement (Dutch) Holdings B.V. ¹⁴	EUR831,431,000	EUR831,128,759	EUR171,958	EUR830,956,800	-	EUR(171,958)	EUR(78,528)	NA

¹Ho Shun Construction Materials Corporation was completed liquidation procedure in December 2018.

²TCEC Corporation's cancellation was completed in December 2018.

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

⁴TCC Chia-Chien Green Energy Co., Ltd was founded on May 4, 2018.

⁵TCC Yun-kai Green Energy Co., Ltd was founded on May 4, 2018.

⁶TCC Lien-Shen Green Energy Co., Ltd was founded on May 8, 2018.

⁷TCC Chang-Ho Green Energy Co., Ltd was founded on July 10, 2018.

⁸TCC Kao Cheng Green Energy Co., Ltd was founded on July 18, 2018.

⁹TCC Nan Chung Green Energy Co., Ltd was founded on September 6, 2018.

¹⁰Chang-Wong Wind Power Generation Co., Ltd was founded on December 12, 2018.

¹¹Koning Concrete Ltd.'s cancellation was completed in August 2018.

¹²Anhui King Bridge Cement Co., Ltd.s cancellation was completed in January 2019.

¹³Guigang TCC Dongyuan Environmental Protection Technology Co., Ltd. was founded on June 7, 2018.

¹⁴Taiwan Cement (Dutch) Holdings B.V was founded on November 8, 2018.

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities required to be included in the consolidated financial statements of Taiwan Cement Corporation between January 1, 2018 and December 31, 2018 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 22, 2019

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

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: NA

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Overseas listings and access to the listing information:
1.Global depository receipt - Luxembourg Stock Exchange sub-board /link for or inquiry:<https://www.bourse.lu/issuer/TaiwanCement/55152>
2.Overseas unsecured convertible corporate bonds - Singapore Exchange/link for or inquiry: <https://www2.sgx.com/>



The Taiwan Cement Corporation

Chairman :



GREEN ENERGY
TOTAL CLIMATE COMMITMENT

CIRCULAR ECONOMY
TOTAL CARE COMMITMENT



The Taiwan Cement Corporation Annexes to 2018 Annual Report

Stock code 1101

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

1. GENERAL INFORMATION

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

- 1) IFRS 9 “Financial Instruments” and related amendments

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

Classification, measurement and impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

Impact on liabilities for current period on January 1, 2019

	Carrying Amount as of January 1, 2018 before Restated	Adjustments Arising from Initial Application	Carrying Amount as of January 1, 2018 after Restated
Advance receipts	\$ 4,548,755	\$ (4,548,755)	\$ -
Contract liabilities - current	<u>-</u>	<u>4,548,755</u>	<u>4,548,755</u>
Total effect on liabilities	<u>\$ 4,548,755</u>	<u>\$ -</u>	<u>\$ 4,548,755</u>

- b. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC for application starting 2019

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

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

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

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

IFRS 16 “Leases”

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17, IFRIC 4, and a number of related interpretations.

Definition of a lease

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

The Group as lessee

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

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

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

The Group expects to apply the following practical expedients:

- 1) The Group will apply a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- 2) The Group will account for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- 3) The Group will exclude initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- 4) The Group will use hindsight, such as in determining lease terms, to measure lease liabilities.

The Group as lessor

The Group will not make any adjustments for leases in which it is a lessor and will account for those leases with the application of IFRS 16 starting from January 1, 2019.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Corporation as lessor.

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

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

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

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

<u>New IFRSs</u>	<u>Effective Date Issued by IASB (Note 1)</u>
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 2)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

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

Note 2: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs on an asset or liability.

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents, unless an asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

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

d. Basis of consolidation

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

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

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

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

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

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

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

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

e. Business combinations

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

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

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

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

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

f. Foreign currencies

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

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

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

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

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

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

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

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

g. Inventories

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

h. Investments in associates and joint ventures

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

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

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

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

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

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

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

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

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

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

j. Investment properties

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

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

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

k. Goodwill

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

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

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

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

l. Intangible assets

1) Intangible assets acquired separately

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

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

2) Intangible assets acquired in a business combination

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

3) Derecognition of intangible assets

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

m. Impairment of tangible and intangible assets other than goodwill

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

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

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

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

n. Non-current assets held for sale

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

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

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

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

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

o. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

2018

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

i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

- iii. Investments in equity instruments at FVTOCI

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

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

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

2017

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

- i. Financial assets at FVTPL

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

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

- ii. Available-for-sale financial assets

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

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

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

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

iii. Loans and receivables

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

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

b) Impairment of financial assets

2018

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

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

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

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

2017

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

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

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

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

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

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

- i. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- ii. The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- iii. The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at FVTPL.

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

b) Derecognition of financial liabilities

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

4) Convertible bonds

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

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

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

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

5) Derivative financial instruments

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

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument and in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

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

p. Hedge accounting

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

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

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

q. Revenue recognition

2018

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

1) Revenue from the sale of goods

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

2) Revenue from the rendering of services

Revenue from the rendering of services is recognized by reference to the stage of completion of the contract or when services are provided. Freight revenue is recognized by reference to the proportion of the voyage period.

3) Sale of electric power

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

2017

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

1) Sale of goods

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

- a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- c) The amount of revenue can be measured reliably;
- d) It is probable that the economic benefits associated with the transaction will flow to the Group;
and
- e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

2) Rendering of services

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

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

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

3) Sale of electric power

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

4) Dividend and interest income

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

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

r. Leasing

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

1) The Group as lessor

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

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

2) The Group as lessee

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

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

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

s. Borrowing costs

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

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

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

t. Government grants

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

u. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Other long-term employee benefits

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

v. Share-based payment arrangements

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

w. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Impairment loss of goodwill

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

b. Impairment loss of property, plant and equipment

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

6. CASH AND CASH EQUIVALENTS

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

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

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

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

7. FINANCIAL INSTRUMENTS AT FVTPL

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

(Continued)

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

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

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

These investments in equity instruments were classified as available-for-sale and financial assets carried at cost under IAS 39. Refer to Note 3 and 9 for information relating to their reclassification and comparative information for 2017.

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

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

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

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

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

10. NOTES AND ACCOUNTS RECEIVABLE

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

For the year ended December 31, 2018

The Group recognizes allowance for impairment loss on account receivable on the basis of individual customers for which credit losses have actually taken place. Moreover, the Group separates all customers into different segments based on their risk and determines their expected credit loss rate by reference to past default experience with the counterparties and on analysis of their current financial positions. The Group recognizes an allowance for impairment loss of 100% against past due receivables which have indication of impairment.

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

The aging analysis of receivables was as follows:

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

	For the Year Ended December 31, 2018
Balance at January 1, 2018 per IAS 39	\$ 142,242
Adjustment on initial application of IFRS 9	<u>-</u>
Balance at January 1, 2018 per IFRS 9	142,242
Less: Impairment losses reversed	(35,088)
Less: Amounts written off	(56,163)
Foreign exchange translation gains and losses	<u>(52)</u>
Balance at December 31, 2018	<u>\$ 50,939</u>

For the year ended December 31, 2017

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

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

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

The aging analysis of receivables was as follows:

	December 31, 2017
Up to 90 days	\$ 20,070,369
91-180 days	6,646,244
181-365 days	245,462
Over 365 days	<u>114,387</u>
	<u>\$ 27,076,462</u>
Account receivables that were past due but not impaired	<u>\$ 90,666</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, 2017	\$ 99,256	\$ 36,749	\$ 136,005
(Reversal of) allowances	(1,951)	3,662	1,711
Write-offs	(1,114)	(1,299)	(2,413)
Effects of exchange rate changes	<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	
	2018	2017
Not later than 1 year	\$ 5,040,945	\$ 4,954,918
Later than 1 year and not later than 5 years	21,692,882	21,155,252
Later than 5 years	<u>27,423,395</u>	<u>33,001,970</u>
	54,157,222	59,112,140
Less: Unearned finance income	21,683,760	25,398,223
Less: Accumulated impairment	<u>47,878</u>	<u>47,878</u>
Present value of minimum lease payments	<u>\$ 32,425,584</u>	<u>\$ 33,666,039</u>
Current (included in accounts receivable)	\$ 1,473,788	\$ 1,240,455
Non-current	<u>30,951,796</u>	<u>32,425,584</u>
	<u>\$ 32,425,584</u>	<u>\$ 33,666,039</u>

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

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

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

12. INVENTORIES

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

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

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

	For the Year Ended December 31	
	2018	2017
(Reversal of) inventory write-downs	<u>\$ 82,954</u>	<u>\$ (112,076)</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 33 for information relating to bills of lading pledged as collateral for bank borrowings.

13. SUBSIDIARIES

a. Subsidiaries included in consolidated financial statements

The consolidated financial statements include subsidiaries which are as follows:

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

(Continued)

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

(Continued)

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

(Continued)

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

(Continued)

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

(Concluded)

Remarks:

- 1) Refer to Note 27 for information on the related acquisition transaction.
- 2) The Corporation and TCC Investment Corporation successively disposed of a portion of its interest in Taiwan Prosperity Chemical Corporation in 2018 and 2017, respectively. Taiwan Transport & Storage Corporation acquired a portion of interest in Ta-Ho Maritime Corporation and E.G.C. Cement Corporation respectively in 2018.
- 3) Ho Swen Construction Material Co., Ltd. had final liquidation as of December 31, 2018.
- 4) Tunwoo Company Limited changed its Chinese-language name to TCC Green Energy Corporation in March 2018. Its original main business was warehousing and selling cement. A resolution of its board of directors resolved to change its main business to renewable energy generation in October 2017.
- 5) TCC Chemical Corporation changed its Chinese-language name in December 2017. Its original main business was processing and selling chemical materials. Its board of directors resolved to changed its main business to leasing property and energy technology services in November 2017. For the propose of streamlining its investment structure, its board of directors approved to merge Kuan-Ho Construction & Development Corporation and TCC Chemical Corporation with the latter as the surviving company. The effective date of the merger was January 1, 2018.
- 6) Ho-Ping Renewable Energy Company was established in April 2018 and was included into the consolidated financial statements.
- 7) TCC Chia-Chien Green Energy Corporation, TCC Yun-Kai Green Energy Corporation and TCC Lien-Hsin Green Energy Corporation were established in May 2018. TCC Kao-Cheng Green Energy Corporation, TCC Nan-Chung Green Energy Corporation and TCC Chang-Ho Green Energy Corporation were established in July 2018. Chang-Wang Wind Power Co., Ltd was established in December 2018. These entities were consolidated into the financial statements.

- 8) Although the Group's percentages of ownership in Taiwan Prosperity Chemical Corporation, Feng Sheng Enterprise Company and TPMC were less than 50% for the year ended December 31, 2018, the Group still has control over those entities. Thus, Taiwan Prosperity Chemical Corporation, Feng Sheng Enterprise Company and TPMC are considered as subsidiaries of the Group.
 - 9) Taiwan Cement Corporation increased its investment in the capital of TCCI and TCCIH in August and December 2018, but TCCI did not simultaneously increase its investment in the capital of TCCIH. Thus, Taiwan Cement Corporation's percentage of ownership in TCCIH increased from 24.1% to 38.3%, and TCCI's percentages of ownership in TCCIH decreased from 75.9% to 61.7%.
 - 10) Taiwan Cement Engineering Corporation originally indirectly owned 100% of shares in TCEC (Yingde) Machine Co., Ltd. through TCEC Corporation. The Brunei Darussalam government announced on December 22, 2016 that all international corporations have to wind up their business. Therefore, Taiwan Cement Engineering Corporation's direct ownership in TCEC (Yingde) Machine Co., Ltd. will have to wind up, and relevant procedures were finished in December 2018.
 - 11) For the purpose of streamlining investment structure, Koning Concrete Ltd. was dissolved and cancelled.
 - 12) Its board of directors resolved to establish Taiwan Cement (Dutch) Holdings B.V. in October 2018, which established the joint venture (Dutch OYAK TCC Holdings B.V.) with Ordu Yardimlasma Kurumu which. The Group obtained 40% of interests of joint venture investing in cash and indirectly acquired the cement investment projects in areas such as Turkey.
 - 13) The Group setup TCC (Guigang) Dung Yuan Green Energy Corporation by means of joint venture in June 2018, the group hold 40% of interests of which, in October 2018, The board of directors of TCC (Guigang) Cement Limited approved the \$116 million that was initially financed to TCC (Guigang) Dung Yuan Green Corporation and converted it to share capital, and the holding rate of interests increased to 95.2%.
- b. Details of subsidiaries with material non-controlling interests

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

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

The summarized financial information below represents amounts before intragroup eliminations.

Taiwan Prosperity Chemical Corporation

	December 31	
	2018	2017
Current assets	\$ 5,434,627	\$ 4,015,117
Non-current assets	6,079,902	6,796,106
Current liabilities	(4,138,703)	(6,072,209)
Non-current liabilities	<u>(3,842,504)</u>	<u>(1,521,222)</u>
Equity	<u>\$ 3,533,242</u>	<u>\$ 3,217,792</u>
Equity attributable to:		
Owners of Taiwan Prosperity Chemical Corporation	\$ 1,502,047	\$ 1,690,157
Non-controlling interests of Taiwan Prosperity Chemical Corporation	<u>2,031,195</u>	<u>1,527,635</u>
	<u>\$ 3,533,242</u>	<u>\$ 3,217,792</u>
	For the Year Ended December 31	
	2018	2017
Operating revenue	<u>\$ 15,166,053</u>	<u>\$ 13,192,984</u>
Income (loss) for the year	\$ 332,064	\$ (354,571)
Other comprehensive income for the year	<u>(16,614)</u>	<u>166,217</u>
Total comprehensive Income (loss) for the year	<u>\$ 315,450</u>	<u>\$ (188,354)</u>
Loss attributable to:		
Owners of Taiwan Prosperity Chemical Corporation	\$ 161,640	\$ (187,325)
Non-controlling interests of Taiwan Prosperity Chemical Corporation	<u>170,424</u>	<u>(167,246)</u>
	<u>\$ 332,064</u>	<u>\$ (354,571)</u>
Total comprehensive loss attributable to:		
Owners of Taiwan Prosperity Chemical Corporation	\$ 133,965	\$ (100,076)
Non-controlling interests of Taiwan Prosperity Chemical Corporation	<u>181,485</u>	<u>(88,278)</u>
	<u>\$ 315,450</u>	<u>\$ (188,354)</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 476,933	\$ 486,812
Investing activities	1,468	114,626
Financing activities	<u>465,913</u>	<u>(4,479)</u>
Net cash inflow	<u>\$ 944,314</u>	<u>\$ 596,959</u>

Ho-Ping Power Company

	December 31	
	2018	2017
Current assets	\$ 7,115,395	\$ 6,132,653
Non-current assets	31,537,715	32,905,948
Current liabilities	(6,627,608)	(3,886,143)
Non-current liabilities	<u>(3,353,289)</u>	<u>(3,870,891)</u>
Equity	<u>\$ 28,672,213</u>	<u>\$ 31,281,567</u>
Equity attributable to:		
Owners of Ho-Ping Power Company	\$ 17,199,861	\$ 18,765,474
Non-controlling interests of Ho-Ping Power Company	<u>11,472,352</u>	<u>12,516,094</u>
	<u>\$ 28,672,213</u>	<u>\$ 31,281,568</u>
	For the Year Ended December 31	
	2018	2017
Operating revenue	<u>\$ 12,777,360</u>	<u>\$ 10,353,637</u>
Profit for the year	\$ 2,390,778	\$ 2,975,364
Other comprehensive income (loss) for the year	<u>(132)</u>	<u>(14,276)</u>
Total comprehensive income for the year	<u>\$ 2,390,646</u>	<u>\$ 2,961,088</u>
Profit attributable to:		
Owners of Ho-Ping Power Company	\$ 1,434,468	\$ 1,785,219
Non-controlling interests of Ho-Ping Power Company	<u>956,310</u>	<u>1,190,145</u>
	<u>\$ 2,390,778</u>	<u>\$ 2,975,364</u>
Total comprehensive income attributable to:		
Owners of Ho-Ping Power Company	\$ 1,434,388	\$ 1,776,653
Non-controlling interests of Ho-Ping Power Company	<u>956,258</u>	<u>1,184,435</u>
	<u>\$ 2,390,646</u>	<u>\$ 2,961,088</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 4,019,768	\$ 3,859,757
Investing activities	(114,722)	(84,128)
Financing activities	<u>(3,627,325)</u>	<u>(7,190,080)</u>
Net cash outflow	<u>\$ 277,721</u>	<u>\$ (3,414,451)</u>
Dividends paid to non-controlling interests of Ho-Ping Power Company	<u>\$ 2,000,000</u>	<u>\$ 1,999,461</u>

14. INVESTMENTS ACCOUNTED FOR BY USING THE EQUITY METHOD

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

a. Material associates

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

Refer to Tables 8 and 9 “Information on investees” and “Information on Investments in Mainland China” following the Notes to Consolidated Financial Statements for the nature of activities, principal place of business and country of incorporation of Prosperity Conch Cement Company Limited, Dutch OYAK TCC Holdings B.V. and International CSRC Investment Holdings Co., Ltd. The investment accounted for by using the equity method and the share of profit or loss and other comprehensive income of the investment for the years ended December 31, 2018 and 2017 were based on the associate’s financial statements audited by the auditors for the years then ended.

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

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

Dutch OYAK TCC Holdings B.V.

	December 31, 2018
Current assets	\$ 36,023,187
Non-current assets	22,681,613
Current liabilities	(11,451,405)
Non-current liabilities	(2,430,560)
Non-controlling equity	<u>(7,651,443)</u>
Equity attributable to the Parent company	<u>\$ 37,171,392</u>
Proportion of the Group's ownership	40%
Equity attributable to the Group	\$ 14,868,557
Difference between cost of investment and net equity	<u>14,202,687</u>
Carrying amount	<u>\$ 29,071,244</u>
	For the Year Ended December 31, 2018
Operating revenue	<u>\$ 1,044,209</u>
Net income for the year	\$ (167,984)
Other comprehensive loss	<u>42,924</u>
Total comprehensive loss for the year	<u>\$ (125,060)</u>

International CSRC Investment Holdings Co., Ltd.

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

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

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

Prosperity Conch Cement Co., Ltd.

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

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

b. Aggregate information of individually immaterial associates

	Proportion of Ownership	
	December 31	
	2018	2017
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	30.0%	30.0%
CCC USA Corporation	33.3%	33.3%
BaoShen & K. Wah Cement Construction Materials Co., Ltd.	30.0%	30.0%
ONYX Ta-Ho Environmental Services Co., Ltd.	50.0%	50.0%
E-ONE Moli Energy Corporation	29.9%	-
Quon Hing Concrete Co., Ltd.	50.0%	50.0%
Hong Kong Concrete Co., Ltd.	31.5%	31.5%
Sichuan Taichang Building Material Group Company Limited	30.0%	30.0%
Shih Hsin Storage & Transportation Co., Ltd.	18.9%	18.9%
Chia Huan Tung Cement Corporation	33.8%	33.8%
Synpac Ltd.	25.0%	25.0%
	For the Year Ended December 31	
	2018	2017
The Group's share of:		
Net income for the year	\$ 1,043,729	\$ 684,275
Other comprehensive loss	<u>(195,809)</u>	<u>(113,008)</u>
Total comprehensive income for the year	<u>\$ 847,920</u>	<u>\$ 571,267</u>

For the year ended December 31, 2018, the Group paid \$673,918 thousand and \$3,060,365 thousand to acquire shares of E-ONE Moli Energy Corporation and International CSRC Investment Holdings Co., Ltd., respectively, and increased the Group's percentage of ownership from 15.1% to 29.9% and 12.5% to 19.2%. With a significant impact on the investee, the original investments previously recognized as financial assets at FVTOCI were considered as disposed of and reclassified to investments accounted for by using the equity method.

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

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

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

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Property in Construction	Total
<u>Cost</u>						
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>
<u>Accumulated depreciation and impairment</u>						
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>
<u>Cost</u>						
Balance at January 1, 2018	\$ 20,665,029	\$ 50,587,364	\$ 98,082,294	\$ 12,142,556	\$ 4,402,613	\$ 185,879,856
Additions	8,000	125,603	381,605	2,011,212	1,516,506	4,042,926
Disposals	-	(397,580)	(4,280,347)	(1,483,511)	-	(6,161,438)
Reclassification	(7,780)	37,133	547,220	7,584	(558,411)	25,746
Effects of exchange rate changes	-	(735,344)	(1,222,385)	43,143	(64,066)	(1,978,652)
Balance at December 31, 2018	<u>\$ 20,665,249</u>	<u>\$ 49,617,176</u>	<u>\$ 93,508,387</u>	<u>\$ 12,720,984</u>	<u>\$ 5,296,642</u>	<u>\$ 181,808,438</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2018	\$ 274,188	\$ 15,829,125	\$ 64,476,095	\$ 10,507,380	\$ 83,664	\$ 91,170,452
Disposals	-	(247,758)	(4,058,526)	(1,387,022)	-	(5,693,306)
Depreciation expenses	-	1,398,469	4,097,581	610,592	-	6,106,642
Impairment losses	-	21,310	4,062	-	-	25,372
Reclassification	-	(4,837)	104,491	(104,491)	-	(4,837)
Effects of exchange rate changes	-	(210,058)	(688,181)	10,488	(1,959)	(889,710)
Balance at December 31, 2018	<u>\$ 274,188</u>	<u>\$ 16,786,251</u>	<u>\$ 63,935,522</u>	<u>\$ 9,636,947</u>	<u>\$ 81,705</u>	<u>\$ 90,714,613</u>
Carrying amounts at December 31, 2018	<u>\$ 20,391,061</u>	<u>\$ 32,830,925</u>	<u>\$ 29,572,865</u>	<u>\$ 3,084,037</u>	<u>\$ 5,214,937</u>	<u>\$ 91,093,825</u>

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

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

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

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

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

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

16. INVESTMENT PROPERTIES

	Land	Buildings	Total
<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>
<u>Cost</u>			
Balance at January 1, 2018	\$ 6,799,051	\$ 1,417,773	\$ 8,216,824
Reclassification	-	(64,284)	(64,284)
Effects of exchange rate changes	7,780	8,284	16,064
	<u>-</u>	<u>777</u>	<u>777</u>
Balance at December 31, 2018	<u>\$ 6,806,831</u>	<u>\$ 1,362,550</u>	<u>\$ 8,169,381</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2018	\$ 1,081,587	\$ 760,317	\$ 1,841,904
Depreciation expenses	-	22,885	22,885
	-	(47,642)	(47,642)
Reclassification	-	7,518	7,518
Effects of exchange rate changes	<u>-</u>	<u>256</u>	<u>256</u>
Balance at December 31, 2018	<u>\$ 1,081,587</u>	<u>\$ 743,334</u>	<u>\$ 1,824,921</u>
Carrying amounts at December 31, 2018	<u>\$ 5,725,244</u>	<u>\$ 619,216</u>	<u>\$ 6,344,460</u>

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

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

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

17. INTANGIBLE ASSETS

	Goodwill	Operational Concession	Mining Rights	Others	Total
<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
Reclassification	-	-	118,411	-	118,411
Effects of exchange rate changes	(158,976)	-	(43,239)	(24,259)	(226,474)
Balance at December 31, 2017	<u>\$ 12,032,957</u>	<u>\$ 7,681,476</u>	<u>\$ 3,215,101</u>	<u>\$ 1,189,793</u>	<u>\$ 24,119,327</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
Impairment losses	156,000	-	-	-	156,000
Effects of exchange rate changes	-	-	(14,446)	(18,987)	(33,433)
Balance at December 31, 2017	<u>\$ 156,000</u>	<u>\$ 906,666</u>	<u>\$ 1,210,061</u>	<u>\$ 993,976</u>	<u>\$ 3,266,703</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>
<u>Cost</u>					
Balance at January 1, 2018	\$ 12,032,957	\$ 7,681,476	\$ 3,215,101	\$ 1,189,793	\$ 24,119,327
Acquired through business combinations	221,802	-	-	-	221,802
Additions	-	-	49,403	5,482	54,885
Effects of exchange rate changes	(266,414)	-	(65,405)	(766)	(332,585)
Balance at December 31, 2018	<u>\$ 11,988,345</u>	<u>\$ 7,681,476</u>	<u>\$ 3,199,099</u>	<u>\$ 1,194,509</u>	<u>\$ 24,063,429</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2018	\$ 156,000	\$ 906,666	\$ 1,210,061	\$ 993,976	\$ 3,266,703
Amortization expenses	-	151,111	168,235	67,848	387,194
Impairment losses	-	-	5,660	-	5,660
Effects of exchange rate changes	-	-	(25,329)	1,849	(23,480)
Balance at December 31, 2018	<u>\$ 156,000</u>	<u>\$ 1,057,777</u>	<u>\$ 1,358,627</u>	<u>\$ 1,063,673</u>	<u>\$ 3,636,077</u>
Carrying amounts at December 31, 2018	<u>\$ 11,832,345</u>	<u>\$ 6,623,699</u>	<u>\$ 1,840,472</u>	<u>\$ 130,836</u>	<u>\$ 20,427,352</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>	
	2018	2017
Current (included in prepayments)	\$ 250,309	\$ 217,031
Non-current	<u>6,584,246</u>	<u>6,833,745</u>
	<u>\$ 6,834,555</u>	<u>\$ 7,050,776</u>

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

19. BORROWINGS

a. Short-term loans

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

b. Short-term bills payable

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

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

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

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

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

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

20. BONDS PAYABLE

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

a. Domestic unsecured bonds

Domestic unsecured bonds were issued on June 21, 2018, with a period of 15 years which will mature on June 21, 2033. The bonds total amount is \$12,000,000 thousand and has a coupon rate of 1.7%, with bullet repayment and interest paid annually.

b. Overseas unsecured convertible bonds

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

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

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

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

21. OTHER PAYABLES

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

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

b. Defined benefit plan

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

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

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

(Continued)

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

(Concluded)

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

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

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

	December 31	
	2018	2017
Discount rates		
0.25% increase	<u>\$ (24,189)</u>	<u>\$ (25,385)</u>
0.25% decrease	<u>\$ 25,012</u>	<u>\$ 26,281</u>
Expected rates of salary increase		
0.25% increase	<u>\$ 24,290</u>	<u>\$ 25,537</u>
0.25% decrease	<u>\$ (23,614)</u>	<u>\$ (24,795)</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	
	2018	2017
The expected contributions to the plan for the next year	<u>\$ 13,121</u>	<u>\$ 15,290</u>
The average duration of the defined benefit obligation	7-14 years	7-15 years

23. EQUITY

a. Ordinary shares

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

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

According to the laws of Hong Kong and the Cayman Islands, the Corporation and its subsidiary, TCCI, contemplated privatizing TCCIH by a Scheme of Arrangement under the Companies Law of the Cayman Islands. On October 18, 2017 the Corporation's board of directors resolved to issue 554,333 thousand ordinary shares to acquire part of TCCIH's shares with a par value of \$10, which increased the share capital issued and fully paid to \$42,465,090 thousand. On November 6, 2017 the above transaction was approved by the FSC.

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

The Corporation's board of directors resolved to issue ordinary shares in the form of global depositary shares for the purpose of investing in overseas subsidiaries and to repay borrowings. The transaction was approved by the FSC under letter No. 10703258531 which was issued on July 25, 2018. The Corporation issued 87,500 units at US\$6.27 per share on the Luxembourg Stock Exchange, which amounted to a total of US\$548,625 thousand in total in August 2018. One global depositary share represents 5 ordinary shares, and the total global depositary shares represent 437,500 thousand ordinary shares. All outstanding global depositary shares were converted into ordinary shares as of December 31, 2018.

b. Preference shares

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

c. Capital surplus

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

(Continued)

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
<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	10,695	10,315
Dividends distributed by subsidiaries not yet received by shareholders	2,161	2,120
<u>May not be used for any purpose</u>		
Equity component of convertible bond	1,308,070	-
Changes in interests in associates accounted for by using the equity method	<u>61</u>	<u>520</u>
	<u>\$ 47,836,241</u>	<u>\$ 25,739,065</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.

d. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' general meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after amendment, refer to "Employee benefits expense" in Note 24c.

In addition to the capital-intensive, mature and stable production and marketing of cement and cement-related products, the Corporation aggressively pursues diversification. For the development of diversified investments or other important capital budgeting plans, the Corporation decided that the payout ratio of cash dividend is to be at least 20% of the total dividends to be distributed to ordinary shareholders; the rest will be paid in share dividends.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Corporation.

An appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Corporation's share capital. The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's share capital, the excess may be transferred to capital or distributed in cash.

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

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

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

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

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

e. Special reserve

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

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

f. Other equity items

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

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

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

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

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

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

4) Cash flow hedges

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

g. Non-controlling interests

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

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

h. Treasury shares

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

In February 2018, the Corporation's board of directors resolved to buy back 6,000 thousand treasury shares, and its execution had been done in the same month. The average buy-back price per shares was \$36.36, which will be transferred to employees, the record date of employees subscription was September 10, 2018, for the year ended December 31 of 2018. The Corporation transferred 5,930 shares to the employees at \$30.3 per share. The Corporation recognized compensation costs of \$45,448 thousand on the issuance date in 2018, recognized capital surplus-treasury share transaction of \$9,127 and reclassified share option to capital surplus- expired share option of \$380 thousand. Under the Securities Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholder's rights on these shares, such as rights to dividends and to vote.

24. NET INCOME

Net income includes the following items:

a. Depreciation and amortization

	For the Year Ended December 31	
	2018	2017
Property, plant and equipment	\$ 6,106,642	\$ 6,056,147
Investment properties	22,885	24,407
Intangible assets	<u>387,194</u>	<u>383,239</u>
	<u>\$ 6,516,721</u>	<u>\$ 6,463,793</u>
An analysis of depreciation by function		
Operating costs	\$ 5,800,458	\$ 5,731,491
Operating expenses	326,120	345,395
Non-operating expenses	<u>2,949</u>	<u>3,668</u>
	<u>\$ 6,129,527</u>	<u>\$ 6,080,554</u>
An analysis of amortization by function		
Operating costs	\$ 335,904	\$ 332,084
Operating expenses	<u>51,290</u>	<u>51,155</u>
	<u>\$ 387,194</u>	<u>\$ 383,239</u>

b. Employee benefits expense

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

c. Employee benefits expense

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

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

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

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

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

d. Finance costs

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

Information about capitalized interest was as follows:

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

e. Other income

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

f. Other expenses

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

25. INCOME TAX

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

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

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

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

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

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

b. Income tax recognized in other comprehensive income

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

c. Current tax assets and liabilities

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

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

(Continued)

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

For the year ended December 31, 2017

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	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	221,914	110,906	-	(982)	331,838
	<u>\$ 915,502</u>	<u>\$ (87,465)</u>	<u>\$ 9,892</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	(52,008)	1,103,010
Defined benefit plan	120,775	688	11,972	-	133,435
Others	8,137	619	-	2	8,758
	<u>\$ 10,213,967</u>	<u>\$ 237,796</u>	<u>\$ 13,833</u>	<u>\$ (67,820)</u>	<u>\$ 10,397,776</u>

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

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

f. Unused loss carryforwards information

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

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

g. Unrecognized deferred income tax liabilities in respect of investments

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

h. Income tax assessments

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

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

26. EARNINGS PER SHARE

	Unit: NT\$ Per Share	
	For the Year Ended December 31	
	2018	2017
Basic earnings per share	<u>\$ 4.37</u>	<u>\$ 1.82</u>
Diluted earnings per share	<u>\$ 4.37</u>	<u>\$ 1.82</u>

The weighted average number of shares outstanding used in the earnings per share computation was adjusted retrospectively for the issuance of bonus shares on August 1, 2018. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2017 were as follows:

Unit: NT\$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	<u>\$ 2.03</u>	<u>\$ 1.82</u>
Diluted earnings per share	<u>\$ 2.03</u>	<u>\$ 1.82</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	
	2018	2017
Profit for the year attributable to owners of the Corporation	<u>\$ 21,180,821</u>	<u>\$ 7,594,247</u>
<u>Number of shares (in thousands)</u>		
Weighted average number of ordinary shares in computation of basic earnings per share	4,849,335	4,162,421
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>2,129</u>	<u>900</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>4,851,464</u>	<u>4,163,321</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.

27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

For the year ended December 31, 2018, the Group acquired a portion of the shares of Ta-Ho Maritime Corporation and E.G.C. Cement Corporation, and increased its proportionate ownership interests from 92.3% to 94% and 95% to 100%. During the year ended December 31, 2018, the Group disposed of a portion of the shares of Taiwan Prosperity Chemical Corporation, and decreased its proportionate ownership interests from 52.5% to 42.5%.

For the year ended December 31, 2018

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

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

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

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

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

2017

According to the laws of Hong Kong and the Cayman Islands, the Corporation and its subsidiary, TCCI, contemplated privatizing TCCIH by a Scheme of Arrangement under the Companies Law of the Cayman Islands. On October 18, 2017, the Corporation's board of directors resolved to issue 554,333 thousand ordinary shares to acquire part of TCCIH's 1,319,841 thousand shares with a par value of \$10, for a consideration of \$18,970,661 thousand, excluding issuance costs, which increased the share capital issued and fully paid to \$42,465,090 thousand. On November 6, 2017, the above transaction was approved by the FSC. TCCI acquired the residual portion of the shares of TCCIH in cash, increasing its proportionate interest from 63.1% to 75.9%. In 2017, the Group disposed of a portion of its shares of Taiwan Prosperity Chemical Corporation, decreasing its proportionate interest from 52.8% to 52.5%.

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

Investor	TCCI	Taiwan Cement Corporation	TCC Investment Corporation Taiwan Prosperity Chemical Corporation	Total
Investee	TCCIH	TCCIH		
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 transaction	<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
<u>Line items adjusted for equity Transactions</u>				
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	\$ (862,998)	\$ (370,251)	\$ 8,702	\$ (1,224,547)
Retained earnings	-	(590,238)	-	(590,238)
	<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>

28. CASH FLOWS INFORMATION

Changes in liabilities arising from financing activities:

For the year ended December 31, 2018

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

For the year ended December 31, 2017

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

29. CAPITAL MANAGEMENT

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

30. FINANCIAL INSTRUMENTS

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

December 31, 2018

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

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

1) Fair value hierarchy

December 31, 2018

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

December 31, 2017

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

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

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

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

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

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

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

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

	December 31, 2018
Comprehensive discount for lack of marketability and non-controlling interests	10%

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

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

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

	December 31, 2018
Discount for lack of marketability	20%-30%

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

	December 31, 2018
Discount for lack of marketability	
1% increase	<u>\$ (4,810)</u>
1% decrease	<u>\$ 4,810</u>

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

	December 31, 2018
Discount rate	7.9%
Dividend growth rate	1.7%
Discount for lack of marketability	10.0%

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

	December 31, 2018
Discount for lack of marketability	
1% increase	<u>\$ (39,745)</u>
1% decrease	<u>\$ 39,745</u>

c. Categories of financial instruments

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

- 1) The balances include loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets and long-term finance lease receivables.
- 2) The balances include the carrying amount of available-for-sale financial assets carried at cost.
- 3) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable, other receivable and long-term finance lease receivables.
- 4) The balances include financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payables, notes and accounts payables, other payables, bonds payable, long-term loans (including current portion), and long-term notes payable.

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

The foreign financial assets and liabilities were exposed to risk of foreign currency fluctuations. To lower foreign currency risk, the Group has established control mechanisms to immediately monitor 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 34.

The Group was mainly exposed to the USD.

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

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

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

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

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

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

c) Other price risk

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

The sensitivity analyses were based on the exposure of equity price at the end of reporting period. If equity prices of financial assets at FVTPL had been 5% higher/lower, profit or loss for the year ended December 31, 2018 would increase/decrease by \$15,328 thousand. If equity prices of financial assets at FVTOCI had been 5% higher/lower, other comprehensive income (loss) for the year ended December 31, 2018 would increase/decrease by \$1,606,321 thousand.

If equity price of available-for-sale financial assets had been 5% higher/lower, other comprehensive income (loss) for the year ended December 31, 2017 would increase/decrease by \$1,423,634 thousand.

2) Credit risk

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

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

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

The Group continuously assesses the operations and financial positions of customers and monitors the collectability of accounts receivable. The Group also required credit enhancements by bank guarantees or collateral for certain customers or in certain geographical locations.

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

3) Liquidity risk

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

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

December 31, 2018

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 1,766,327	\$ 14,583,921	\$ 1,925,461	\$ 44,177	\$ 21,504
Variable interest rate liabilities	13,576,888	11,553,847	3,755,077	25,393,791	724,696
Fixed interest rate liabilities	<u>2,100,000</u>	<u>5,310,000</u>	<u>204,000</u>	<u>22,850,000</u>	<u>27,169,477</u>
	<u>\$ 17,443,215</u>	<u>\$ 31,447,768</u>	<u>\$ 5,884,538</u>	<u>\$ 48,287,968</u>	<u>\$ 27,915,677</u>

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>

31. TRANSACTIONS WITH RELATED PARTIES

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

a. Name of the related parties and relationship

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

b. Operating transactions

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

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

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

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

	December 31	
	2018	2017
The Group acts as key management personnel	\$ 164,614	\$ 127,997
Same key management personnel	13,949	4,023
Associates	10,720	11,370
Management personnel in substance	5,833	2,413
Others	<u>4</u>	<u>10</u>
	<u>\$ 195,120</u>	<u>\$ 145,813</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. Other receivables from related parties (included in other current assets)

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

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

- d. Acquisitions of property, plant and equipment

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

- e. Compensation of key management personnel

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

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

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

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

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

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

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

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

Name	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
The Corporation	\$ 22,120	\$ 45,990
Ho-Ping Power Company	1,148,000	1,148,000
Taiwan Prosperity Chemical Corporation	249,490	94,000
TCCI (Group)	248,924	362,561
Taiwan Transport & Storage Corporation	28,150	28,150

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

Company Name	Ta-Ho Onyx RSEA Environment Co., Ltd.
Factual Background	In respect of the termination of the “Build-Own-Operate Agreement for Waste Incineration Plant” (the “BOO Agreement”) entered into by and between Ta-Ho Onyx RSEA Environment Co., Ltd. and the Yunlin County Government, the arbitration award decided that Yunlin County Government shall pay Ta-Ho Onyx RSEA Environment Co., Ltd. \$1.5 billion before November 30, 2008 as a Phase I payment and the remainder as a Phase II payment in the aggregate amount of about \$1.44 billion (including \$1,387,000 thousand, US\$1,706 thousand and JPY307 thousand) before June 30, 2009, and Ta-Ho Onyx RSEA Environment Co., Ltd. shall transfer the assets under the BOO Agreement to the Yunlin County Government at the same time.
Amount in Dispute (NT\$)	About \$2.94 billion
Commencement Date of Litigation	The arbitration award was rendered on October 1, 2008.
Parties	Ta-Ho Onyx RSEA Environment Co., Ltd. and the Yunlin County Government
Status	Ta-Ho Onyx RSEA Environment Co., Ltd. has applied for compulsory enforcement for the payment awarded by the arbitration and, thus far, has received the principal together with the interest in the amount of about \$3,540,000 thousand (tax included). As for the dispute over the interest of about \$270,000 thousand between Ta-Ho Onyx RSEA Environment Co., Ltd and Yunlin County Government, it is now in the process of the re-appeal procedure. If the court eventually rules in favor of Ta-Ho Onyx RSEA Environment Co., Ltd, it may continue the compulsory enforcement.

e. Ho-Ping Power Company

Company Name	Ho-Ping Power Company
Factual Background	The Fair Trade Commission fined Ho-Ping Power Company \$1.35 billion for an alleged violation of Article 14 of the Fair Trade Act.
Amount in Dispute (NT\$)	\$1.35 billion
Commencement Date of Litigation	March 2013
Parties	Ho-Ping Power Company and the Fair Trade Commission
Status	<p>The Fair Trade Commission made a second administrative disposition on November 2013, which reduced the amount of the fine imposed on Ho-Ping Power Company to \$1,320,000 thousand.</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.” On the appeal part of the participant Taiwan Power Company, the Supreme Administrative Court made the ruling of "Appeal Rejection" on September 6, 2018 (Ref. No. 107 Nian-Du-Cai-Zi-Di 1380). In the case of another appellant (the Fair Trade Commission), the Supreme Administrative Court overruled the original judgment by rendering the judgment (Ref. No. 107 Nian-Du-Pan-Zi 550) on the same day, and remanded the case to the Taipei High Administrative Court for retrial. The case is currently under review by the Taipei High Administrative Court (Ref. No. 107 Nian-Du-Su-Geng-Er-Zi 116).</p> <p>In accordance with the accounting conservatism principle, Ho-Ping Power Company recognized relevant losses in 2012 and paid a fine of \$1,188,000 thousand as of December 31, 2018. The outstanding fine was recognized by Ho-Ping Power Company under (i) other payables of \$132,000 thousand as of December 31, 2018 and (ii) other payables of \$264,000 thousand and other non-current liabilities of \$132,000 thousand as of December 31, 2017.</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 \$5.2 billion plus interest, which was then expanded to \$10.76 billion, and filed another civil litigation at the Taipei District Court claiming for \$5.5 billion.
Amount in Dispute (NT\$)	About \$16 billion in total
Commencement Date of Litigation	September 2015
Parties	Ho-Ping Power Company and Taiwan Power Company
Status	<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 Taiwan Taipei District Court in February 2017, and Taiwan Power Company expanded the claim amount to \$10.76 billion. The case is now under review by the Taiwan Taipei District Court after Taiwan Power Company paid court fees in November 2017.</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 and June 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 is remote and, therefore, it 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\$6,132 thousand was paid as of the date that this report was approved.

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

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2018

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 124,083	30.715 (USD:NTD)	\$ 3,811,209
USD	17,928	6.868 (USD:RMB)	550,421
USD	20,572	7.83 (USD:HKD)	631,584
HKD	254,650	0.877 (HKD:RMB)	<u>998,483</u>
			<u>\$ 5,991,697</u>
Non-monetary items			
EUR	825,888	35.20 (EUR:NTD)	<u>\$ 29,071,244</u>

Financial liabilities

Monetary items			
USD	31,302	30.715 (USD:NTD)	\$ 961,432
USD	328,705	7.830 (USD:HKD)	10,091,720
HKD	131,678	0.877 (HKD:RMB)	<u>516,308</u>
			<u>\$ 11,569,460</u>

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 (HKD:RMB)	<u>1,025,835</u>
			<u>\$ 4,018,347</u>
			(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<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> (Concluded)

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

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the share capital (Table 4)
- 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the share capital (Table 5)
- 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the share capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the share capital (Table 6)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the share capital (Table 7)
- 9) Trading in derivative instruments (Notes 7, 20 and 30)
- 10) Intercompany relationships and significant intercompany transactions (Table 10)
- 11) Information on investees (Table 8)

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

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area.
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.
 - e) The highest balance during the year, the end of year balance, the interest rate range, and total current year interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services.

36. SEGMENT INFORMATION

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

- a. Cement segment - production, processing and sale of cement goods
- b. Chemical engineering segment - production, processing and sale of chemical raw materials
- c. Electricity segment - thermal power generation
- d. Other segments - land and marine transportation
 - production and sale of refractory materials
 - others

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

a. Segments revenue and results

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

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

b. Geographical information

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

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

	<u>For the Year Ended December 31</u>	
	2018	2017
Taiwan Power Company	<u>\$ 12,777,360</u>	<u>\$ 10,353,637</u>

37. SIGNIFICANT SUBSEQUENT EVENTS

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

TABLE 1

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note)	Aggregate Financing Limit (Note)	Note
													Item	Value			
1	Taiwan Transport & Storage Corporation	TCC Chemical Corporation	Other receivables - related parties	Yes	\$ 300,000	\$ 300,000	\$ 300,000	1.54	The need for short-term financing	\$ -	Operating capital	\$ -		\$ -	\$ 866,327	\$ 866,327	
		Ta-Ho RSEA Environment Co., Ltd.	Other receivables - related parties	Yes	10,000	-	-	-	The need for short-term financing	-	Operating capital	-		-	866,327	866,327	
2	Ta-Ho Taitung Environment Co., Ltd.	Onyx Ta-Ho Energy Recovery Co., Ltd.	Other receivables - related parties	Yes	110,000	-	-	-	The need for short-term financing	-	Operating capital	-		-	118,875	118,875	
3	Taiwan Cement Engineering Corporation	TCC Chemical Corporation	Other receivables - related parties	Yes	200,000	200,000	200,000	1.54	The need for short-term financing	-	Operating capital	-		-	291,726	291,726	
4	TCC Green Energy Corporation	TCC Kao-Cheng Green Energy Corporation	Other receivables - related parties	Yes	5,000	5,000	2,000	1.54	The need for short-term financing	-	Operating capital	-		-	591,272	591,272	
		TCC LIEN-HSIN Green Energy Corporation	Other receivables - related parties	Yes	5,000	5,000	2,000	1.54	The need for short-term financing	-	Operating capital	-		-	591,272	591,272	
5	TCC (Guigang) Cement Ltd.	TCC Huaying Cement Company Limited	Other receivables - related parties	Yes	1,373,760	1,287,343	715,190	3.48	The need for short-term financing	-	Operating capital	-		-	22,406,521	44,813,042	
		TCC Huaihua Cement Company Limited	Other receivables - related parties	Yes	954,000	893,988	422,856	3.48	The need for short-term financing	-	Operating capital	-		-	22,406,521	44,813,042	
		TCC Jingzhou Cement Company Limited	Other receivables - related parties	Yes	715,500	670,491	581,092	3.48	The need for short-term financing	-	Operating capital	-		-	22,406,521	44,813,042	
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	1,335,600	1,251,583	-	-	The need for short-term financing	-	Operating capital	-		-	22,406,521	44,813,042	
		TCC Anshun Cement Company Limited	Other receivables - related parties	Yes	477,000	446,994	-	-	The need for short-term financing	-	Operating capital	-		-	22,406,521	44,813,042	
		Scitus Naxi Cement Co., Ltd.	Other receivables - related parties	Yes	477,000	446,994	-	-	The need for short-term financing	-	Operating capital	-		-	22,406,521	44,813,042	
		TCC Yingde Cement Co., Ltd.	Other receivables - related parties	Yes	477,000	446,994	-	-	The need for short-term financing	-	Operating capital	-		-	22,406,521	44,813,042	
		Scitus Luzhou Concrete Co., Ltd.	Other receivables - related parties	Yes	95,400	89,399	-	-	The need for short-term financing	-	Operating capital	-		-	22,406,521	44,813,042	
		Guizhou Kong On Cement Company Limited	Other receivables - related parties	Yes	310,050	290,546	-	-	The need for short-term financing	-	Operating capital	-		-	22,406,521	44,813,042	
6	Yingde Dragon Mountain Cement Co., Ltd.	TCC Yingde Cement Co., Ltd.	Other receivables - related parties	Yes	954,000	893,988	-	-	The need for short-term financing	-	Operating capital	-		-	13,222,157	26,444,314	
		TCC Liaoning Cement Company Limited	Other receivables - related parties	Yes	1,087,560	1,019,146	1,019,146	3.05	The need for short-term financing	-	Operating capital	-		-	13,222,157	26,444,314	
7	TCC Yingde Cement Co., Ltd.	TCC Guangan Cement Co., Ltd.	Other receivables - related parties	Yes	954,000	893,988	-	-	The need for short-term financing	-	Operating capital	-		-	21,247,365	42,494,730	
		TCC Huaihua Cement Company Limited	Other receivables - related parties	Yes	954,000	893,988	748,715	3.48	The need for short-term financing	-	Operating capital	-		-	21,247,365	42,494,730	
		Scitus Naxi Cement Co., Ltd.	Other receivables - related parties	Yes	238,500	223,497	67,049	3.48	The need for short-term financing	-	Operating capital	-		-	21,247,365	42,494,730	
		TCC Shaoguan Cement Co., Ltd.	Other receivables - related parties	Yes	353,411	331,179	331,179	3.68	The need for short-term financing	-	Operating capital	-		-	21,247,365	42,494,730	
		TCC Jingzhou Cement Company Limited	Other receivables - related parties	Yes	238,500	223,497	-	-	The need for short-term financing	-	Operating capital	-		-	21,247,365	42,494,730	
		TCC Anshun Cement Company Limited	Other receivables - related parties	Yes	954,000	893,988	-	-	The need for short-term financing	-	Operating capital	-		-	21,247,365	42,494,730	

(Continued)

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

(Continued)

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

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

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

- 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, 2018
(In Thousands of New Taiwan Dollars)

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

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

- 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., 300% of its net equity as stated in its latest financial statements.

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

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

- 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 90% 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, 2018

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taiwan Cement Corporation	<u>Ordinary shares</u>							
	Chien Kuo Construction Co., Ltd.	-	FVTPL - current	9,403	\$ 91,583	-	\$ 91,583	
	Taiwan Television Enterprise, Ltd.	The Corporation serves as supervisor	FVTPL - current	13,573	85,780	-	85,780	
	Chinatrust Financial Holding Co., Ltd.	-	FVTPL - current	3,576	72,227	-	72,227	
	China Hi-Ment Corporation	The Corporation serves as director	FVTOCI - current	30,196	1,512,828	-	1,512,828	
	Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	61,149	797,993	-	797,993	
	CTCI Corporation	-	FVTOCI - current	9,054	402,013	-	402,013	
	Chia Hsin Cement Corporation	Directors	FVTOCI - current	27,419	372,904	-	372,904	
	O-Bank	The Corporation serves as director	FVTOCI - current	29,719	237,752	-	237,752	
	IBT II Venture Capital Corporation	-	FVTOCI - non-current	2,626	19,093	8.3	19,093	
	Rong Gong Enterprise Co.	The Corporation serves as supervisor	FVTOCI - non-current	3,390	12,306	4.0	12,306	
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	29,553	972,871	9.4	972,871	
	Pan Asia Corporation	The Corporation serves as supervisor	FVTOCI - non-current	6,204	8,996	5.4	8,996	
	Taiwan Stock Exchange Corporation	The Corporation serves as director	FVTOCI - non-current	45,983	3,371,909	6.6	3,371,909	
	Excel Corporation	-	FVTOCI - non-current	600	-	9.5	-	
		<u>Preference shares</u>						
	O-Bank	The Corporation serves as director	FVTOCI - current	2,956	29,559	-	29,559	
Taiwan Transport & Storage Corporation	<u>Ordinary shares</u>							
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	8,632	117,389	-	117,389	
TCC Investment Corporation	<u>Ordinary shares</u>							
	O-Bank	The Corporation serves as director	FVTOCI - current	21,934	174,471	-	174,471	21,000 thousand shares were pledged
	Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	11,697	152,650	-	152,650	
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	8,334	113,341	-	113,341	7,000 thousand shares were pledged
	China Conch Venture Holdings Limited	-	FVTOCI - non-current	28,000	2,558,060	-	2,558,060	
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	10,884	358,297	3.5	358,297	
	Pan Asia Corporation	The Corporation serves as supervisor	FVTOCI - non-current	1	14	-	14	
TCC Investment Corporation	<u>Preference shares</u>							
	O-Bank	The Corporation serves as director	FVTOCI - current	2,182	21,816	-	21,816	
Ta-Ho Maritime Corporation	<u>Ordinary shares</u>							
	Prosperity Dielectrics Co., Ltd.	-	FVTPL - current	951	56,977	-	56,977	
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	25,761	350,353	-	350,353	
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	6,612	217,656	2.1	217,656	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taiwan Cement Engineering Corporation	<u>Beneficiary certificates</u> Capital Money Market Fund	-	FVTPL - current	2,930	\$ 47,203	-	\$ 47,203	
TCC Chemical Corporation	<u>Ordinary shares</u> Taiwan Stock Exchange Corporation	The Corporation serves as director	FVTOCI - non-current	2,626	192,538	-	192,538	
TCC Information Systems Corporation	<u>Beneficiary certificates</u> Yuanta De- Bao Money Market Fund	-	FVTPL - current	2,575	30,897	-	30,897	
	Fuh Hwa You Li Money Market	-	FVTPL - current	2,288	30,897	-	30,897	
Taiwan Prosperity Chemical Corporation	<u>Ordinary shares</u> Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	76,863	1,003,067	-	1,003,067	
Hoping Industrial Port Corporation	<u>Shares</u> Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	10,444	343,807	3.3	343,807	
E.G.C. Cement Corporation	<u>Beneficiary certificates</u> Nomura Global Short Duration Bond Fund	-	FVTPL - current	2,367	24,095	-	24,095	
	Nomura Taiwan Money Market	-	FVTPL - current	2,467	40,201	-	40,201	
	UPAMC James Bond Money Market Fund	-	FVTPL - current	1,205	20,107	-	20,107	
	Tai Shin 1699 Money Market Fund	-	FVTPL - current	742	10,026	-	10,026	
	<u>Shares</u> Der Pao Construction Co., Ltd.	-	FVTPL - current	30	-	0.1	-	
Union Cement Traders Inc.	<u>Shares</u> Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	27,012	352,506	-	352,506	
	CTCI Corporation	-	FVTOCI - current	13,365	593,420	-	593,420	
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	7,441	101,197	-	101,197	
	Videoland Inc.	-	FVTOCI - non-current	6,437	368,223	5.6	368,223	
TCCI (Group)	<u>Beneficiary certificates</u> Mega Diamond Money Market Fund	-	FVTPL - current	3,130	39,955	-	39,955	
	<u>Shares</u> Anhui Conch Cement Co., Ltd.	-	FVTOCI - non-current	116,568	17,368,399	-	17,368,399	
	Yargoan Co., Ltd.	-	FVTOCI - non-current	19	-	12.5	-	

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

Note 2: See Tables 8 and 9 for the information of investments in subsidiaries, associates and joint ventures.

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE SHARE CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Other Adjustment (Note 1)	Ending Balance	
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Carrying Amount	Gain/Loss on Disposal (Note 4)		Shares/Units (In Thousands)	Amount
Taiwan Cement Corporation	Shares E-ONE Moli Energy Corporation	Investments accounted for using the equity method (Note 3)	-	Associates	983	\$ 1,670	47,535	\$ 475,352	391 (Note 2)	\$ -	\$ -	\$ -	\$ 46,175	48,127	\$ 523,197
	Taiwan Prosperity Chemical Corporation	Investments accounted for using the equity method	-	Subsidiaries	145,988	1,608,901	-	-	29,197	787,369	321,659	465,710	126,067	116,791	1,413,309
	TCC Green Energy Corporation	Investments accounted for using the equity method	-	Subsidiaries	10,000	179,619	140,899	1,400,000	-	-	-	-	(50,286)	150,899	1,529,333
	International CSRC Investment Holdings Co., Ltd.	Investments accounted for using the equity method (Note 3)	-	Associates	55,180	2,419,650	80,640	2,854,637	-	-	-	-	(234,001)	135,820	5,040,286
	TCCI	Investments accounted for using the equity method	-	Subsidiaries	600,876	60,108,134	500,000	15,430,125	-	-	-	-	10,329,268	1,100,876	85,867,527
	TCCIH	Investments accounted for using the equity method	-	Subsidiaries	1,319,841	19,054,259	1,261,991	21,576,350	-	-	-	-	3,536,583	2,581,832	44,167,192
	CCC USA Corp.	Investments accounted for using the equity method	-	Associates	39	694,072	40	802,438	-	-	-	-	128,934	79	1,625,444
	Taiwan Cement Dutch	Investments accounted for using the equity method	-	Subsidiaries	-	-	831	29,470,972	-	-	-	-	509	831	29,471,481

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

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

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

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Taiwan Cement Corporation	Ready mixed concrete plant and its land in Hsinchu	2018.12.14	\$ 541,621	By negotiation and paid in progress	Land:Individual Plant construction: Jia-Yu Industrial Corporation Limited, Liang-Bang Construction Material Corporation	Neither of related-party	-	-	-	\$ -	Negotiate according to the appraised result made by Visionary Real Estate Appraiser Office	Expand operating position	None

TABLE 6

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE SHARE CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note)	
Taiwan Cement Corporation	Chia Hsin Cement Corporation	Director of the Corporation	Sales	\$ (429,044)	(3)	65 days after the day delivery was made	\$ -	-	\$ 112,833	24	
	HKCCL	Subsidiary	Sales	(157,211)	(1)	65 days after the day shipment was made	-	-	21,744	5	(Note 2)
	Feng Shang Enterprise Company Limited	Subsidiary	Sales	(353,749)	(2)	30 days	-	-	96,635	20	(Note 2)
	TCCIH	Subsidiary	Purchases	296,517	2	30 days	-	-	(22,564)	(3)	(Note 2)
	Taiwan Transport & Storage Corporation	Subsidiary	Service revenue	(505,401)	(3)	By contract	-	-	41,849	9	(Note 2)
	China Hi-Ment Corporation	The Corporation serves as director	Purchases	525,587	3	30 days	-	-	(106,040)	(12)	(Note 2)
	Hoping Industrial Port Corporation	Subsidiary	Purchases	523,764	3	60 days	-	-	(164,614)	(19)	
	Ta-Ho Maritime Corporation	Subsidiary	Sales	(137,273)	(1)	60 days	-	-	32,481	7	
	Kuan-Ho Refractories Industry Corporation	Subsidiary	Purchases	447,052	3	20 days	-	-	(8,299)	(1)	(Note 2)
	E.G.C. Cement Corporation	Subsidiary	Purchases	1,042,947	7	30 days	-	-	(372,490)	(42)	(Note 2)
	Jin Chang Minerals Corporation	Subsidiary	Purchases	231,370	1	By contract	-	-	(111,417)	(13)	(Note 2)
	Ho Sheng Mining Co., Ltd.	Subsidiary	Sales	(401,471)	(2)	50 days after the day delivery was made	-	-	106,653	23	(Note 2)
	Jin Chang Minerals Corporation	Subsidiary	Purchases	589,037	4	30 days	-	-	(147,517)	(17)	(Note 2)
Ho Sheng Mining Co., Ltd.	Subsidiary	Purchases	407,375	3	30 days	-	-	(32,292)	(4)	(Note 2)	
Jin Chang Minerals Corporation	Taiwan Cement Corporation	Parent company	Sales	(589,037)	(100)	30 days	-	-	147,517	100	(Note 2)
Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	Parent company	Sales	(407,375)	(87)	30 days	-	-	32,292	72	(Note 2)
Kuan-Ho Refractories Industry Corporation	Taiwan Cement Corporation	Parent company	Sales	(231,370)	(17)	By contract	-	-	111,417	89	(Note 2)
E.G.C. Cement Corporation	Taiwan Cement Corporation	Parent company	Purchases	401,471	100	50 days after the day delivery was made	-	-	(106,653)	(99)	(Note 2)

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note)	
Ho-Ping Power Company	Hoping Industrial Port Corporation	The same parent company	Purchases	\$ 1,083,627	12	20 days	\$ -	-	\$ (56,617)	(26)	(Note 2)
	HPC Power Service Corporation	The same parent company	Purchases	417,256	5	By contract	-	-	(112,126)	(52)	(Note 2)
Hoping Industrial Port Corporation	Ho-Ping Power Company	The same parent company	Sales	(1,083,627)	(70)	20 days	-	-	56,617	63	(Note 2)
	Taiwan Cement Corporation	Parent company	Sales	(447,052)	(29)	20 days	-	-	8,299	9	(Note 2)
	Taiwan Transport & Storage Corporation	The same parent company	Purchases	190,256	79	30 days	-	-	(16,333)	(84)	(Note 2)
Feng Shang Enterprise Company Limited	Taiwan Cement Corporation	Parent company	Sales	(296,517)	(13)	30 days	-	-	22,564	100	(Note 2)
			Purchases	353,749	16	30 days	-	-	(96,635)	(100)	(Note 2)
Taiwan Transport & Storage Corporation	Taiwan Cement Corporation	Parent company	Sales	(525,587)	(42)	30 days	-	-	106,040	62	(Note 2)
	Taiwan Prosperity Chemical Corporation	The same parent company	Sales	(199,170)	(16)	By contract	-	-	32,623	19	(Note 2)
	Hoping Industrial Port Corporation	The same parent company	Sales	(190,256)	(15)	30 days	-	-	16,333	10	(Note 2)
	International CSRC Investment Holdings Co., Ltd.	The same chairman	Sales	(85,651)	(7)	30 days	-	-	-	-	
							-	-			
Taiwan Prosperity Chemical Corporation	Taiwan Transport & Storage Corporation	The same parent company	Purchases	199,170	1	By contract	-	-	(32,623)	(29)	(Note 2)
HPC Power Service Corporation	Ho-Ping Power Company	The same parent company	Sales	(417,256)	(100)	By contract	-	-	112,126	100	(Note 2)
Ta-Ho Maritime Corporation	Taiwan Cement Corporation	Parent company	Freight revenue	(1,042,947)	(35)	30 days	-	-	372,490	100	(Note 2)
	THC International S.A	Subsidiary	Rental expense	228,345	9	By negotiation	-	-	(45,842)	(57)	(Note 2)
THC International S.A	Ta-Ho Maritime Corporation	Parent company	Rental revenue	(228,345)	(100)	By negotiation	-	-	45,842	100	(Note 2)
HKCCL	Quon Hing Concrete. Ltd.	Associates	Sales	(199,579)	(37)	By negotiation	-	-	34,651	43	(Note 2)
	Taiwan Cement Corporation	Parent company	Purchases	157,211	37	65 days after the day shipment was made	-	-	(21,744)	(59)	(Note 2)
TCC (Guigang) Cement Ltd.	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	305,348	4	By negotiation	-	-	(51,517)	(17)	(Note 2)
	Da Tong (Guigang) International Logistics Co., Ltd.	The same ultimate parent company	Purchases	353,012	4	By negotiation	-	-	(86,978)	(29)	(Note 2)
TCC Yingde Cement Co., Ltd.	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	252,008	3	By negotiation	-	-	(57,548)	(19)	(Note 2)

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note)	
Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Guigang) Cement Limited	The same ultimate parent company	Freight revenue	\$ (353,012)	(94)	By negotiation	\$ -	-	\$ 86,978	100	(Note 2)
Guigang Da-Ho Shipping Co., Ltd.	TCC (Guigang) Cement Ltd.	The same ultimate parent company	Freight revenue	(305,348)	(30)	By negotiation	-	-	51,517	44	(Note 2)
	TCC Yingde Cement Co., Ltd.	The same ultimate parent company	Freight revenue	(252,008)	(25)	By negotiation	-	-	57,548	49	(Note 2)
TCCIH	Taiwan Cement Corporation	Parent company	Service expense	505,401	100	By contract	-	-	(41,849)	(100)	(Note 2)
Yingde Dragon Mountain Cement Co., Ltd.	Prosperity Conch Cement Company Limited	Associates	Purchases	128,951	3	By negotiation	-	-	(10,590)	(5)	(Note 2)

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

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

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE SHARE CAPITAL

DECEMBER 31, 2018

(In Thousands of New Taiwan Dollars)

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

Note: All intercompany transactions have been eliminated upon consolidation.

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2018	December 31, 2017	Shares/Units (In Thousands)	%	Carrying Amount			
Taiwan Cement Corporation	TCCI	British Virgin Islands	Investment holding	\$ 33,774,761	\$ 18,344,635	1,100,876	100.00	\$ 85,867,527	\$ 12,153,185	\$ 12,153,185	Note
	Ho-Ping Power Company	Taiwan	Thermal power generation	6,037,720	6,037,720	805,940	59.50	17,059,967	2,390,778	1,422,513	Note
	Hoping Industrial Port Corporation	Taiwan	Hoping Industrial Port management	3,198,500	3,198,500	319,990	100.00	5,658,439	740,169	740,147	Note
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	528,506	528,506	118,649	64.79	2,296,422	336,164	217,792	Note
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	992,173	1,284,143	116,791	40.00	1,413,309	332,064	153,298	Note
	Taiwan Transport & Storage Corporation	Taiwan	Warehousing, transportation and sale of sand and gravel	90,862	90,862	32,668	83.85	1,815,949	161,612	135,505	Note
	TCC Investment Corporation	Taiwan	Investment	190,000	190,000	63,150	100.00	3,099,705	207,697	207,697	Note
	Ho Sheng Mining Co., Ltd.	Taiwan	Mining excavation	1,414,358	1,414,358	30,100	100.00	1,069,417	55,392	55,392	Note
	CCC USA Corp.	U.S.A.	Rubber raw materials	1,284,421	481,983	79	33.33	1,625,444	310,116	103,372	
	Taiwan Cement Engineering Corporation	Taiwan	Engineering services	319,439	319,439	59,593	99.05	710,129	11,506	12,778	Note
	Kuan-Ho Construction & Development Corporation	Taiwan	Construction and lease services	-	248,963	-	-	-	-	-	Note
	ONYX Ta-Ho Environmental Services Co., Ltd.	Taiwan	Waste collection and treatment	72,000	72,000	30,176	50.00	786,226	658,855	329,427	
	Kuan-Ho Refractories Industry Corporation	Taiwan	Production and sale of refractory materials	181,050	181,050	18,105	95.29	453,906	123,697	117,870	Note
	Feng Sheng Enterprise Company Limited	Taiwan	Sale of ready-mixed concrete	250,000	250,000	27,261	45.43	348,471	36,546	16,604	Note
	TCC Chemical Corporation	Taiwan	Leasing property and energy technology services	1,510,842	1,510,842	240,000	100.00	942,433	41,272	75,555	Note
	Ta-Ho Taitung Environment Co., Ltd.	Taiwan	Waste collection and treatment	313,187	313,187	37,100	100.00	297,188	859	859	Note
	TCC Information Systems Corporation	Taiwan	Information software design	71,000	71,000	14,904	99.36	251,946	9,042	8,985	Note
	Ta-Ho RSEA Environment Co., Ltd.	Taiwan	Waste collection and treatment	666,000	666,000	66,600	66.60	200,431	(10,004)	(6,663)	Note
	HKCMCL	Hong Kong	Investment holding	72,005	72,005	38	84.65	323,022	42,622	36,081	Note
	TCC Green Energy Corporation	Taiwan	Renewable energy generation	1,446,046	46,046	150,899	100.00	1,529,333	(50,286)	(50,286)	Note
	Jin Chang Minerals Corporation	Taiwan	Afforestation and sale of limestone	18,042	18,042	1,800	100.00	220,012	90,475	90,475	Note
	HPC Power Service Corporation	Taiwan	Business consulting	1,861	1,861	6	60.00	114,457	185,738	111,443	Note
	E.G.C. Cement Corporation	Taiwan	Sale of cement	184,359	184,359	8,063	50.64	103,579	10,872	5,506	Note
	Synpac Ltd.	British Virgin Islands	Investment	70,367	70,367	2,700	25.00	6,991	311	78	
	Tung Chen Mineral Corporation	Taiwan	Afforestation and sale of limestone	1,989	1,989	20	99.45	1,352	(42)	(42)	Note
	TMC	Philippines	Mining excavation	11,880	11,880	120	72.70	-	-	-	Note
	TPMC	Philippines	Mining excavation	2,105	2,105	20	40.00	-	-	-	Note
	TCCIH	Cayman Islands	Investment holding	40,701,671	19,125,321	2,581,832	38.28	44,167,192	18,488,071	5,090,948	Note
E-ONE Moli Energy Corporation	Taiwan	Manufacture and sale of lithium battery	481,811	10,728	48,127	15.97	523,197	325,906	51,909		
International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	3,563,397	708,760	135,820	15.59	5,040,286	2,994,196	56,168		
Taiwan Cement Dutch	Netherlands	Investment holding	29,470,972	-	831	100.00	29,471,481	(2,754)	(2,754)	Note	
Taiwan Transport & Storage Corporation	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	300,507	247,229	53,438	29.18	1,034,271	336,164	98,664	Note
	E.G.C. Cement Corporation	Taiwan	Sale of cement	136,476	126,518	7,857	49.36	130,324	10,872	4,993	Note
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	87,463	97,181	8,746	12.74	16,855	(62,793)	(8,001)	
	Ho Swen Construction Material Co., Ltd.	Taiwan	Sand and gravel filtering and sale	10,200	10,200	1,020	51.00	-	(101)	(52)	Note
TCC Investment Corporation	Union Cement Traders Inc.	Taiwan	Import and export trading	219,450	219,450	21,945	100.00	938,965	85,616	85,616	Note
	Ho-Ping Power Company	Taiwan	Thermal power generation	68,911	68,911	5,067	0.50	139,894	2,390,778	11,954	Note
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	10,528	11,168	658	0.23	7,963	332,064	752	Note
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	343	343	34	0.02	664	336,164	63	Note
	E-ONE Moli Energy Corporation	Taiwan	Manufacture and sale of lithium battery	172,648	145,253	18,068	6.00	48,180	325,906	19,488	
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	387,920	260,552	19,461	2.23	716,260	2,994,196	8,048	
Ta-Ho Maritime Corporation	Ta-Ho Maritime Holdings Ltd.	Samoa	Investment	325,995	325,995	10,300	100.00	4,199,003	188,957	188,957	Note
	Shih Hsin Storage & Transportation Co., Ltd.	Taiwan	Warehousing, transportation and sale of cement	30,952	30,952	3,114	3.34	8,196	(88,106)	(2,942)	
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	7,943	8,825	794	1.16	1,534	(62,793)	(731)	Note

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2018	December 31, 2017	Shares/Units (In Thousands)	%	Carrying Amount			
Taiwan Cement Engineering Corporation	TCEC Corporation	Brunei Darussalam	Investment	\$ -	\$ 16,295	-	-	\$ -	\$ 94	\$ 94	Note
TCC Information Systems Corporation	Taicem Information (Samoa) Pte., Ltd. International CSRC Investment Holdings Co., Ltd.	Samoa Taiwan	Investment	3,042	3,042	2,128	100.00	49,070	2,388	2,388	Note
			Investment	49,882	37,968	1,819	0.21	66,949	2,994,196	752	Note
Hoping Industrial Port Corporation	Taiwan Prosperity Chemical Corporation E-ONE Moli Energy Corporation	Taiwan	Processing and sale of chemical material	104,929	104,929	6,675	2.29	80,775	332,064	7,591	Note
		Taiwan	Manufacture and sale of lithium battery	60,862	49,142	6,633	2.20	17,687	325,906	7,154	Note
E.G.C. Cement Corporation	Shih Hsin Storage & Transportation Co., Ltd.	Taiwan	Warehousing, transportation and sale of cement	110,128	110,128	11,082	11.87	29,126	(88,106)	(10,458)	
Feng Sheng Enterprise Company limited	Ho Swen Construction Material Co., Ltd.	Taiwan	Sand and gravel filtering and sale	-	1,800	-	-	-	-	-	Note
Union Cement Traders Inc.	Shih Hsin Storage & Transportation Co., Ltd. Taiwan Transport & Storage Corporation	Taiwan	Warehousing, transportation and sale of cement	34,203	34,203	3,442	3.69	9,047	(88,106)	(3,249)	Note
		Taiwan	Warehousing, transportation and sale of sand and gravel	2,612	2,612	261	0.67	14,523	161,612	1,084	Note
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	2,552	2,835	255	0.37	492	(62,793)	(233)	
	E-ONE Moli Energy Corporation International CSRC Investment Holdings Co., Ltd.	Taiwan Taiwan	Manufacture and sale of lithium battery Investment	161,605 281,806	132,049 215,360	17,412 10,145	5.78 1.16	46,431 373,381	325,906 2,994,196	18,780 4,195	
Ho-Ping Power Company	Ho-Ping Renewable Energy Company	Taiwan	Renewable energy generation	1,000	-	100	100.00	1,000	-	-	Note
TCC Green Energy Corporation	TCC Chia-Chien Green Energy Corporation	Taiwan	Renewable energy generation	202,000	-	20,200	100.00	174,017	(28,183)	(28,183)	Note
	TCC Yun-Kai Green Energy Corporation	Taiwan	Renewable energy generation	25,000	-	2,500	100.00	22,912	(2,118)	(2,118)	Note
	TCC Lien-Shen Green Energy Corporation	Taiwan	Renewable energy generation	12,000	-	1,200	100.00	11,402	(2,633)	(2,633)	Note
	TCC Chang-Ho Green Energy Corporation	Taiwan	Renewable energy generation	5,000	-	500	100.00	2,983	(2,512)	(2,512)	Note
	TCC Kao Cheng Green Energy Corporation	Taiwan	Renewable energy generation	12,000	-	1,200	100.00	11,981	(2,054)	(2,054)	Note
	TCC Nan chung Green Energy Corporation	Taiwan	Renewable energy generation	20,000	-	2,000	100.00	17,983	(2,047)	(2,047)	Note
	Chang-Wang Wind Power Co., Ltd.	Taiwan	Renewable energy generation	120,000	-	12,000	100.00	150,011	(330)	(330)	Note
Ta-Ho Maritime Holdings Ltd.	THC International S.A.	Panama	Marine transportation	61,737	59,818	2	100.00	2,638,664	98,316	98,316	Note
	Sheng Ho Maritime S.A.	Panama	Marine transportation	61,737	59,818	2	100.00	465,117	(8,743)	(8,743)	Note
	Ta-Ho Maritime (Hong Kong) Limited	Hong Kong	Marine transportation	156,647	151,776	5,100	100.00	653,369	94,366	94,366	Note
	Chi Ho Maritime S.A.	Panama	Marine transportation	199,955	193,738	7	100.00	356,448	4,372	4,372	Note
	Ta-Ho Maritime (Singapore) Pte. Ltd.	Singapore	Marine transportation	3,072	2,976	100	100.00	74,177	543	543	Note
TCC International Ltd. (Group)	Quon Hing Concrete Co., Ltd.	Hong Kong	Investment holding	174,449	169,377	100	50.00	283,508	135,756	67,878	
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	148,554	148,554	14,855	19.48	25,765	(62,793)	(12,231)	
	Hong Kong Concrete Co., Ltd.	Hong Kong	Cement processing services	26,749	25,971	129	31.50	217,105	34,823	10,969	
Taiwan Cement Dutch	Dutch OYAK TCC Holdings B.V.	Netherlands	Holding company	29,152,614	-	100	40.00	29,071,244	(167,984)	(67,194)	

Note: All intercompany transactions have been eliminated upon consolidation.

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

A.

Investee Company	Main Businesses and Products	Share Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2018 (Note 2)	Investment Flow (Note 2)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2018 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2018	Note
					Outflow	Inflow							
Anhui King Bridge Cement Co., Ltd.	Manufacturing and sale of cement	\$ 460,725	(a)	\$ 156,647	\$ -	\$ -	\$ 156,647	\$ (4,020)	60.00	\$ (2,412)	\$ 228,180	\$ -	Note 7
TCC Fuzhou Cement Co., Ltd.	Manufacturing and sale of cement	499,119	(a)	282,002	-	-	282,002	30,746	100.00	30,746	912,786	-	Note 7
TCC Fuzhou Yangyu Port Co., Ltd.	Service of port facility	153,575	(a)	86,770	-	-	86,770	(521)	100.00	(521)	286,187	-	Note 7
TCC Liuzhou Construction Materials Co., Ltd.	Manufacturing and sale of slag powder	414,653	(a)	99,517	-	-	99,517	181,963	42.00	76,425	441,397	-	Note 7
TCC Yingde Cement Co., Ltd.	Manufacturing and sale of cement	7,813,896	(a)	4,882,487	-	-	4,882,487	3,670,277	100.00	3,670,277	21,247,365	-	Note 7
Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	7,156,595	(a)	4,177,086	-	-	4,177,086	1,800,138	100.00	1,800,138	12,552,681	-	Note 7
TCC (Guigang) Cement Ltd.	Manufacturing and sale of cement	10,224,283	(a)	7,313,238	-	-	7,313,238	4,384,063	100.00	4,384,063	22,406,521	-	Note 7
Jiangsu TCC Investment Co., Ltd.	Investment	1,535,750	(a)	867,699	-	-	867,699	403,596	100.00	403,596	2,814,873	-	Note 7
Yingde Dragon Mountain Cement Co., Ltd.	Manufacturing and sale of cement	1,914,508	(a)	3,336,666	-	-	3,336,666	2,463,483	100.00	2,463,483	13,222,157	-	Note 7
TCC Liaoning Cement Company Limited	Manufacturing and sale of cement	1,659,112	(a)	1,369,321	-	-	1,369,321	(92,686)	100.00	(92,686)	1,682,160	-	Note 7
TCC Anshun Cement Company Limited	Manufacturing and sale of cement	4,714,445	(a)	3,434,735	-	-	3,434,735	1,192,321	100.00	1,192,321	7,530,274	-	Note 7
TCC Chongqing Cement Company Limited	Manufacturing and sale of cement	3,624,370	(a)	2,620,645	-	-	2,620,645	1,662,989	100.00	1,662,989	6,857,651	-	Note 7
TCC Guangan Cement Company Limited	Manufacturing and sale of cement	2,364,748	(a)	1,716,826	-	-	1,716,826	946,719	100.00	946,719	3,946,039	-	Note 7
TCC (Dong Guan) Cement Company Limited	Manufacturing and sale of cement	614,300	(a)	347,080	-	-	347,080	17,273	100.00	17,273	323,485	-	Note 7
Guizhou Kong On Cement Company Limited	Manufacturing and sale of cement	623,515	(a)	281,048	-	-	281,048	169,450	65.00	110,143	536,821	-	Note 7
TCC New (Hangzhou) Management Company Limited.	Operation management	245,720	(a)	138,832	-	-	138,832	26,980	100.00	26,980	201,016	-	Note 7
Guizhou Kaili Rui An Jian Cai Co., Ltd.	Manufacturing and sale of cement	1,742,562	(a)	1,098,811	-	-	1,098,811	853,585	100.00	853,585	3,747,453	-	Note 7
TCC Shaoguan Cement Co., Ltd.	Manufacturing and sale of cement	1,228,600	(a)	1,094,990	-	-	1,094,990	(19,337)	100.00	(19,337)	1,159,388	-	Note 7
TCC Huaying Cement Company Limited	Manufacturing and sale of cement	4,247,863	(a)	3,139,325	-	-	3,139,325	907,332	100.00	907,332	3,082,623	-	Note 7
TCC Huaihua Cement Company Limited (Note 4)	Manufacturing and sale of cement	415,896	(a)	5,746,822	-	-	5,746,822	738,143	100.00	738,143	2,697,458	-	Note 7
TCC Jingzhou Cement Company Limited (Note 4)	Manufacturing and sale of cement	44,720	(a)	-	-	-	-	232,419	100.00	232,419	1,334,332	-	Note 7
TCC Huaihua Concrete Company Limited (Note 4)	Sale of ready-mixed concrete	44,720	(a)	-	-	-	-	(17,232)	100.00	(17,232)	51,809	-	Note 7
TCC Jiangsu Mining Industrial Company Limited	Mining excavation	122,860	(a)	384,149	-	-	384,149	(20,188)	100.00	(20,188)	273,293	-	Note 7
TCC Yingde Mining Industrial Company Limited	Mining excavation	353,223	(a)	277,899	-	-	277,899	21,677	100.00	21,677	454,947	-	Note 7
TCC Guigang Mining Industrial Company Limited	Mining excavation	153,575	(a)	132,647	-	-	132,647	10,472	100.00	10,472	380,383	-	Note 7
Scitus Naxi Cement Co., Ltd. (Note 5)	Manufacturing and sale of cement	655,193	(a)	-	-	-	-	194,076	100.00	194,076	324,632	-	Note 7
Scitus Luzhou Cement Co., Ltd. (Note 5)	Manufacturing and sale of cement	1,766,440	(a)	-	-	-	-	520,933	100.00	520,933	2,508,011	-	Note 7
Scitus Hejiang Cement Co., Ltd. (Note 5)	Manufacturing and sale of cement	103,974	(a)	-	-	-	-	(8,205)	100.00	(8,205)	4,279	-	Note 7
Scitus Luzhou Concrete Co., Ltd. (Note 5)	Sale of ready-mixed concrete	111,800	(a)	-	-	-	-	9,187	100.00	9,187	146,173	-	Note 7
TCEC (Yingde) Machine Co., Ltd. (Note 6)	Production and sale of cement machinery and assembly work	16,295	(b)	16,295	-	-	16,295	60,113	100.00	60,113	154,805	-	Note 7
Anshun Xin Tai Construction Materials Company Limited	Filtering of sand and gravel and sale of ready-mixed concrete	67,080	(a)	93,437	-	-	93,437	2,377	100.00	2,377	66,675	-	Note 7
Fuzhou TCC Information Technology Co., Ltd. (Note 6)	Software product and equipment maintenance	3,072	(a)	3,072	-	-	3,072	2,210	100.00	2,210	42,323	-	Note 7
Da Tong (Guigang) International Logistics Co., Ltd (Note 6)	Logistics and transportation	153,575	(a)	153,575	-	-	153,575	95,455	100.00	95,455	636,691	-	Note 7

(Continued)

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

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

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

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

Note 2: Including outward remittance from offshore subsidiaries.

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

Note 4: As of December 31, 2018, the accumulated outward remittance for investments was a total of those from TCC Huaihua Cement Company Limited, TCC Jingzhou Cement Company Limited and TCC Huaihua Concrete Company Limited.

Note 5: As of December 31, 2018, accumulated outward remittance for investments was a total of \$2,950,506 thousand from 10 companies, including Zunyi Scitus Cement Co., Ltd., Scitus Bijie Cement Co., Ltd., Scitus Naxi Cement Co., Ltd., Scitus Luzhou Cement Co., Ltd., Scitus Xishui Cement Co., Ltd., Scitus Hejiang Cement Co., Ltd., Guizhou Zunyi Ken On Concrete Co., Ltd., Scitus Bijie Concrete Co., Ltd., Scitus Luzhou Concrete Co., Ltd. and Scitus Cement (Guizhou) Operating Company Limited. Except Scitus Naxi Cement Co., Ltd., Scitus Luzhou Cement Co., Ltd., Scitus Hejiang Cement Co., Ltd. and Scitus Luzhou Concrete Co., Ltd., the other companies were disposed of in March 2013. The investment amounts authorized to be withdrawn are currently being processed by the Investment Commission, MOEA.

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

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

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

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

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transactions Details			% of Total Sales or Assets
				Financial Statement Account	Amount	Payment Terms	
0	Taiwan Cement Corporation	E.G.C. Cement Corporation	1	Operating revenue	\$ 401,471	50 days after the day delivery was made	0.3
				Accounts receivable from related parties	106,653	50 days after the day delivery was made	-
		HKCCL	1	Operating revenue	157,211	65 days after the day delivery was made	0.1
		Feng Sheng Enterprise Company Limited	1	Operating revenue	353,749	30 days	0.3
				Operating costs and expenses	296,517	30 days	0.2
		Ta-Ho Maritime Corporation	1	Operating costs and expenses	1,042,947	30 days	0.8
				Payables to related parties	372,490	30 days	0.1
		Taiwan Transport & Storage Corporation	1	Operating costs and expenses	525,587	30 days	0.4
				Payables to related parties	106,040	30 days	-
		Hoping Industrial Port Corporation	1	Operating costs and expenses	447,052	20 days	0.4
		Kuan-Ho Refractories Industry Corporation	1	Operating costs and expenses	231,370	By contract	0.2
				Payables to related parties	111,417	By contract	-
		TCCIH	1	Operating revenue	505,401	By contract	0.4
Jin Chang Minerals Corporation	1	Operating costs and expenses	589,037	30 days	0.5		
		Payables to related parties	147,517	30 days	-		
		Ho Sheng Mining Co., Ltd.	1	Operating costs and expenses	407,375	30 days	0.3
1	Ho-Ping Power Company	Hoping Industrial Port Corporation	3	Operating costs and expenses	1,083,627	20 days	0.9
		HPC Power Service Corporation	3	Operating costs and expenses	417,256	By contract	0.3
				Payables to related parties	112,126	By contract	-
2	THC International S.A.	Ta-Ho Maritime Corporation	3	Rent revenue	228,345	By negotiation	0.2
3	TCC Chemical Corporation	Taiwan Prosperity Chemical Corporation	3	Finance lease receivables	151,920	By contract	-
				Long-term finance lease receivables	1,245,982	By contract	0.4
4	Taiwan Transport & Storage Corporation	Taiwan Prosperity Chemical Corporation	3	Operating revenue	199,170	By contract	0.2
		Hoping Industrial Port Corporation	3	Operating revenue	190,256	30 days	0.2
5	Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Guigang) Cement Limited	3	Operating revenue	353,012	By negotiation	0.3
6	Guigang Da-Ho Shipping Co., Ltd.	TCC (Guigang) Cement Limited	3	Operating revenue	305,348	By negotiation	0.2
		TCC Yingde Cement Co., Ltd.	3	Operating revenue	252,008	By negotiation	0.2

(Continued)

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

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

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

(Concluded)

TAIWAN CEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

- 1) IFRS 9 “Financial Instruments” and related amendments

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

Classification, measurement and impairment of financial assets

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

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

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

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

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

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

Investments in unlisted shares previously measured at cost under IAS 39 have been designated as at FVTOCI under IFRS 9 and were remeasured at fair value. Consequently, an increase of \$3,843,822 thousand was recognized in both financial assets at FVTOCI and other equity - unrealized gain (loss) on financial assets at FVTOCI on January 1, 2018.

The Corporation recognized under IAS 39 impairment loss on certain investments in equity securities previously measured at cost and the loss was accumulated in retained earnings. Since those investments were designated as at FVTOCI under IFRS 9 and no impairment assessment is required, an adjustment was made that resulted in a decrease of \$53,877 thousand in other equity - unrealized gain (loss) on financial assets at FVTOCI and an increase of \$53,877 thousand in retained earnings on January 1, 2018.

- b) Notes and account receivable and other receivables (including related party transactions) that were previously classified as loans and receivables under IAS 39 are classified as at amortized cost with an assessment of expected credit losses under IFRS 9.
- c) As a result of the retrospective application of IFRS 9 by associates, there was an increase in investments accounted for using the equity method in the amount \$1,000,163 thousand, an increase in other equity - unrealized gain (loss) on financial assets at FVTOCI in the amount of \$533,969 thousand, and an increase in retained earnings in the amount of \$466,194 thousand on January 1, 2018.

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

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

The application of IFRS 15 has no material impact on the Corporation.

- b. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed by the FSC for application starting from 2019

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

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

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

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

1) IFRS 16 “Leases”

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

Definition of a lease

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

The Corporation as lessee

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

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

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

The Corporation expects to apply the following practical expedients:

- a) The Corporation will apply a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- b) The Corporation will account for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- c) The Corporation will exclude initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- d) The Corporation will use hindsight, such as in determining lease terms, to measure lease liabilities.

The Corporation as lessor

The Corporation will not make any adjustments for leases in which it is a lessor and will account for those leases with the application of IFRS 16 starting from January 1, 2019.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Corporation as lessor.

Anticipated impact on assets and liabilities on January 1, 2019

	Carrying Amount as of December 31, 2018	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2019
Other current assets	\$ 191,053	\$ (2,077)	\$ 188,976
Right-of-use assets	<u>-</u>	<u>1,659,486</u>	<u>1,659,486</u>
Total effect on assets	<u>\$ 191,053</u>	<u>\$ 1,657,409</u>	<u>\$ 1,848,462</u>
Lease liabilities - current	\$ -	\$ 294,215	\$ 294,215
Lease liabilities - non-current	<u>-</u>	<u>1,363,194</u>	<u>1,363,194</u>
Total effect on liabilities	<u>\$ -</u>	<u>\$ 1,657,409</u>	<u>\$ 1,657,409</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. The New IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date issued by IASB (Note 1)
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 2)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

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

Note 2: The Corporation shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

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

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs on an asset or liability.

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

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents, unless an asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

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

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

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

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

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

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

e. Inventories

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

f. Investments in subsidiaries

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

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

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

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

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

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

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

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

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

g. Investments in associates

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

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

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

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

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

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

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

When the Corporation transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Corporation'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 measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

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

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

i. Investment properties

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

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

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

j. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

k. Impairment of tangible and intangible assets

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

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

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

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

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

2018

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 25.

ii. Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

2017

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

i. Financial assets at FVTPL

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 25.

ii. Available-for-sale financial assets

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

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

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

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

iii. Loans and receivables

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

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

b) Impairment of financial assets and contract assets

2018

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

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

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

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

2017

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

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

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

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

Before 2018, on derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. Starting from 2018, on derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at financial assets at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been

recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

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

b) Derecognition of financial liabilities

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

4) Convertible bonds

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

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

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

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

5) Derivative financial instruments

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

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, and in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

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

m. Revenue recognition

2018

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

1) Revenue from the sale of goods

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

2) Revenue from the rendering of services

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

2017

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

1) Sale of goods

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

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

- b) The Corporation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- c) The amount of revenue can be measured reliably;
- d) It is probable that the economic benefits associated with the transaction will flow to the Corporation; and
- e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

2) Dividend and interest income

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

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

n. Leasing

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

1) The Corporation as lessor

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

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

2) The Corporation as lessee

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

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

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

o. Borrowing costs

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

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Other long-term employee benefits

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

q. Share-based payment arrangements

The fair value at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Corporation's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees and treasury shares transferred to employees is the date on which the number of shares purchased by employees purchase is confirmed

r. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Equity-method Investments

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

6. CASH AND CASH EQUIVALENTS

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

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

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Cash in banks	0.01-2.83%	0.01%-0.08%
Time deposits with original maturities of less than 3 months	0.13-3.05%	-
Bonds with repurchase agreements	-	2%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

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

These investments in equity instruments were classified as available-for-sale and financial assets carried at cost under IAS 39. Refer to Note 3 and Note 9 for information relating to their reclassification and comparative information for 2017.

During 2018, the Corporation paid \$475,352 thousand and \$2,854,637 thousand to acquire shares of E-ONE Moli Energy Corporation and International CSRC Investment Holdings Co., Ltd., respectively. The investments increased the Corporation's percentage of ownership from 0.4% to 16.0% and 8.8% to 15.6%. With a significant impact on the investee, the original investments previously recognized as financial assets at FVTOCI were considered as disposed of and reclassified to investments accounted for by using the equity method. The amount of \$1,321,032 thousand, which was previously recognized as other equity - unrealized gain (loss) on financial assets at FVTOCI, was reclassified to retained earnings.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS - 2017

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

10. NOTES AND ACCOUNTS RECEIVABLE

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

2018

The Corporation recognizes allowance for impairment loss on account receivable on the basis of individual customers for which credit losses have actually taken place. Moreover, the Corporation separates all customers into different segments based on their risk and determines their expected credit loss rate by reference to past default experience with the counterparties and on analysis of their current financial positions. The Group recognizes an allowance for impairment loss of 100% against past due receivables which have indication of impairment.

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

The aging analysis of receivables was as follows:

	December 31, 2018
Up to 90 days	\$ 3,809,004
91-180 days	51,950
181-365 days	11,147
Over 365 days	<u>10,305</u>
	<u>\$ 3,882,406</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:

	For the Year Ended December 31, 2018
Balance at January 1, 2018 per IAS 39	\$ 41,666
Adjustment on initial application of IFRS 9	<u>-</u>
Balance at January 1, 2018 per IFRS 9	41,666
Less: Impairment losses	2,524
Less: Amounts written off	<u>(1,019)</u>
Balance at December 31, 2018	<u>\$ 43,171</u>

2017

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

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

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

The aging analysis of receivables was as follows:

	December 31, 2017
Up to 90 days	\$ 3,076,458
91-180 days	64,741
181-365 days	10,012
Over 365 days	<u>23,009</u>
	<u>\$ 3,174,220</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, 2017	\$ 10,648	\$ 32,046	\$ 42,694
(Reversal 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>

11. INVENTORIES

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

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

12. INVESTMENTS ACCOUNTED FOR BY USING THE EQUITY METHOD

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

a. Investments in subsidiaries

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

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

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

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

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

- Note 4: Tunwoo Company Limited changed its Chinese-language name to TCC Green Energy Corporation in March 2018. Its original main business was warehousing and selling cement. A resolution of its board of directors resolved to change its main business to renewable energy generation in October 2017. The Corporation increased its capital in the amount of \$1,400,000 thousand in TCC Green Energy Corporation in July 2018.
- Note 5: TCC Chemical Corporation changed its Chinese-language name in December 2017. Its original main business was processing and selling chemical materials. Its board of directors resolved to change its main business to leasing property and energy technology services in November 2017. For the propose of streamlining its investment structure, its board of directors approved to merge Kuan-Ho Construction & Development Corporation and TCC Chemical Corporation with the latter as the surviving company. The effective date of the merger was January 1, 2018.
- Note 6: Although the Corporation's percentages of ownership in Taiwan Prosperity Chemical Corporation, Feng Sheng Enterprise Company and TPMC were less than 50% for the years ended December 31, 2018 and 2017, the Corporation still has control over those entities. Thus, Taiwan Prosperity Chemical Corporation, Feng Sheng Enterprise Company and TPMC are considered as subsidiaries of the Corporation.
- Note 7: Due to investment losses incurred, the investments in TMC and TPMC had credit balances of \$20,149 thousand and \$20,691 thousand as of December 31, 2018 and 2017, respectively, which were recorded in other non-current liabilities.

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

The investments accounted for by using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2018 and 2017 were based on the subsidiaries' audited financial statements for the same years except for the financial statements of TMC and TPMC. The Corporation considered that there would be no significant adjustments if such financial statements were to be audited.

b. Investments in associates

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

c. Material associates

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

Refer to Table 8 “Information on investees” following the Notes to Financial Statements for the nature of activities, principal place of business and country of incorporation of International CSRC Investment Holdings Co., Ltd. The investment accounted for by using the equity method and the share of profit or loss and other comprehensive income of the investment for the years ended December 31, 2018 and 2017 was based on the associate’s financial statements audited by the auditors for the years then ended.

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

International CSRC Investment Holdings Co., Ltd.

	December 31, 2018
Current assets	\$ 28,454,557
Non-current assets	21,479,581
Current liabilities	(11,095,422)
Non-current liabilities	(6,583,390)
Non-controlling equity	<u>(2,664,235)</u>
Equity attributable to the parent company	<u>\$ 29,591,091</u>
Proportion of the Corporation’s ownership	15.6%
Equity attributable to the Corporation	\$ 4,611,955
Difference between cost of investment and holding equity	<u>428,331</u>
Carrying amount	<u>\$ 5,040,286</u>
	For the Year Ended December 31, 2018
Operating revenue	<u>\$ 24,431,724</u>
Net income for the year	\$ 3,252,459
Other comprehensive income	<u>522,452</u>
Total comprehensive income for the year	<u>\$ 3,774,911</u>

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

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

	Proportion of Ownership and Voting Rights	
	December 31	
	2018	2017
CCC USA Corporation	33.30%	33.30%
ONYX Ta-Ho Environmental Services Co., Ltd.	50.00%	50.00%
E-ONE Moli Energy Corporation	16.00%	0.4%
Synpac Ltd.	25.00%	25.00%
	For the Year Ended December 31	
	2018	2017
The Corporation's share of:		
Net profit for the year	\$ 484,786	\$ 272,421
Other comprehensive income (loss)	<u>25,378</u>	<u>(55,906)</u>
 Total comprehensive income for the year	 <u>\$ 510,164</u>	 <u>\$ 216,515</u>

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

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

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

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Total
<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>

(Continued)

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

(Concluded)

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

Buildings

Main buildings	50 years
Main plants	15-50 years
Storage units	35-50 years
Others	20-50 years

Machinery and equipment

8-28 years

Miscellaneous equipment

2-20 years

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

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

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

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

	<u>For the Year Ended December 31</u>	
	<u>2018</u>	<u>2017</u>
Acquisitions of property, plant and equipment	\$ 131,012	\$ 32,268
Increase in prepayments for equipment	509,429	-
Increase payables for equipment	<u>(28,386)</u>	<u>-</u>
	<u>\$ 612,055</u>	<u>\$ 32,268</u>

14. INVESTMENT PROPERTIES

	<u>December 31</u>	
	2018	2017
Land	\$ 3,342,795	\$ 3,342,795
Buildings	<u>9,882</u>	<u>10,113</u>
	<u>\$ 3,352,677</u>	<u>\$ 3,352,908</u>

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

The fair values of the investment properties were determined by independent qualified professional valuers or the Corporation's management using market prices of similar properties. As of December 31, 2018 and 2017, the fair values of investment properties were \$8,736,723 thousand.

15. BORROWINGS

a. Short-term loans

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

b. Short-term bills payable

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

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

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

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

- 1) The credit facility of Tranche A is \$21.5 billion non-revolving credit line. The Corporation has used \$13.6 billion in December 2018. Starting from March 2021, its principle shall be repaid equally in 5 semi-annual installments and shall mature in March 2023; interest shall be paid quarterly.
- 2) The credit facility of Tranche B which is the nature of long-term bills payable is \$21.5 billion and shall be fully drawn down on a revolving basis in December 2018. The period of each actual drawdown can be at least 30 but not over 180 days, and the maturity date of each drawdown period shall not exceed the credit period. The final maturity date shall be in March 2023.

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

- 1) The credit facility of Tranche A is \$8.4 billion and shall be fully drawn down on a non-revolving basis in December 2013. Starting from June 2016, its principle shall be repaid equally in 5 semi-annual installments and shall mature in June 2018; interest shall be paid quarterly. Tranche A had already been repaid.
- 2) The credit facility of Tranche B is \$5.6 billion and shall be fully drawn down on a revolving basis in December 2013. The period of each actual drawdown can be 90, 180 or another agreed-upon number of days, not surpassing 180 days, agreed to by the bank management. In each drawdown period, interest shall be paid at least every 3 months and the last day of each drawdown period shall be the maturity date when the principal plus interest for such period shall be repaid. On the applicable maturity date of each drawdown period, the repayment can be offset against a new drawdown amount; the Corporation and respective syndicated banks need not proceed with the fund flow should the amount be the same. The final maturity date shall be in June 2018. Tranche B had already been repaid.

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

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

16. BONDS PAYABLE

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

a. Domestic unsecured bonds

Domestic unsecured bonds were issued on June 21, 2018, with a period of 15 years which will mature on June 21, 2033. The bonds' total amount is \$12,000,000 thousand and has a coupon rate of 1.7%, with bullet repayment and interest paid annually.

b. Overseas unsecured convertible bonds

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

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

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

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

17. OTHER PAYABLES

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

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plan

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

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

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

Movements in net defined benefit assets were as follows:

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

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

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

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

	December 31	
	2018	2017
Discount rates		
0.25% increase	<u>\$ (13,989)</u>	<u>\$ (14,871)</u>
0.25% decrease	<u>\$ 14,440</u>	<u>\$ 15,371</u>
Expected rates of salary increase		
0.25% increase	<u>\$ 14,014</u>	<u>\$ 14,916</u>
0.25% decrease	<u>\$ (13,684)</u>	<u>\$ (14,506)</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	
	2018	2017
The expected contributions to the plan for the next year	<u>\$ 4,672</u>	<u>\$ 4,850</u>
The average duration of the defined benefit obligation	8.8 years	9.2 years

19. EQUITY

a. Ordinary shares

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

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

According to the laws of Hong Kong and the Cayman Islands, the Corporation and its subsidiary, TCCI, contemplated privatizing TCCIH by a Scheme of Arrangement under the Companies Law of the Cayman Islands. On October 18, 2017 the Corporation's board of directors resolved to issue 554,333 thousand ordinary shares to acquire part of TCCIH's shares with a par value of \$10, which increased the share capital issued and fully paid to \$42,465,090 thousand. On November 6, 2017 the above transaction was approved by the FSC.

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

The Corporation's board of directors resolved to issue ordinary shares in cash in the form of global depositary shares for the purpose of investing in overseas subsidiaries and to repay borrowings. The transaction was approved by the FSC under letter No. 10703258531 which was issued on July 25, 2018. The Corporation issued 87,500 units at US\$6.27 per share on the Luxembourg Stock Exchange, which amounted to a total of US\$548,625 thousand in total in August 2018. One global depositary share represents 5 ordinary shares, and the total global depositary shares represent 437,500 thousand ordinary shares. All outstanding global depositary shares were converted into ordinary shares as of December 31, 2018.

b. Preference shares

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

c. Capital surplus

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

(Continued)

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
<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	10,695	10,315
Dividends distributed by subsidiaries not yet received by shareholders	2,161	2,120
<u>May not be used for any purpose</u>		
Equity component of convertible bonds payable	1,308,070	-
Changes in interests in associates accounted for by using equity method	<u>61</u>	<u>520</u>
	<u>\$ 47,836,241</u>	<u>\$ 25,739,065</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.

d. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' general meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors after amendment, refer to "Employee benefits expense" in Note 20.

In addition to the capital-intensive, mature and stable production and marketing of cement and cement-related products, the Corporation aggressively pursues diversification. For the development of diversified investments or other important capital budgeting plans, the Corporation decided that the payout ratio of cash dividend is to be at least 20% of the total dividends to be distributed to ordinary shareholders; the rest will be paid in share dividends.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Corporation.

An appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Corporation's share capital. The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's share capital, the excess may be transferred to capital or distributed in cash.

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

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

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

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

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

e. Special reserve

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

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

f. Other equity items

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

	For the Year Ended December 31	
	2018	2017
Balance at January 1	\$ (790,475)	\$ (2,233,617)
Share of exchange differences of subsidiaries and associates accounted for by using the equity method	<u>(4,246,746)</u>	<u>1,443,142</u>
Balance at December 31	<u>\$ (5,037,221)</u>	<u>\$ (790,475)</u>

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

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

	For the Year Ended December 31, 2018
Balance at January 1 per IAS 39	\$ -
Adjustment on initial application of IFRS 9	<u>24,158,871</u>
Balance at January 1 per IFRS 9	<u>24,158,871</u>
Recognized during the period	
Unrealized gain - equity instruments	98,784
Share of associates accounted for by using the equity method	1,137,943
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>(1,321,032)</u>
Other comprehensive income recognized in the period	<u>(84,305)</u>
Balance at December 31	<u>\$ 24,074,566</u>

4) Cash flow hedges

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

5) Treasury shares

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

In February 2018, the Corporation's board of directors resolved to buy back 6,000 thousand treasury shares, and its execution had been done in the same month. The average buy-back price per shares was \$36.36, which will be transferred to employees, the record date of employees subscription was September 10, 2018, for the year ended December 31 of 2018. The Corporation transferred 5,930 shares to the employees at \$30.3 per share. The Corporation recognized compensation costs of \$45,448 thousand on the issuance date in 2018, recognized capital surplus-treasury share transaction of \$9,127 and reclassified share option to capital surplus- expired share option of \$380 thousand. Under the Securities Exchange Act, the Corporation shall neither pledge treasury shares nor exercise shareholder's rights on these shares, such as rights to dividends and to vote.

20. NET INCOME

a. Depreciation and amortization

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

b. Employee benefits expense

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

	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>
Share-based payment			
Equity-settled	<u>-</u>	<u>-</u>	<u>-</u>
Other employee benefits			
Salary	375,037	220,320	595,357
Labor and health insurance	36,697	17,408	54,105
Remuneration of directors	-	84,533	84,533
Others	<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>

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

c. Employees' compensation and remuneration of directors

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

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

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

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

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

d. Other income

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

e. Finance costs

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

f. Other expenses

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

21. INCOME TAX

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

	For the Year Ended December 31	
	2018	2017
Current tax		
In respect of the current year	\$ 68,309	\$ 151,407
Income tax on unappropriated earnings	-	68,556
Adjustments for prior years	<u>(1,774)</u>	<u>(1,356)</u>
	<u>66,535</u>	<u>218,607</u>
Deferred tax		
In respect of the current year	(10,048)	(7,194)
Effect of change of tax rate	22,567	-
Others	<u>-</u>	<u>(2,362)</u>
	<u>12,519</u>	<u>(9,556)</u>
Income tax expense recognized in profit or loss	<u>\$ 79,054</u>	<u>\$ 209,051</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	
	2018	2017
Income before tax (20% and 17%, respectively in 2018 and 2017)	<u>\$ 21,259,875</u>	<u>\$ 7,803,298</u>
Income tax expense at the statutory rate	\$ 4,251,975	\$ 1,326,561
Tax-exempt income	(804,285)	(617,889)
Unrecognized deductible temporary differences	(3,444,238)	(564,826)
Effect of change of tax rate	22,567	-
Adjustments for prior years	(1,774)	(1,356)
Income tax on unappropriated earnings	-	68,556
Differences on payable of basic tax	53,640	-
Others	<u>(1,969)</u>	<u>(1,995)</u>
Income tax expense recognized in profit or loss	<u>\$ 75,916</u>	<u>\$ 209,051</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%.

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

b. Income tax recognized in other comprehensive income

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

c. Current tax assets and liabilities

	December 31	
	2018	2017
Current income tax assets	<u>\$ 15,151</u>	<u>\$ -</u>
Current income tax liabilities	<u>\$ -</u>	<u>\$ 132,708</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, 2018

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

For the year ended December 31, 2017

	Opening Balance	Recognized in Profit or Loss	Recognized in Comprehen- sive 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>

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

As of December 31, 2018 and 2017, the taxable temporary differences in respect of investments in subsidiaries and associates for which no deferred income tax liabilities have been recognized were \$40,229,415 thousand and \$28,258,399 thousand, respectively.

- f. Income tax assessments

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

22. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	2018	2017
Basic earnings per share	<u>\$ 4.37</u>	<u>\$ 1.82</u>
Diluted earnings per share	<u>\$ 4.37</u>	<u>\$ 1.82</u>

The weighted average number of shares outstanding used in the earnings per share computation was adjusted retrospectively for the issuance of bonus shares on August 1, 2018. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2017 were as follows:

Unit: NT\$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	<u>\$ 2.03</u>	<u>\$ 1.82</u>
Diluted earnings per share	<u>\$ 2.03</u>	<u>\$ 1.82</u>

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

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

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

2018

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

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

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

2017

According to the laws of Hong Kong and the Cayman Islands, the Corporation and its subsidiary, TCCI, contemplated privatizing TCCIH by a Scheme of Arrangement under the Companies Law of the Cayman Islands. On October 18, 2017, the Corporation's board of directors resolved to issue 554,333 thousand ordinary shares to acquire part of TCCIH's 1,319,841 thousand shares with a par value of NT\$10, for a consideration of NT\$18,970,661 thousand, excluding issuance costs, which increased the share capital issued and fully paid to \$42,465,090 thousand. On November 6, 2017 the above transaction was approved by the FSC. TCCI acquired the residual portion of the shares of TCCIH in cash, increasing its proportionate interest from 63.1% to 75.9%.

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

24. CAPITAL MANAGEMENT

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

25. FINANCIAL INSTRUMENTS

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

December 31, 2018

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

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

1) Fair value hierarchy

December 31, 2018

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

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>

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

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

	For the Year Ended December 31, 2018
Financial assets at FVTOCI	
Equity instrument investment	
Balance at January 1, 2018	\$ 3,982,858
Additional	72,086
Recognized in other comprehensive income	367,973
Disposal	(1,333)
	<u>(6,850)</u>
Reclassification	<u>\$ 4,414,734</u>
Financial assets at FVTPL	
Derivative instrument investment	
Balance at January 1, 2018	\$ -
Additional	159,222
Recognized in loss	<u>(19,762)</u>
Balance at December 31, 2018	<u>\$ 139,460</u>

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

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

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

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

	December 31, 2018
Comprehensive discount for lack of marketability and non-controlling interests	10%

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

	December 31, 2018
Comprehensive discount for lack of marketability and non-controlling interests	
1% increase	<u>\$ (10,827)</u>
1% decrease	<u>\$ 10,827</u>

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

	December 31, 2018
Discount for lack of marketability	30%

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

	December 31, 2018
Discount for lack of marketability	
1% increase	<u>\$ (188)</u>
1% decrease	<u>\$ 188</u>

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

	December 31, 2018
Discount rate	7.9%
Dividend growth rate	1.7%
Discount for lack of marketability	10.0%

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

	December 31, 2018
Discount for lack of marketability	
1% increase	<u>\$ (37,599)</u>
1% decrease	<u>\$ 37,599</u>

c. Categories of financial instruments

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

- 1) The balances include loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable and other receivables (account for current assets).
- 2) The balances include the carrying amount of available-for-sale financial assets carried at cost.
- 3) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable and other receivables (account for current assets).
- 4) The balances include financial liabilities at amortized cost, which comprise short-term loans, short-term bills payable, accounts payable, other payables, other payables from related party (account for other current liabilities), bonds payable and long-term loans (including current portion), and long-term bills payable.

d. Financial risk management objectives and policies

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

1) Market risk

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

a) Foreign currency risk

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

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

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

b) Interest rate risk

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

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

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

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

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

c) Other price risk

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

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

2) Credit risk

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

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

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

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

3) Liquidity risk

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

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

December 31, 2018

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 1,698,464	\$ 1,654,819	\$ 744,935	\$ 7,207	\$ 3,112
Variable interest rate liabilities	12,573,672	461,417	182,529	14,257,104	-
Fixed interest rate liabilities	<u>1,500,000</u>	<u>-</u>	<u>204,000</u>	<u>22,316,000</u>	<u>26,703,477</u>
	<u>\$ 15,772,136</u>	<u>\$ 2,116,236</u>	<u>\$ 1,131,464</u>	<u>\$ 36,580,311</u>	<u>\$ 26,706,589</u>

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>

26. TRANSACTIONS WITH RELATED PARTIES

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

a. Name of the related parties and relationship

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

(Continued)

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

b. Operating transactions

	<u>Operating Revenue</u>	
	<u>For the Year Ended December 31</u>	
	<u>2018</u>	<u>2017</u>
Subsidiaries	\$ 1,523,558	\$ 1,577,315
Management personnel in substance	516,859	452,152
The Corporation acts as key management personnel	137,473	117,141
Investors with significant influence over the Corporation	81,973	112,952
Associates	26,016	81,598
Same key management personnel	<u>2,183</u>	<u>18,503</u>
	<u>\$ 2,288,062</u>	<u>\$ 2,359,661</u>
	<u>Operating Costs and Expenses</u>	
	<u>For the Year Ended December 31</u>	
	<u>2018</u>	<u>2017</u>
Subsidiaries	\$ 3,607,992	\$ 3,347,277
The Corporation acts as key management personnel	523,764	441,550
Management personnel in substance	48,580	21,624
Associates	302	7,000
Investors with significant influence over the Corporation	31	213
Same key management personnel	<u>-</u>	<u>57</u>
	<u>\$ 4,180,669</u>	<u>\$ 3,817,721</u>

Receivables from related parties

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

Payables to related parties

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

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

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

Other receivables from related parties included interest and fees receivable.

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

	December 31	
	2018	2017
Subsidiaries	\$ 487	\$ 22,178
Others	<u>2,819</u>	<u>2,537</u>
	<u>\$ 3,306</u>	<u>\$ 24,715</u>

e. Acquisitions of property, plant and equipment

	Purchase Price	
	For the Year Ended December 31	
Related Party Category/Name	2018	2017
Management personnel in substance		
Chia Hsin R.M.C. Corp.	<u>\$ 25,000</u>	<u>\$ -</u>

f. Endorsements and guarantees

	2018	2017
Subsidiaries		
TCCI	\$ 1,474,320	\$ 16,308,480
Others	<u>2,959,814</u>	<u>3,047,814</u>
	<u>\$ 4,434,134</u>	<u>\$ 19,356,294</u>

g. Compensation of key management personnel

	For the Year Ended December 31	
	2018	2017
Short-term employee benefits	\$ 346,198	\$ 118,245
Post-employment benefits	-	1,848
Other long-term employee benefits	<u>14,225</u>	<u>25,329</u>
	<u>\$ 360,423</u>	<u>\$ 145,422</u>

27. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were pledged or mortgaged as collateral for performance bonds and other credit accommodations:

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Property, plant and equipment	\$ 57,569	\$ 57,569
Pledged bank deposits (included in other non-current assets)	<u>329,059</u>	<u>126,659</u>
	<u>\$ 386,628</u>	<u>\$ 184,228</u>

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. As of December 31, 2018 and 2017, the balances of letters of credit for the purchase of raw materials were \$388,405 thousand and \$235,248 thousand, respectively.
- b. As of December 31, 2017, the Corporation issued bills of lading for finished goods in the amount of 286 tons as collateral for its credit facilities with financial institutions.
- c. As of December 31, 2018 and 2017, the amounts of letters of guarantee issued by banks for the Corporation were \$22,120 thousand and \$45,990 thousand, respectively.

29. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the Corporation's functional currency and the exchange rates between such foreign currencies and the Corporation's functional currency were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2018

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 73,822	30.715 (USD:NTD)	<u>\$ 2,267,443</u>
Non-monetary items			
USD	53,148	30.715 (USD:NTD)	\$ 1,632,435
HKD	29,064,612	3.921 (HKD:NTD)	113,962,344
EUR	837,258	35.2 (EUR:NTD)	<u>29,471,481</u>
			<u>\$ 145,066,260</u>
<u>Financial liabilities</u>			
Monetary items			
USD	1,310	30.715 (USD:NTD)	\$ 40,248
EUR	86	35.2 (EUR:NTD)	<u>3,022</u>
			<u>\$ 43,270</u>

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>

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the share capital (Table 4)
- 5) Acquisitions of individual real estate at costs of at least NT\$300 million or 20% of the share capital (Table 5)
- 6) Disposals of individual real estate at prices of at least NT\$300 million or 20% of the share capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the share capital (Table 6)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the share capital (Table 7)
- 9) Trading in derivative instruments (Notes 7, 16 and 25)
- 10) Information on investees (Table 8)

b. Information on investments in mainland China (Table 9)

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area.
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance during the year, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of service.

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note)	Aggregate Financing Limit (Note)	Note
													Item	Value			
1	Taiwan Transport & Storage Corporation	TCC Chemical Corporation	Other receivables - related parties	Yes	\$ 300,000	\$ 300,000	\$ 300,000	1.54	The need for short-term financing	\$ -	Operating capital	\$ -	\$ -	\$ 866,327	\$ 866,327		
		Ta-Ho RSEA Environment Co., Ltd.	Other receivables - related parties	Yes	10,000	-	-	-	The need for short-term financing	-	Operating capital	-	-	866,327	866,327		
2	Ta-Ho Taitung Environment Co., Ltd.	Onyx Ta-Ho Energy Recovery Co., Ltd.	Other receivables - related parties	Yes	110,000	-	-	-	The need for short-term financing	-	Operating capital	-	-	118,875	118,875		
3	Taiwan Cement Engineering Corporation	TCC Chemical Corporation	Other receivables - related parties	Yes	200,000	200,000	200,000	1.54	The need for short-term financing	-	Operating capital	-	-	291,726	291,726		
4	TCC Green Energy Corporation	TCC Kao-Cheng Green Energy Corporation	Other receivables - related parties	Yes	5,000	5,000	2,000	1.54	The need for short-term financing	-	Operating capital	-	-	591,272	591,272		
		TCC LIEN-HSIN Green Energy Corporation	Other receivables - related parties	Yes	5,000	5,000	2,000	1.54	The need for short-term financing	-	Operating capital	-	-	591,272	591,272		
5	TCC (Guigang) Cement Ltd.	TCC Huaying Cement Company Limited	Other receivables - related parties	Yes	1,373,760	1,287,343	715,190	3.48	The need for short-term financing	-	Operating capital	-	-	22,406,521	44,813,042		
		TCC Huaihua Cement Company Limited	Other receivables - related parties	Yes	954,000	893,988	422,856	3.48	The need for short-term financing	-	Operating capital	-	-	22,406,521	44,813,042		
		TCC Jingzhou Cement Company Limited	Other receivables - related parties	Yes	715,500	670,491	581,092	3.48	The need for short-term financing	-	Operating capital	-	-	22,406,521	44,813,042		
		Scitus Luzhou Cement Co., Ltd.	Other receivables - related parties	Yes	1,335,600	1,251,583	-	-	The need for short-term financing	-	Operating capital	-	-	22,406,521	44,813,042		
		TCC Anshun Cement Company Limited	Other receivables - related parties	Yes	477,000	446,994	-	-	The need for short-term financing	-	Operating capital	-	-	22,406,521	44,813,042		
		Scitus Naxi Cement Co., Ltd.	Other receivables - related parties	Yes	477,000	446,994	-	-	The need for short-term financing	-	Operating capital	-	-	22,406,521	44,813,042		
		TCC Yingde Cement Co., Ltd.	Other receivables - related parties	Yes	477,000	446,994	-	-	The need for short-term financing	-	Operating capital	-	-	22,406,521	44,813,042		
		Scitus Luzhou Concrete Co., Ltd.	Other receivables - related parties	Yes	95,400	89,399	-	-	The need for short-term financing	-	Operating capital	-	-	22,406,521	44,813,042		
		Guizhou Kong On Cement Company Limited	Other receivables - related parties	Yes	310,050	290,546	-	-	The need for short-term financing	-	Operating capital	-	-	22,406,521	44,813,042		
6	Yingde Dragon Mountain Cement Co., Ltd.	TCC Yingde Cement Co., Ltd.	Other receivables - related parties	Yes	954,000	893,988	-	-	The need for short-term financing	-	Operating capital	-	-	13,222,157	26,444,314		
		TCC Liaoning Cement Company Limited	Other receivables - related parties	Yes	1,087,560	1,019,146	1,019,146	3.05	The need for short-term financing	-	Operating capital	-	-	13,222,157	26,444,314		
7	TCC Yingde Cement Co., Ltd.	TCC Guangan Cement Company Limited	Other receivables - related parties	Yes	954,000	893,988	-	-	The need for short-term financing	-	Operating capital	-	-	21,247,365	42,494,730		
		TCC Huaihua Cement Company Limited	Other receivables - related parties	Yes	954,000	893,988	748,715	3.48	The need for short-term financing	-	Operating capital	-	-	21,247,365	42,494,730		
		Scitus Naxi Cement Co., Ltd.	Other receivables - related parties	Yes	238,500	223,497	67,049	3.48	The need for short-term financing	-	Operating capital	-	-	21,247,365	42,494,730		
		TCC Shaoguan Cement Co., Ltd.	Other receivables - related parties	Yes	353,411	331,179	331,179	3.68	The need for short-term financing	-	Operating capital	-	-	21,247,365	42,494,730		
		TCC Jingzhou Cement Company Limited	Other receivables - related parties	Yes	238,500	223,497	-	-	The need for short-term financing	-	Operating capital	-	-	21,247,365	42,494,730		
		TCC Anshun Cement Company Limited	Other receivables - related parties	Yes	954,000	893,988	-	-	The need for short-term financing	-	Operating capital	-	-	21,247,365	42,494,730		

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note)	Aggregate Financing Limit (Note)	Note
													Item	Value			
		TCC (Dong Guan) Cement Company Limited TCC Chongqing Cement Company Limited. Guizhou Kaili Rui An Jian Cai Co., Ltd. Scitus Luzhou Cement Co., Ltd. TCC Liaoning Cement Company Limited. Guizhou Kong On Cement Company Limited	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	\$ 477,000 477,000 715,500 858,600 224,865 477,000	\$ 446,994 446,994 670,491 804,589 223,497 446,994	\$ - 178,798 - - 89,399 138,568	- 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	\$ - - - - - -	Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital	\$ - - - - - -	\$ - - - - - -	\$ 21,247,365 21,247,365 21,247,365 21,247,365 21,247,365 21,247,365	\$ 42,494,730 42,494,730 42,494,730 42,494,730 42,494,730 42,494,730		
8	TCC Fuzhou Cement Co., Ltd.	TCC New (Hangzhou) Management Co., Ltd. TCC Liaoning Cement Co., Ltd. Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties Other receivables - related parties Other receivables - related parties	Yes Yes Yes	477,000 333,900 238,500	446,994 312,896 223,497	- 134,098 -	- 3.48 -	The need for short-term financing The need for short-term financing The need for short-term financing	- - -	Operating capital Operating capital Operating capital	- - -	- - -	912,786 912,786 912,786	2,738,358 2,738,358 2,738,358		
9	TCCIH	TCC Yingde Cement Co., Ltd.	Other receivables - related parties	Yes	249,093	232,798	232,798	-	The need for short-term financing	-	Operating capital	-	-	115,379,289	230,758,578		
10	Prime York Ltd.	Upper Value Investment Limited	Other receivables - related parties	Yes	201,195	199,971	199,971	-	The need for short-term financing	-	Operating capital	-	-	2,741,280	5,482,560		
11	Jurong TCC Cement Co., Ltd.	TCC Huaihua Cement Company Limited TCC Liaoning Cement Company Limited Scitus Luzhou Cement Co., Ltd. TCC Huaihua Concrete Company Limited TCC Chongqing Cement Company Limited TCC Anshun Cement Company Limited TCC Yingde Cement Co., Ltd. TCC Guangan Cemen Company Limited Guizhou Kong On Cement Company Limited	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	1,192,500 333,900 715,500 143,100 954,000 954,000 477,000 477,000 333,900	1,117,485 312,896 670,491 134,098 893,988 893,988 446,994 446,994 312,896	1,028,086 290,546 89,399 44,699 312,896 - - - -	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	- - - - - - - - -	- - - - - - - - -	12,552,681 12,552,681 12,552,681 12,552,681 12,552,681 12,552,681 12,552,681 12,552,681 12,552,681	25,105,362 25,105,362 25,105,362 25,105,362 25,105,362 25,105,362 25,105,362 25,105,362 25,105,362		
12	TCC Anshun Cement Co., Ltd.	Anshun Xin Tai Construction Materials Company Limited Guizhou Kong On Cement Company Limited Scitus Luzhou Cement Co., Ltd. Guizhou Kaili Rui An Jian Cai Co., Ltd. Scitus Luzhou Concrete Co., Ltd. TCC Chongqing Cement Company Limited	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	95,400 286,200 143,100 143,100 143,100 477,000	89,399 268,196 134,098 134,098 134,098 446,994	- 245,847 134,098 - - 446,994	- 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	- - - - - -	Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital	- - - - - -	- - - - - -	7,530,274 7,530,274 7,530,274 7,530,274 7,530,274 7,530,274	15,060,548 15,060,548 15,060,548 15,060,548 15,060,548 15,060,548		
13	TCC Guangan Cement Company Limited	Scitus Luzhou Cement Co., Ltd. Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	143,100 95,400	134,098 89,399	134,098 -	3.48 -	The need for short-term financing The need for short-term financing	- -	Operating capital Operating capital	- -	- -	3,946,039 3,946,039	7,892,078 7,892,078		
14	Wayly Holdings Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	61,865	61,489	61,489	-	The need for short-term financing	-	Operating capital	-	-	3,796,595	7,593,190		

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note)	Aggregate Financing Limit (Note)	Note
													Item	Value			
15	TCC Chongqing Cement Company Limited	Guizhou Kaili Rui An Jian Cai Co., Ltd. Scitus Naxi Cement Co., Ltd. TCC Huaihua Cement Company Limited TCC Huaying Cement Company Limited TCC Guangan Cement Company Limited Scitus Luzhou Cement Co., Ltd. TCC Jingzhou Cement Company Limited Guizhou Kong On Cement Company Limited	Other receivables - related parties	Yes	\$ 238,500	\$ 223,497	\$ 44,699	3.48	The need for short-term financing	\$ -	Operating capital	\$ -	\$ -	\$ 6,857,651	\$ 13,715,302		
					143,100	134,098	134,098	3.48	The need for short-term financing	-	Operating capital	-	-	6,857,651	13,715,302		
					715,500	670,491	549,356	3.48	The need for short-term financing	-	Operating capital	-	-	6,857,651	13,715,302		
					119,250	111,749	-	-	The need for short-term financing	-	Operating capital	-	-	6,857,651	13,715,302		
					477,000	446,994	-	-	The need for short-term financing	-	Operating capital	-	-	6,857,651	13,715,302		
					238,500	223,497	-	-	The need for short-term financing	-	Operating capital	-	-	6,857,651	13,715,302		
					95,400	89,399	-	-	The need for short-term financing	-	Operating capital	-	-	6,857,651	13,715,302		
					143,100	134,098	-	-	The need for short-term financing	-	Operating capital	-	-	6,857,651	13,715,302		
16	TCC New (Hangzhou) Management Company Limited	Scitus Luzhou Cement Co., Ltd. Scitus Naxi Cement Co., Ltd. Scitus Luzhou Concrete Co., Ltd.	Other receivables - related parties	Yes	295,740	277,136	232,437	3.48	The need for short-term financing	-	Operating capital	-	-	603,048	1,206,096		
					262,350	245,847	196,677	3.48	The need for short-term financing	-	Operating capital	-	-	603,048	1,206,096		
					38,160	35,760	-	-	The need for short-term financing	-	Operating capital	-	-	603,048	1,206,096		
17	Prosperity Minerals (China) Limited	TCC New (Hangzhou) Management Company Limited	Other receivables - related parties	Yes	380,392	356,463	356,463	-	The need for short-term financing	-	Operating capital	-	-	976,080	1,952,160		
18	Da Tong (Guigang) International Logistics Co., Ltd.	Guigang Da-Ho Shipping Co., Ltd.	Other receivables - related parties	Yes	143,100	134,098	-	-	The need for short-term financing	-	Operating capital	-	-	636,691	1,273,382		
19	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Scitus Naxi Cement Co., Ltd.	Other receivables - related parties	Yes	143,100	134,098	134,098	3.48	The need for short-term financing	-	Operating capital	-	-	3,747,453	7,494,906		
20	TCC Huaihua Cement Company Limited	TCC Jingzhou Cement Company Limited	Other receivables - related parties	Yes	95,400	89,399	-	-	The need for short-term financing	-	Operating capital	-	-	2,697,458	5,394,916		
21	Scitus Luzhou Cement Co., Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Other receivables - related parties	Yes	95,400	89,399	44,699	3.48	The need for short-term financing	-	Operating capital	-	-	2,508,011	5,016,022		

Note 1: "Financing Limits for Each Borrower" and "Aggregate Financing Limits":

A. For Taiwan Cement Corporation, financing limits are as follows:

- 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, 2018
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 3)											
0	Taiwan Cement Corporation	TCCI	b	\$ 90,770,755	\$ 28,902,815	\$ 27,981,365	\$ 1,474,320	\$ -	15.41	\$ 181,541,510	Y	N	N	
		TCC Investment Corporation	b	90,770,755	2,600,000	2,570,000	1,470,000	-	1.42	181,541,510	Y	N	N	
		TCC Chemical Corporation	b	90,770,755	1,913,000	1,493,000	760,000	-	0.82	181,541,510	Y	N	N	
		Union Cement Traders Inc.	c	90,770,755	1,450,000	1,420,000	690,000	-	0.78	181,541,510	Y	N	N	
		Jin Chang Minerals Corporation	b	90,770,755	68,848	68,848	39,814	39,814	0.04	181,541,510	Y	N	N	
		Ho Sheng Mining Co., Ltd.	b	90,770,755	99,884	99,884	-	99,884	0.06	181,541,510	Y	N	N	
		OYAK CEMENT PORTUGAL S.A.	f	90,770,755	3,083,000	3,071,500	-	-	1.69	181,541,510	N	N	N	
1	TCCIH	TCC (Guigang) Cement Ltd.	c	57,689,644	11,418,475	11,418,475	844,091	-	9.90	115,379,289	Y	N	Y	
		TCC Yingde Cement Co., Ltd.	c	57,689,644	2,657,542	2,644,802	294,180	-	2.29	115,379,289	Y	N	Y	
		Jurong TCC Cement Co., Ltd.	c	57,689,644	3,045,684	3,022,483	-	-	2.62	115,379,289	Y	N	Y	
		TCC Chongqing Cement Company Limited	c	57,689,644	1,847,678	1,835,042	-	-	1.59	115,379,289	Y	N	Y	
		TCC Fuzhou Cement Co., Ltd.	c	57,689,644	1,242,630	1,188,303	44,699	-	1.03	115,379,289	Y	N	Y	
		Scitus Luzhou Cement Co., Ltd.	c	57,689,644	928,650	921,450	-	-	0.80	115,379,289	Y	N	Y	
		TCC Liaoning Cement Company Limited	c	57,689,644	1,265,580	900,854	-	-	0.78	115,379,289	Y	N	Y	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	c	57,689,644	619,100	614,300	-	-	0.53	115,379,289	Y	N	Y	
		Guizhou Kong On Cement Company Limited	c	57,689,644	360,096	310,222	-	-	0.27	115,379,289	Y	N	Y	
		Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	e	57,689,644	-	-	-	-	-	115,379,289	N	N	Y	
		TCC Anshun Cement Company Limited	c	57,689,644	674,595	670,491	-	-	0.58	115,379,289	Y	N	Y	
2	TCC (Guigang) Cement Ltd.	TCCI (HK)	d	11,203,260	685,260	-	-	-	-	22,406,521	N	Y	N	
3	Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	d	375,351	137,462	137,462	137,462	-	109.87	375,351	N	Y	N	

Note 1: Limits on endorsement/guarantee given on behalf of each party were as follows:

- 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., 300% of its net equity as stated in its latest financial statements.

Note 2: Aggregate endorsement/guarantee limit was for Ho Sheng Mining Co., Ltd., 300% of its net equity as stated in its latest financial statements and others were the net equity in the latest financial statements.

Note 3: Relationship between the endorser/guarantor and the endorsee/guarantee is classified as follows:

- 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 90% 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, 2018

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taiwan Cement Corporation	<u>Ordinary shares</u>							
	Chien Kuo Construction Co., Ltd.	-	FVTPL - current	9,403	\$ 91,583	-	\$ 91,583	
	Taiwan Television Enterprise, Ltd.	The Corporation serves as supervisor	FVTPL - current	13,573	85,780	-	85,780	
	Chinatrust Financial Holding Co., Ltd.	-	FVTPL - current	3,576	72,227	-	72,227	
	China Hi-Ment Corporation	The Corporation serves as director	FVTOCI - current	30,196	1,512,828	-	1,512,828	
	Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	61,149	797,993	-	797,993	
	CTCI Corporation	-	FVTOCI - current	9,054	402,013	-	402,013	
	Chia Hsin Cement Corporation	Directors	FVTOCI - current	27,419	372,904	-	372,904	
	O-Bank	The Corporation serves as director	FVTOCI - current	29,719	237,752	-	237,752	
	IBT II Venture Capital Corporation	-	FVTOCI - non-current	2,626	19,093	8.3	19,093	
	Rong Gong Enterprise Co.	The Corporation serves as supervisor	FVTOCI - non-current	3,390	12,306	4.0	12,306	
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	29,553	972,871	9.4	972,871	
	Pan Asia Corporation	The Corporation serves as supervisor	FVTOCI - non-current	6,204	8,996	5.4	8,996	
	Taiwan Stock Exchange Corporation	The Corporation serves as director	FVTOCI - non-current	45,983	3,371,909	6.6	3,371,909	
	Excel Corporation	-	FVTOCI - non-current	600	-	9.5	-	
		<u>Preference shares</u>						
		O-Bank	The Corporation serves as director	FVTOCI - current	2,956	29,559	-	29,559
Taiwan Transport & Storage Corporation	<u>Ordinary shares</u>							
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	8,632	117,389	-	117,389	
TCC Investment Corporation	<u>Ordinary shares</u>							
	O-Bank	The Corporation serves as director	FVTOCI - current	21,934	175,471	-	175,471	21,000 thousand shares were pledged
	Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	11,697	152,650	-	152,650	
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	8,334	113,341	-	113,341	7,000 thousand shares were pledged
	China Conch Venture Holdings Limited	-	FVTOCI - non-current	28,000	2,558,060	-	2,558,060	
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	10,884	358,297	3.5	358,297	
	Pan Asia Corporation	The Corporation serves as supervisor	FVTOCI - non-current	1	14	-	14	
TCC Investment Corporation	<u>Preference shares</u>							
	O-Bank	The Corporation serves as director	FVTOCI - current	2,182	21,816	-	21,816	
Ta-Ho Maritime Corporation	<u>Ordinary shares</u>							
	Prosperity Dielectrics Co., Ltd.	-	FVTPL - current	951	56,977	-	56,977	
	Chia Hsin Cement Corporation	Director of parent company	FVTOCI - current	25,761	350,353	-	350,353	
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	6,612	217,656	2.1	217,656	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taiwan Cement Engineering Corporation	<u>Beneficiary certificates</u> Capital Money Market Fund	-	FVTPL - current	2,930	\$ 47,203	-	\$ 47,203	
TCC Chemical Corporation	<u>Ordinary shares</u> Taiwan Stock Exchange Corporation	The Corporation serves as director	FVTOCI - non-current	2,626	192,538	-	192,538	
TCC Information Systems Corporation	<u>Beneficiary certificates</u> Yuanta De- Bao Money Market Fund Fuh Hwa You Li Money Market	- -	FVTPL - current FVTPL - current	2,575 2,288	30,897 30,787	- -	30,897 30,787	
Taiwan Prosperity Chemical Corporation	<u>Ordinary shares</u> Taishin Financial Holding Co., Ltd.	-	FVTOCI - current	76,863	1,003,067	-	1,003,067	
Hoping Industrial Port Corporation	<u>Shares</u> Chinatrust Investment Co., Ltd.	The Corporation serves as director	FVTOCI - non-current	10,444	343,807	3.3	343,807	
E.G.C. Cement Corporation	<u>Beneficiary certificates</u> Nomura Global Short Duration Bond Fund Nomura Taiwan Money Market UPAMC James Bond Money Market Fund Tai Shin 1699 Money Market Fund	- - - -	FVTPL - current FVTPL - current FVTPL - current FVTPL - current	2,367 2,467 1,205 742	24,095 40,201 20,107 10,026	- - - -	24,095 40,201 20,107 10,026	
	<u>Shares</u> Der Pao Construction Co., Ltd.	-	FVTPL - current	30	-	0.1	-	
Union Cement Traders Inc.	<u>Shares</u> Taishin Financial Holding Co., Ltd. CTCI Corporation Chia Hsin Cement Corporation Videoland Inc.	- - Director of parent company -	FVTOCI - current FVTOCI - current FVTOCI - current FVTOCI - non-current	27,012 13,365 7,441 6,437	352,506 593,420 101,197 368,223	- - - 5.6	352,506 593,420 101,197 368,223	
TCCI (Group)	<u>Beneficiary certificates</u> Mega Diamond Money Market Fund	-	FVTPL - current	3,130	39,955	-	39,955	
	<u>Shares</u> Anhui Conch Cement Co., Ltd. Yargoan Co., Ltd.	- -	Financial assets measured at FVTOCI - non-current Financial assets measured at FVTOCI - non-current	116,568 19	17,368,399 -	- 12.5	17,368,399 -	

Note 1: Marketable securities in the table refer to shares, bonds, beneficiary certificates and other related securities within the scope of IAS 9 "Financial Instruments".

Note 2: See Tables 8 and 9 for information of investments in subsidiaries, associates and joint ventures.

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE SHARE CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Other Adjustment (Note 1)	Ending Balance	
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Carrying Amount	Gain/Loss on Disposal (Note 4)		Shares/Units (In Thousands)	Amount
Taiwan Cement Corporation	Shares E-ONE Moli Energy Corporation	Investments accounted for using the equity method (Note 3)	-	Associates	983	\$ 1,670	47,535	\$ 475,352	391 (Note 2)	\$ -	\$ -	\$ -	\$ 46,175	48,127	\$ 523,197
	Taiwan Prosperity Chemical Corporation	Investments accounted for using the equity method	-	Subsidiaries	145,988	1,608,901	-	-	29,197	787,369	321,659	465,710	126,067	116,791	1,413,309
	TCC Green Energy Corporation	Investments accounted for using the equity method	-	Subsidiaries	10,000	179,619	140,899	1,400,000	-	-	-	-	(50,286)	150,899	1,529,333
	International CSRC Investment Holdings Co., Ltd.	Investments accounted for using the equity method (Note 3)	-	Associates	55,180	2,419,650	80,640	2,854,637	-	-	-	-	(234,001)	135,820	5,040,286
	TCCI	Investments accounted for using the equity method	-	Subsidiaries	600,876	60,108,134	500,000	15,430,125	-	-	-	-	10,329,268	1,100,876	85,867,527
	TCCIH	Investments accounted for using the equity method	-	Subsidiaries	1,319,841	19,054,259	1,261,991	21,576,350	-	-	-	-	3,536,583	2,581,832	44,167,192
	CCC USA Corp.	Investments accounted for using the equity method	-	Associates	39	694,072	40	802,438	-	-	-	-	128,934	79	1,625,444
	Taiwan Cement Dutch	Investments accounted for using the equity method	-	Subsidiaries	-	-	831	29,470,972	-	-	-	-	509	831	29,471,481

Note 1: Including share of profit or loss of subsidiaries, equity adjustments, etc.

Note 2: The shares of capital reduction handled by E-ONE Moli Energy Corporation.

Note 3: The original investments previously recognized as financial assets at FVTOCI, refer to Note 8 for information related to acquiring shares of E-ONE Moli Energy Corporation and International CSRC Investment Holdings Co., Ltd.

Note 4: The capital surplus recorded is the difference between the purchase price and the carrying amount on the date on which the subsidiaries are acquired or disposed of.

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2018
 (In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Taiwan Cement Corporation	Ready mixed concrete plant and it land in Hsinchu	2018.12.14	\$ 541,621	By negotiation and paid in progress	Land: Individual Plant construction: Jia-Yu Industrial Corporation Limited, Liang-Bang Construction Material Corporation	Neither of related-party	-	-	-	\$ -	Negotiate according to the appraised result made by Visionary Real Estate Appraiser Office	Expand operating position	None

TABLE 6

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE SHARE CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note)	
Taiwan Cement Corporation	Chia Hsin Cement Corporation	Director of the Corporation	Sales	\$ (429,044)	(3)	65 days after the day delivery was made	\$ -	-	\$ 112,833	24	
	HKCCL	Subsidiary	Sales	(157,211)	(1)	65 days after the day shipment was made	-	-	21,744	5	
	Feng Shang Enterprise Company Limited	Subsidiary	Sales	(353,749)	(2)	30 days	-	-	96,635	20	
	TCCIH	Subsidiary	Purchases	296,517	2	30 days	-	-	(22,564)	(3)	
	Taiwan Transport & Storage Corporation	Subsidiary	Service revenue	(505,401)	(3)	By contract	-	-	41,849	9	
	China Hi-Ment Corporation	The Corporation serves as director	Purchases	525,587	3	30 days	-	-	(106,040)	(12)	
			Purchases	523,764	3	60 days	-	-	(164,614)	(19)	
			Sales	(137,273)	(1)	60 days	-	-	32,481	7	
	Hoping Industrial Port Corporation	Subsidiary	Purchases	447,052	3	20 days	-	-	(8,299)	(1)	
	Ta-Ho Maritime Corporation	Subsidiary	Purchases	1,042,947	7	30 days	-	-	(372,490)	(42)	
	Kuan-Ho Refractories Industry Corporation	Subsidiary	Purchases	231,370	1	By contract	-	-	(111,417)	(13)	
	E.G.C. Cement Corporation	Subsidiary	Sales	(401,471)	(2)	50 days after the day delivery was made	-	-	106,653	23	
	Jin Chang Minerals Corporation	Subsidiary	Purchases	589,037	4	30 days	-	-	(147,517)	(17)	
Ho Sheng Mining Co., Ltd.	Subsidiary	Purchases	407,375	3	30 days	-	-	(32,292)	(4)		
Jin Chang Minerals Corporation	Taiwan Cement Corporation	Parent company	Sales	(589,037)	(100)	30 days	-	-	147,517	100	
Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	Parent company	Sales	(407,375)	(87)	30 days	-	-	32,292	72	
Kuan-Ho Refractories Industry Corporation	Taiwan Cement Corporation	Parent company	Sales	(231,370)	(17)	By contract	-	-	111,417	89	
E.G.C. Cement Corporation	Taiwan Cement Corporation	Parent company	Purchases	401,471	100	50 days after the day delivery was made	-	-	(106,653)	(99)	

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note)	
Ho-Ping Power Company	Hoping Industrial Port Corporation	The same parent company	Purchases	\$ 1,083,627	12	20 days	\$ -	-	\$ (56,617)	(26)	
	HPC Power Service Corporation	The same parent company	Purchases	417,256	5	By contract	-	-	(112,126)	(52)	
Hoping Industrial Port Corporation	Ho-Ping Power Company	The same parent company	Sales	(1,083,627)	(70)	20 days	-	-	56,617	63	
	Taiwan Cement Corporation	Parent company	Sales	(447,052)	(29)	20 days	-	-	8,299	9	
	Taiwan Transport & Storage Corporation	The same parent company	Purchases	190,256	79	30 days	-	-	(16,333)	(84)	
Feng Shang Enterprise Company Limited	Taiwan Cement Corporation	Parent company	Sales	(296,517)	(13)	30 days	-	-	22,564	100	
			Purchases	353,749	16	30 days	-	-	(96,635)	(100)	
Taiwan Transport & Storage Corporation	Taiwan Cement Corporation	Parent company	Sales	(525,587)	(42)	30 days	-	-	106,040	62	
	Taiwan Prosperity Chemical Corporation	The same parent company	Sales	(199,170)	(16)	By contract	-	-	32,623	19	
	Hoping Industrial Port Corporation	The same parent company	Sales	(190,256)	(15)	30 days	-	-	16,333	10	
	International CSRC Investment Holdings Co., Ltd.	The same chairman	Sales	(85,651)	(7)	30 days	-	-	-	-	
	Taiwan Prosperity Chemical Corporation	Taiwan Transport & Storage Corporation	The same parent company	Purchases	199,170	1	By contract	-	-	(32,623)	(29)
HPC Power Service Corporation	Ho-Ping Power Company	The same parent company	Sales	(417,256)	(100)	By contract	-	-	112,126	100	
Ta-Ho Maritime Corporation	Taiwan Cement Corporation	Parent company	Freight revenue	(1,042,947)	(35)	30 days	-	-	372,490	100	
			Rental expense	228,345	9	By negotiation	-	-	(45,842)	(57)	
THC International S.A	Ta-Ho Maritime Corporation	Parent company	Rental revenue	(228,345)	(100)	By negotiation	-	-	45,842	100	
HKCCL	Quon Hing Concrete. Ltd.	Associates	Sales	(199,579)	(37)	By negotiation	-	-	34,651	43	
	Taiwan Cement Corporation	Parent company	Purchases	157,211	37	65 days after the day shipment was made	-	-	(21,744)	(59)	
TCC (Guigang) Cement Ltd.	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	305,348	4	By negotiation	-	-	(51,517)	(17)	
	Da Tong (Guigang) International Logistics Co., Ltd.	The same ultimate parent company	Purchases	353,012	4	By negotiation	-	-	(86,978)	(29)	
TCC Yingde Cement Co., Ltd.	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	252,008	3	By negotiation	-	-	(57,548)	(19)	

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note)	
Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Guigang) Cement Limited	The same ultimate parent company	Freight revenue	\$ (353,012)	(94)	By negotiation	\$ -	-	\$ 86,978	100	
Guigang Da-Ho Shipping Co., Ltd.	TCC (Guigang) Cement Ltd.	The same ultimate parent company	Freight revenue	(305,348)	(30)	By negotiation	-	-	51,517	44	
	TCC Yingde Cement Co., Ltd.	The same ultimate parent company	Freight revenue	(252,008)	(25)	By negotiation	-	-	57,548	49	
TCCIH	Taiwan Cement Corporation	Parent company	Service expense	505,401	100	By contract	-	-	(41,849)	(100)	
Yingde Dragon Mountain Cement Co., Ltd.	Prosperity Conch Cement Company Limited	Associates	Purchases	128,951	3	By negotiation	-	-	(10,590)	(5)	

Note: The percentage to total accounts receivable from (payable to) related parties.

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE SHARE CAPITAL

DECEMBER 31, 2018

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (%)	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Ta-Ho Maritime Corporation	Taiwan Cement Corporation	Parent company	\$ 372,490	3.9	\$ -	-	\$ 266,949	\$ -
Jin Chang Minerals Corporation	Taiwan Cement Corporation	Parent company	147,517	4.3	-	-	137,476	-
Taiwan Cement Corporation	Chia Hsin Cement Corporation	Substantial relationship between management	112,833	1.3	-	-	122,833	-
HPC Power Service Corporation	Ho-Ping Power Company	The same parent company	112,126	3.8	-	-	112,126	-
Kuan-Ho Refractories Industry Corporation	Taiwan Cement Corporation	Parent company	111,417	1.9	20,726	Expect withdraw in April	55,986	-
Taiwan Cement Corporation	E.G.C. Cement Corporation	Parent company	106,653	4.2	-	-	106,653	-
Taiwan Transport & Storage Corporation	Taiwan Cement Corporation	Parent company	106,040	5.4	-	-	61,847	-

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2018				Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2018	December 31, 2017	Shares/Units (In Thousands)	%	Carrying Amount				
Taiwan Cement Corporation	TCCI	British Virgin Islands	Investment holding	\$ 33,774,761	\$ 18,344,635	1,100,876	100.00	\$ 85,867,527	\$ 12,153,185	\$ 12,153,185		
	Ho-Ping Power Company	Taiwan	Thermal power generation	6,037,720	6,037,720	805,940	59.50	17,059,967	2,390,778	1,422,513		
	Hoping Industrial Port Corporation	Taiwan	Hoping Industrial Port management	3,198,500	3,198,500	319,990	100.00	5,658,439	740,169	740,147		
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	528,506	528,506	118,649	64.79	2,296,422	336,164	217,792		
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	992,173	1,284,143	116,791	40.00	1,413,309	332,064	153,298		
	Taiwan Transport & Storage Corporation	Taiwan	Warehousing, transportation and sale of sand and gravel	90,862	90,862	32,668	83.85	1,815,949	161,612	135,505		
	TCC Investment Corporation	Taiwan	Investment	190,000	190,000	63,150	100.00	3,099,705	207,697	207,697		
	Ho Sheng Mining Co., Ltd.	Taiwan	Mining and trading	1,414,358	1,414,358	30,100	100.00	1,069,417	55,392	55,392		
	CCC USA Corp.	U.S.A.	Rubber raw materials	1,284,421	481,983	79	33.33	1,625,444	310,116	103,372		
	Taiwan Cement Engineering Corporation	Taiwan	Engineering services	319,439	319,439	59,593	99.05	710,129	11,506	12,778		
	Kuan-Ho Construction & Development Corporation	Taiwan	Construction and lease services	-	248,963	-	-	-	-	-		
	ONYX Ta-Ho Environmental Services Co., Ltd.	Taiwan	Waste collection and treatment	72,000	72,000	30,176	50.00	786,226	658,855	329,427		
	Kuan-Ho Refractories Industry Corporation	Taiwan	Production and sale of refractory materials	181,050	181,050	18,105	95.29	453,906	123,697	117,870		
	Feng Sheng Enterprise Company Limited	Taiwan	Sale of ready-mixed concrete	250,000	250,000	27,261	45.43	348,471	36,546	16,604		
	TCC Chemical Corporation	Taiwan	Leasing property and energy technology services	1,510,842	1,510,842	240,000	100.00	942,433	41,272	75,555		
	Ta-Ho Taitung Environment Co., Ltd.	Taiwan	Waste collection and treatment	313,187	313,187	37,100	100.00	297,188	859	859		
	TCC Information Systems Corporation	Taiwan	Information software design	71,000	71,000	14,904	99.36	251,946	9,042	8,985		
	Ta-Ho RSEA Environment Co., Ltd.	Taiwan	Waste collection and treatment	666,000	666,000	66,600	66.60	200,431	(10,004)	(6,663)		
	HKCMCL	Hong Kong	Investment holding	72,005	72,005	38	84.65	323,022	42,622	36,081		
	TCC Green Energy Corporation	Taiwan	Renewable energy generation	1,446,046	46,046	150,899	100.00	1,529,333	(50,286)	(50,286)		
	Jin Chang Minerals Corporation	Taiwan	Afforestation and sale of limestone	18,042	18,042	1,800	100.00	220,012	90,475	90,475		
	HPC Power Service Corporation	Taiwan	Business consulting	1,861	1,861	6	60.00	114,457	185,738	111,443		
	E.G.C. Cement Corporation	Taiwan	Sale of cement	184,359	184,359	8,063	50.64	103,579	10,872	5,506		
	Synpac Ltd.	British Virgin Islands	Investment	70,367	70,367	2,700	25.00	6,991	311	78		
	Tung Chen Mineral Corporation	Taiwan	Afforestation and sale of limestone	1,989	1,989	20	99.45	1,352	(42)	(42)		
	TMC	Philippines	Mining excavation	11,880	11,880	120	72.70	-	-	-		
	TPMC	Philippines	Mining excavation	2,105	2,105	20	40.00	-	-	-		
	TCCIH	Cayman Islands	Investment holding	40,701,671	19,125,321	2,581,832	38.28	44,167,192	18,488,071	5,090,948		
	E-ONE Moli Energy Corporation	Taiwan	Manufacture and sale of lithium battery	481,811	10,728	48,127	15.97	523,197	325,906	51,909		
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	3,563,397	708,760	135,820	15.59	5,040,286	2,994,196	56,168		
	Taiwan Cement Dutch	Netherlands	Investment holding	29,470,972	-	831	100.00	29,471,481	(2,754)	(2,754)		
Taiwan Transport & Storage Corporation	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	300,507	247,229	53,438	29.18	1,034,271	336,164	98,664		
	E.G.C. Cement Corporation	Taiwan	Sale of cement	136,476	126,518	7,857	49.36	130,324	10,872	4,993		
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	87,463	97,181	8,746	12.74	16,855	(62,793)	(8,001)		
	Ho Swen Construction Material Co., Ltd.	Taiwan	Sand and gravel filtering and sale	10,200	10,200	1,020	51.00	-	(101)	(52)		
TCC Investment Corporation	Union Cement Traders Inc.	Taiwan	Import and export trading	219,450	219,450	21,945	100.00	938,965	85,616	85,616		
	Ho-Ping Power Company	Taiwan	Thermal power generation	68,911	68,911	5,067	0.50	139,894	2,390,778	11,954		
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	10,528	11,168	658	0.23	7,963	332,064	752		
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	343	343	34	0.02	664	336,164	63		
	E-ONE Moli Energy Corporation	Taiwan	Manufacture and sale of lithium battery	172,648	145,253	18,068	6.00	48,180	325,906	19,488		
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	387,920	260,552	19,461	2.23	716,260	2,994,196	8,048		

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2018	December 31, 2017	Shares/Units (In Thousands)	%	Carrying Amount			
Ta-Ho Maritime Corporation	Ta-Ho Maritime Holdings Ltd.	Samoa	Investment	\$ 325,995	\$ 325,995	10,300	100.00	\$ 4,199,003	\$ 188,957	\$ 188,957	
	Shih Hsin Storage & Transportation Co., Ltd.	Taiwan	Warehousing, transportation and sale of cement	30,952	30,952	3,114	3.34	8,196	(88,106)	(2,942)	
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	7,943	8,825	794	1.16	1,534	(62,793)	(731)	
Taiwan Cement Engineering Corporation	TCEC Corporation	Brunei Darussalam	Investment	-	16,295	-	-	-	94	94	
TCC Information Systems Corporation	Taicem Information (Samoa) Pte., Ltd.	Samoa	Investment	3,042	3,042	2,128	100.00	49,070	2,388	2,388	
	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	49,882	37,968	1,819	0.21	66,949	2,994,196	752	
Hoping Industrial Port Corporation	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	104,929	104,929	6,675	2.29	80,775	332,064	7,591	
	E-ONE Moli Energy Corporation	Taiwan	Manufacture and sale of lithium battery	60,862	49,142	6,633	2.20	17,687	325,906	7,154	
E.G.C. Cement Corporation	Shih Hsin Storage & Transportation Co., Ltd.	Taiwan	Warehousing, transportation and sale of cement	110,128	110,128	11,082	11.87	29,126	(88,106)	(10,458)	
Feng Sheng Enterprise Company Limited	Ho Swen Construction Material Co., Ltd.	Taiwan	Sand and gravel filtering and sale	-	1,800	-	-	-	-	-	
Union Cement Traders Inc.	Shih Hsin Storage & Transportation Co., Ltd.	Taiwan	Warehousing, transportation and sale of cement	34,203	34,203	3,442	3.69	9,047	(88,106)	(3,249)	
	Taiwan Transport & Storage Corporation	Taiwan	Warehousing, transportation and sale of sand and gravel	2,612	2,612	261	0.67	14,523	161,612	1,084	
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	2,552	2,835	255	0.37	492	(62,793)	(233)	
	E-ONE Moli Energy Corporation	Taiwan	Manufacture and sale of lithium battery	161,605	132,049	17,412	5.78	46,431	325,906	18,780	
Ho-Ping Power Company	International CSRC Investment Holdings Co., Ltd.	Taiwan	Investment	281,806	215,360	10,145	1.16	373,381	2,994,196	4,195	
	Ho-Ping Renewable Energy Company	Taiwan	Renewable energy generation	1,000	-	100	100.00	1,000	-	-	
	TCC Chia-Chien Green Energy Corporation	Taiwan	Renewable energy generation	202,000	-	20,200	100.00	174,017	(28,183)	(28,183)	
	TCC Yun-Kai Green Energy Corporation	Taiwan	Renewable energy generation	25,000	-	2,500	100.00	22,912	(2,118)	(2,118)	
TCC Green Energy Corporation	TCC Lien-Hsin Green Energy Corporation	Taiwan	Renewable energy generation	12,000	-	1,200	100.00	11,402	(2,633)	(2,633)	
	TCC Chang-Ho Green Energy Corporation	Taiwan	Renewable energy generation	5,000	-	500	100.00	2,983	(2,512)	(2,512)	
	TCC Kao-Cheng Green Energy Corporation	Taiwan	Renewable energy generation	12,000	-	1,200	100.00	11,981	(2,054)	(2,054)	
	TCC Nan-chung Green Energy Corporation	Taiwan	Renewable energy generation	20,000	-	2,000	100.00	17,983	(2,047)	(2,047)	
	Chang-Wang Wind Power Co., Ltd.	Taiwan	Renewable energy generation	120,000	-	12,000	100.00	150,011	(330)	(330)	
	THC International S.A.	Panama	Marine transportation	61,737	59,818	2	100.00	2,638,664	98,316	98,316	
	Sheng Ho Maritime S.A.	Panama	Marine transportation	61,737	59,818	2	100.00	465,117	(8,743)	(8,743)	
	Ta-Ho Maritime (Hong Kong) Limited	Hong Kong	Marine transportation	156,647	151,776	5,100	100.00	653,369	94,366	94,366	
Chi Ho Maritime S.A.	Chi Ho Maritime S.A.	Panama	Marine transportation	199,955	193,738	7	100.00	356,448	4,372	4,372	
	Ta-Ho Maritime (Singapore) Pte. Ltd.	Singapore	Marine transportation	3,072	2,976	100	100.00	74,177	543	543	
	TCC International Ltd. (Group)	Hong Kong	Investment holding	174,449	169,377	100	50.00	283,508	135,756	67,878	
Taiwan Cement Dutch	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	148,554	148,554	14,855	19.48	25,765	(62,793)	(12,231)	
	Hong Kong Concrete Co., Ltd.	Hong Kong	Cement processing services	26,749	25,971	129	31.50	217,105	34,823	10,969	
Taiwan Cement Dutch	Dutch OYAK TCC Holdings B.V.	Netherlands	Holding company	29,152,614	-	100	40.00	29,071,244	(167,984)	(67,194)	

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

A.

Investee Company	Main Businesses and Products	Share Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2018 (Note 2)	Investment Flow (Note 2)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2018 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2018	Note
					Outflow	Inflow							
Anhui King Bridge Cement Co., Ltd.	Manufacturing and sale of cement	\$ 460,725	(a)	\$ 156,647	\$ -	\$ -	\$ 156,647	\$ (4,020)	60.00	\$ (2,412)	\$ 228,180	\$ -	
TCC Fuzhou Cement Co., Ltd.	Manufacturing and sale of cement	499,119	(a)	282,002	-	-	282,002	30,746	100.00	30,746	912,786	-	
TCC Fuzhou Yangyu Port Co., Ltd.	Port for cement transportation	153,575	(a)	86,770	-	-	86,770	(521)	100.00	(521)	286,187	-	
TCC Liuzhou Construction Materials Co., Ltd.	Sale of building material	414,653	(a)	99,517	-	-	99,517	181,963	42.00	76,425	441,397	-	
TCC Yingde Cement Co., Ltd.	Manufacturing and sale of cement	7,813,896	(a)	4,882,487	-	-	4,882,487	3,670,277	100.00	3,670,277	21,247,365	-	
Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	7,156,595	(a)	4,177,086	-	-	4,177,086	1,800,138	100.00	1,800,138	12,552,681	-	
TCC (Guigang) Cement Ltd.	Manufacturing and sale of cement	10,224,283	(a)	7,313,238	-	-	7,313,238	4,384,063	100.00	4,384,063	22,406,521	-	
Jiangsu TCC Investment Co., Ltd.	Investment	1,535,750	(a)	867,699	-	-	867,699	403,596	100.00	403,596	2,814,873	-	
Yingde Dragon Mountain Cement Co., Ltd.	Manufacturing and sale of cement	1,914,508	(a)	3,336,666	-	-	3,336,666	2,463,483	100.00	2,463,483	13,222,157	-	
TCC Liaoning Cement Company Limited	Manufacturing and sale of cement	1,659,112	(a)	1,369,321	-	-	1,369,321	(92,686)	100.00	(92,686)	1,682,160	-	
TCC Anshun Cement Company Limited	Manufacturing and sale of cement	4,714,445	(a)	3,434,735	-	-	3,434,735	1,192,321	100.00	1,192,321	7,530,274	-	
TCC Chongqing Cement Company Limited	Manufacturing and sale of cement	3,624,370	(a)	2,620,645	-	-	2,620,645	1,662,989	100.00	1,662,989	6,857,651	-	
TCC Guangan Cement Company Limited	Manufacturing and sale of cement	2,364,748	(a)	1,716,826	-	-	1,716,826	946,719	100.00	946,719	3,946,039	-	
TCC (Dong Guan) Cement Company Limited	Manufacturing and sale of cement	614,300	(a)	347,080	-	-	347,080	17,273	100.00	17,273	323,485	-	
Guizhou Kong On Cement Company Limited	Manufacturing and sale of cement	623,515	(a)	281,048	-	-	281,048	169,450	65.00	110,143	536,821	-	
TCC New (Hangzhou) Management Company Limited	Operation management	245,720	(a)	138,832	-	-	138,832	26,980	100.00	26,980	201,016	-	
Guizhou Kaili Rui An Jian Cai Co., Ltd.	Manufacturing and sale of cement	1,742,562	(a)	1,098,811	-	-	1,098,811	853,585	100.00	853,585	3,747,453	-	
TCC Shaoguan Cement Co., Ltd.	Manufacturing and sale of cement	1,228,600	(a)	1,094,990	-	-	1,094,990	(19,337)	100.00	(19,337)	1,159,388	-	
TCC Huaying Cement Company Limited	Manufacturing and sale of cement	4,247,863	(a)	3,139,325	-	-	3,139,325	907,332	100.00	907,332	3,082,623	-	
TCC Huaihua Cement Company Limited (Note 4)	Manufacturing and sale of cement	415,896	(a)	5,746,822	-	-	5,746,822	738,143	100.00	738,143	2,697,458	-	
TCC Jingzhou Cement Company Limited (Note 4)	Manufacturing and sale of cement	44,720	(a)	-	-	-	-	232,419	100.00	232,419	1,334,332	-	
TCC Huaihua Concrete Company Limited (Note 4)	Sale of ready-mixed concrete	44,720	(a)	-	-	-	-	(17,232)	100.00	(17,232)	51,809	-	
TCC Jiangsu Mining Industrial Company Limited	Mining of limestone	122,860	(a)	384,149	-	-	384,149	(20,188)	100.00	(20,188)	273,293	-	
TCC Yingde Mining Industrial Company Limited	Mining of limestone	353,223	(a)	277,899	-	-	277,899	21,677	100.00	21,677	454,947	-	
TCC Guigang Mining Industrial Company Limited	Mining of limestone	153,575	(a)	132,647	-	-	132,647	10,472	100.00	10,472	380,383	-	
Scitus Naxi Cement Co., Ltd. (Note 5)	Manufacturing and sale of cement	655,193	(a)	-	-	-	-	194,076	100.00	194,076	324,632	-	
Scitus Luzhou Cement Co., Ltd. (Note 5)	Manufacturing and sale of cement	1,766,440	(a)	-	-	-	-	520,933	100.00	520,933	2,508,011	-	
Scitus Hejiang Cement Co., Ltd. (Note 5)	Manufacturing and sale of cement	103,974	(a)	-	-	-	-	(8,205)	100.00	(8,205)	4,279	-	
Scitus Luzhou Concrete Co., Ltd. (Note 5)	Sale of ready-mixed concrete	111,800	(a)	-	-	-	-	9,187	100.00	9,187	146,173	-	
TCEC (Yingde) Machine Co., Ltd. (Note 6)	Production and sale of cement machinery and assembly work	16,295	(b)	16,295	-	-	16,295	60,113	100.00	60,113	154,805	-	
Anshun Xin Tai Construction Materials Company Limited	Filtering of sand and gravel and sale of ready-mixed concrete	67,080	(a)	93,437	-	-	93,437	2,377	100.00	2,377	66,675	-	
Fuzhou TCC Information Technology Co., Ltd. (Note 6)	Software product and equipment maintenance	3,072	(a)	3,072	-	-	3,072	2,210	100.00	2,210	42,323	-	
Da Tong (Guigang) International Logistics Co., Ltd (Note 6)	Logistics and transportation	153,575	(a)	153,575	-	-	153,575	95,455	100.00	95,455	636,691	-	

(Continued)

Investee Company	Main Businesses and Products	Share Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2018 (Note 2)	Investment Flow (Note 2)		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2018 (Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2018	Note
					Outflow	Inflow							
Da Tong (Ying De) Logistics Co., Ltd. (Note 6)	Logistics and transportation	\$ 22,360	(a)	\$ 22,360	\$ -	\$ -	\$ 22,360	\$ 15,344	100.00	\$ 15,344	\$ 97,646	\$ -	
Guigang Da-Ho Shipping Co., Ltd. (Note 6)	Marine transportation	17,888	(a)	17,888	-	-	17,888	63,530	100.00	63,530	334,528	-	
Prosperity Conch Cement Company Limited	Manufacturing and sale of cement	2,593,760	(a)	2,238,447	-	-	2,238,447	4,870,859	25.00	1,217,715	4,744,772	-	
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Manufacturing and sale of cement	3,689,400	(a)	1,459,370	-	-	1,459,370	697,402	30.00	209,220	1,664,695	-	
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Manufacturing and sale of cement	1,845,058	(a)	706,693	-	-	706,693	717,201	30.00	215,160	876,910	-	
Sichuan Taichang Building Material Group Company Limited	Manufacturing and sale of cement	894,400	(a)	353,270	-	-	353,270	160,459	30.00	48,138	47,692	-	
Guangan Xin Tai Construction Materials Company Limited	Manufacturing and sale of concrete aggregate	69,316	(a)	48,228	-	-	48,228	-	50.00	-	-	-	
Guigang TCC DongYuan Environmental Technology Company Limited	Dangerous waste treatment	\$ 523,224	(a)	-	523,224	-	523,224	1,280	95.20	(1,218)	534,988	-	

Accumulated Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$72,144,649	\$73,433,132	(Note 8)

Note 1: The method of investments were as two follows:

- investments in mainland China companies were through a company invested and established in a third region.
- Direct investment in mainland companies

Note 2: Including outward remittance from offshore subsidiaries.

Note 3: Investment gain (loss) was based on the associates' audited financial statements except Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd. and Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd. The Group considers that there would be no significant adjustments if such financial statements were to be audited.

Note 4: As of December 31, 2018, the accumulated outward remittance for investments was a total of those from TCC Huaihua Cement Company Limited, TCC Jingzhou Cement Company Limited and TCC Huaihua Concrete Company Limited.

Note 5: As of December 31, 2018, accumulated outward remittance for investments was a total of \$2,950,506 thousand from 10 companies, including Zunyi Scitus Cement Co., Ltd., Scitus Bijie Cement Co., Ltd., Scitus Naxi Cement Co., Ltd., Scitus Luzhou Cement Co., Ltd., Scitus Xishui Cement Co., Ltd., Scitus Hejiang Cement Co., Ltd., Guizhou Zunyi Ken On Concrete Co., Ltd., Scitus Bijie Concrete Co., Ltd., Scitus Luzhou Concrete Co., Ltd. and Scitus Cement (Guizhou) Operating Company Limited. Except Scitus Naxi Cement Co., Ltd., Scitus Luzhou Cement Co., Ltd., Scitus Hejiang Cement Co., Ltd. and Scitus Luzhou Concrete Co., Ltd., the other companies were disposed of in March 2013. The investment amounts authorized to be withdrawn are currently being processed by the Investment Commission, MOEA.

Note 6: Including the amounts attributable to non-controlling interests.

Note 7: The Corporation received a confirmation letter of Operation Headquarter from the Industrial Development Bureau of the MOEA in October 2016 stating that the Corporation is not limited by the restriction on the accumulated percentage or amount of investment in mainland China.

B. See Tables 1, 2, 4 and 6 for the information about significant transactions with investees in the mainland China, either directly or indirectly through a third area.

(Concluded)

TAIWAN CEMENT CORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

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TAIWAN CEMENT CORPORATION**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Period	Annual Rate of Return	Amount
Cash			
Cash on hand			\$ 1,276
Checking accounts and demand deposits (Note)			<u>4,808,221</u>
			4,809,497
Cash equivalents			
Time deposit with original maturity date within 3 months (Note)	2018.10.01-2019.01.30	0.13%-3.05%	<u>6,834,188</u>
			<u>\$ 11,643,685</u>

Note: Including US\$63,978 thousand, the rates of exchange US\$1=\$30.715.

TAIWAN CEMENT CORPORATION**STATEMENT OF FINANCIAL ASSETS AT FVTOCI - CURRENT****DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars, Unless Unit Price is New Taiwan Dollars)**

Name of Financial Instruments	Shares (In Thousand)	Cost of Acquisition	Fair Value (Note)	
			Unit Price	Total Amount
Taishin Financial Holding Co., Ltd.	61,149	\$ 646,575	\$13.05	\$ 797,993
CTCI Corporation	9,054	200,438	44.40	402,013
Chia Hsin Cement Corporation	27,419	305,388	13.60	372,904
China Hi-Ment Corporation	30,196	261,546	50.10	1,512,828
O-Bank				
Ordinary shares	29,719	286,179	8.00	237,752
Preference shares	2,956	<u>29,559</u>	10	<u>29,559</u>
		<u>\$ 1,729,685</u>		<u>\$ 3,353,049</u>

Note: The Corporation's calculation was calculated based on the closing price and the last strike price on December 31, 2018.

TAIWAN CEMENT CORPORATION

STATEMENT OF ACCOUNTS RECEIVABLE

DECEMBER 31, 2018

(In Thousands of New Taiwan Dollars)

Client Name	Amount
Client A	\$ 201,915
Client B	194,198
Client C	187,975
Client D	183,184
Others (Note)	<u>3,158,305</u>
	3,925,577
Less: Allowance for doubtful accounts	<u>43,171</u>
	<u>\$ 3,882,406</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, 2018****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Net Realizable Value
Finished goods	\$ 480,037	\$ 515,980
Work in process	468,804	504,175
Raw materials	<u>663,026</u>	<u>472,675</u>
	1,611,867	<u>\$ 1,492,830</u>
Less: Allowance for write-downs (Note)	<u>235,594</u>	
	<u>\$ 1,376,273</u>	

Note: Included provision for obsolete inventory loss.

TAIWAN CEMENT CORPORATION

STATEMENT OF FINANCIAL ASSETS AT FVTPL - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2018

(In Thousands of New Taiwan Dollars, Unless Unit Price is New Taiwan Dollars)

Name of Securities	Balance at January 1, 2018		Adjustment on Initial Application of IFRS 9	Addition		Unrealized Gain (Loss) on Financial Instruments	Reclassified	Fair Value on December 31, 2018 (Note)		
	Shares (In Thousands)	Amount		Shares (In Thousands)	Amount			Shares (In Thousands)	Unit Price	Balance, December 31, 2018
Unlisted shares										
Taiwan Stock Exchange	45,983	\$ 8,011	\$ 3,047,671	-	\$ -	\$ 316,227	\$ -	45,983	73.33	\$ 3,371,909
Chinatrust Investment Co., Ltd.	27,361	12,156	867,788	2,192	37,249	55,678	-	29,553	32.92	972,871
IBT II Venture Capital Corporation	2,626	20,426	-	-	(1,333)	-	-	2,626	7.27	19,093
Rong Gong Enterprise Co.	3,390	33,900	(17,662)	-	-	(3,932)	-	3,390	3.63	12,306
Pan Asia Corporation	6,204	8,996	-	-	-	-	-	6,204	1.45	8,996
E-ONE Moli Energy Corporation (Note 2)	983	1,670	(98)	(983)	5,278	-	(6,850)	-	-	-
Excel Corporation	600	-	-	-	-	-	-	600	-	-
		<u>\$ 85,159</u>	<u>\$ 3,897,699</u>		<u>\$ 41,194</u>	<u>\$ 367,973</u>	<u>\$ (6,850)</u>			<u>\$ 4,385,175</u>

Note 1: Reported as financial assets measured at cost on December 31, 2017.

Note 2: The Corporation's percentage of ownership in E-ONE Moli Energy Corporation increased from 0.4% to 16% during 2018. With a significant impact on the investee, the investments were reclassified to investments accounted for by using the equity method.

TAIWAN CEMENT CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
 FOR THE YEAR ENDED DECEMBER 31, 2018
 (In Thousands of New Taiwan Dollars, Unless Unit Price is New Taiwan Dollars)

Name	Balance, January 1, 2018		Changes for the Year		Investee Company Distributed as Cash Dividends	Investment Income or Loss for Using the Equity Method	Equity Adjustments (Note 1)	Balance, December 31, 2018			Market Price (Note 8)	
	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount				Shares (In Thousands)	Ownership	Amount	Unit Price	Total Amount
Listed company												
International CSRC Investment Holdings Co., Ltd. (Note 2)	-	\$ -	135,820	\$ 5,112,610	\$ -	\$ 56,168	\$ (128,492)	135,820	15.6	\$ 5,040,286	\$ 38.95	\$ 5,290,198
Taiwan Prosperity Chemical Corporation (Note 3)	145,988	1,608,901	(24,640)	(787,369)	-	153,298	438,479	116,791	40.0	1,413,309	22.65	2,645,316
		1,608,901		4,325,241	-	209,466	309,987			6,453,595	-	-
Unlisted company												
TCCI	600,876	60,108,134	500,000	15,430,125	-	12,153,185	(1,823,917)	1,100,876	100.0	85,867,527	-	-
TCCIH	1,319,841	19,054,259	1,261,991	21,576,350	-	5,090,948	(1,554,365)	2,581,832	38.3	44,167,192	-	-
Taiwan Cement Dutch	-	-	831	29,470,972	-	(2,754)	3,263	831	100.0	29,471,481	-	-
Ho-Ping Power Company (Note 4)	602,973	18,612,533	202,967	-	(2,975,000)	1,422,513	(79)	805,940	59.5	17,059,967	-	-
Hoping Industrial Port Corporation	319,990	5,525,572	-	-	(799,975)	740,147	192,695	319,990	100.0	5,658,439	-	-
TCC Investment Corporation (Note 4)	54,150	2,056,607	9,000	-	(3,673)	207,697	839,074	63,150	100.0	3,099,705	-	-
Ta-Ho Maritime Corporation	118,649	2,029,315	-	-	(110,344)	217,792	159,659	118,649	64.8	2,296,422	-	-
Taiwan Transport & Storage Corporation	32,668	1,698,943	-	-	(80,363)	135,505	61,864	32,668	83.9	1,815,949	-	-
CCC USA Corp.	39	694,072	40	802,438	-	103,372	25,562	79	33.3	1,625,444	-	-
TCC Green Energy Corporation	10,000	179,619	140,899	1,400,000	-	(50,286)	-	150,899	100.0	1,529,333	-	-
Ho Sheng Mining Co., Ltd.	30,100	1,014,025	-	-	-	55,392	-	30,100	100.0	1,069,417	-	-
TCC Chemical Corporation (Note 6)	240,000	1,539,861	-	-	-	75,555	(672,983)	240,000	100.0	942,433	-	-
ONYX Ta-Ho Environmental Services Co., Ltd. (Note 4)	8,000	481,263	22,176	-	(24,640)	329,427	176	30,176	50.0	786,226	-	-
Taiwan Cement Engineering Corporation	59,593	698,982	-	-	-	12,778	(1,631)	59,593	99.0	710,129	-	-
E-ONE Moli Energy Corporation (Note 5)	-	-	48,127	471,864	-	51,909	(576)	48,127	16.0	523,197	-	-
Kuan-Ho Refractories Industry Corporation	18,105	394,925	-	-	(60,471)	117,870	1,582	18,105	95.3	453,906	-	-
Feng Sheng Enterprise Company	27,261	347,734	-	-	(13,630)	16,604	(2,237)	27,261	45.4	348,471	-	-
HKCMCL	38	277,915	-	-	-	36,081	9,026	38	84.7	323,022	-	-
Ta-Ho Onyx Taitung Environment Co., Ltd.	37,100	296,329	-	-	-	859	-	37,100	100.0	297,188	-	-
TCC Information Systems Corporation	14,904	272,046	-	-	(22,207)	8,985	(6,878)	14,904	99.4	251,946	-	-
Jin Chang Minerals Corporation	1,800	157,214	-	-	(27,677)	90,475	-	1,800	100.0	220,012	-	-
Ta-Ho Onyx RSEA Environment Co., Ltd.	66,600	207,094	-	-	-	(6,663)	-	66,600	66.6	200,431	-	-
HPC Power Service Corporation	6	107,200	-	-	(105,336)	111,443	1,150	6	60.0	114,457	-	-
E.G.C. Cement Corporation	8,063	98,110	-	-	-	5,506	(37)	8,063	50.6	103,579	-	-
Synpac Ltd.	2,700	6,697	-	-	-	78	216	2,700	25.0	6,991	-	-
Tung Chen Mineral Corporation	20	1,394	-	-	-	(42)	-	20	99.5	1,352	-	-
Kuan-Ho Construction & Development Corporation (Note 6)	35,959	640,228	(35,959)	(640,228)	-	-	-	-	-	-	-	-
TMC (Note 7)	120	-	-	-	-	-	-	120	72.7	-	-	-
TPMC (Note 7)	20	-	-	-	-	-	-	20	40.0	-	-	-
		<u>116,500,071</u>		<u>68,511,521</u>		<u>(4,223,316)</u>	<u>20,924,376</u>			<u>198,944,216</u>		
		<u>\$ 118,108,972</u>		<u>\$ 72,836,762</u>		<u>\$ (4,223,316)</u>	<u>\$ 21,133,842</u>			<u>\$ 205,397,811</u>	<u>\$ -</u>	<u>\$ -</u>

Note 1: Including exchange differences on translating foreign operations and investee company changes in equity.

Note 2: During 2018, the Corporation's percentage of ownership in International CSRC Investment Holdings Co., Ltd. increased from 8.8% to 15.6%. With a significant impact on the investee, the original investments previously recognized as financial assets at FVTOCI were reclassified to investments accounted for by using the equity method.

Note 3: The Corporation adjusted the structure of the its' internal investment. The Corporation successively disposed of a portion of its interest in Taiwan Prosperity Chemical Corporation in 2018, but the Corporation still have the control on it after disposal.

Note 4: The increase of quantity of share is caused by retaining transferred to common stock.

Note 5: During 2018, the Corporation's percentage of ownership in E-ONE Moli Energy Corporation increased from 0.4% to 16%. With a significant impact on the investee, the investments were reclassified to investments accounted for by using the equity method.

(Continued)

Note 6: TCC Chemical Corporation changed its Chinese-language name in December 2017. Its original main business was processing and selling chemical materials. A resolution of its board of directors changed its main business to leasing property and energy technology services in November 2017. For the propose of streamlining its investment structure, its board of directors approved to merge Kuan-Ho Construction & Development Corporation, with TCC Chemical Corporation as the surviving company. The effective date of the merger was on January 1, 2018.

Note 7: As of December 31, 2018, the deficit of TMC and TPMC were \$14,377 thousand and \$5,722 thousand, which is included in other non-current liabilities.

Note 8: It was calculated based on the closing price on December 31, 2018.

(Concluded)

TAIWAN CEMENT CORPORATION

STATEMENT OF CHANGES IN INVESTMENT PROPERTIES
 FOR THE YEAR ENDED DECEMBER 31, 2018
 (In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2018	Addition	Decrease	Balance at December 31, 2018
Cost				
Land	\$ 3,996,172	\$ -	\$ -	\$ 3,996,172
Buildings	261,132	-	-	261,132
	<u>4,257,304</u>	<u>\$ -</u>	<u>\$ -</u>	<u>4,257,304</u>
Accumulated depreciation				
Buildings	227,497	\$ 231	\$ -	227,728
Accumulated impairment				
Land	653,377	\$ -	\$ -	653,377
Buildings	23,522	-	-	23,522
	<u>676,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>676,899</u>
	<u>\$ 3,352,908</u>			<u>\$ 3,352,677</u>

TAIWAN CEMENT CORPORATION**STATEMENT OF SHORT-TERM LOANS****DECEMBER 31, 2018****(In Thousands of New Taiwan Dollars)**

Item	Loan Period	Amount (Note)
Bank Credit Loan		
Export-Import Bank of the Republic of China	2018/03/26-2019/03/25	\$ 400,000
Citibank Taiwan (Taipei)	2018/12/26-2019/01/08	330,000
Crédit Agricole Corporate and Investment Bank	2018/12/26-2019/01/08	500,000
Hua Nan Commercial Bank (Yuanshan)	2018/12/26-2019/01/09	800,000
Fubon Commercial Bank Co., Ltd.	2018/12/26-2019/01/09	600,000
Mizuho Corporate Bank Ltd (Taipei)	2018/12/26-2019/01/09	2,460,000
Oversea-Chinese Banking Corporation Ltd.	2018/12/26-2019/01/25	900,000
Chinatrust Commercial Bank	2018/12/26-2019/01/09	1,000,000
Bank SinoPac Company Limited	2018/12/26-2019/01/09	500,000
First Commercial Bank (Jung Shan)	2018/12/26-2019/01/09	500,000
Bank of Taiwan	2018/12/26-2019/01/09	629,000
Bank of China Limited (Taipei)	2018/12/26-2019/01/09	500,000
Land Bank of Taiwan (Ren Ai)	2018/12/26-2019/01/09	1,200,000
The Bank Of Tokyo-Mitsubishi UFJ, Ltd.	2018/12/26-2019/01/09	1,000,000
Mega International Commercial Bank Co., Ltd. (Foreign department)	2018/12/26-2019/01/09	800,000
The Hongkong and Shanghai Banking Corp. Ltd	2018/12/26-2019/01/09	<u>850,000</u>
		<u>\$ 12,969,000</u>

Note: The interval of rate is 0.80%-1.11%, and the total loan commitments is \$14,248,640 thousands.

TAIWAN CEMENT CORPORATION

STATEMENT OF LONG-TERM LOANS

DECEMBER 31, 2018

(In Thousands of New Taiwan Dollars)

Type of Loan and Creditor	Contract Period	Annual Interest Rates (%)	Amount	Loan Commitments	Collateral
Syndicated loan (Note)					
Type A	107.3-112.3		\$ 13,600,000	\$ 21,500,000	-
Type B	107.3-112.3		21,500,000	21,500,000	-
			35,100,000	<u>\$ 43,000,000</u>	
Issue costs			(110,867)		
Current portions			-		
			<u>\$ 34,989,133</u>		

Note: Including Oversea-Chinese Banking Corporation Ltd., BNP Paribas Euronext, Bank of Taiwan, Land Bank of Taiwan, Hua Nan Bank, E.SUN Bank, Bank SinoPac, The Shanghai Commercial & Savings Bank, Ltd., KGI Bank, The Bank of Tokyo-Mitsubishi UFJ, Entie Commercial Bank, Bank of Communications, Mega International Commercial Bank, Mizuho Corporate Bank Ltd (Taipei), Taipei Fubon Commercial Bank, Taiwan Cooperative Bank, Crédit Agricole Corporate and Investment Bank, Bank of China, E.SUN Bank, Yuanta Bank, Taichung Commercial Bank, CTBC Bank, Cathay United Bank, The Japanese Sumitomo Mitsui Banking Corporation, China Construction Bank, Standard Chartered Bank.

TAIWAN CEMENT CORPORATION**STATEMENT OF NET REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)**

Item	Shipments	Amount
Domestic sales		
Cement - related products	4,715 thousand cubic meters	\$ 8,183,032
Cement	2,195 thousand tons	4,931,704
Clinker	853 thousand tons	1,279,236
Others		<u>262,132</u>
		<u>14,656,104</u>
Export		
Cement	1,451 thousand tons	1,817,940
Others		<u>505,401</u>
		<u>2,323,341</u>
		<u>\$ 16,979,445</u>

TAIWAN CEMENT CORPORATION**STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)**

Item	Amount
Balance at beginning of year	\$ 875,079
Add: Raw materials purchased	7,383,713
Less: Raw materials, end of year	<u>663,026</u>
Raw materials used	7,595,766
Direct labor	259,525
Manufacturing expenses	<u>3,172,939</u>
Manufacturing costs	11,028,230
Add: Work in process, beginning of year	504,840
Work in process purchased	996,973
Less: Work in process, end of year	468,803
Work in process sold	<u>952,533</u>
Cost of finished goods	11,108,707
Add: Finished goods, beginning of year	504,572
Finished goods purchased	432,521
Less: Finished goods, end of year	480,037
Add: Transportation costs	2,307,409
Commodity tax	717,687
Work in process sold	952,533
Inventory write-downs	6,401
Others	<u>50,716</u>
Operating Costs	<u>\$ 15,600,509</u>

TAIWAN CEMENT CORPORATION**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)**

Item	Selling Expenses	General and Administrative Expenses	Total
Payroll and pension	\$ 69,700	\$ 471,265	\$ 540,965
General and administrative expenses	19,578	89,100	108,678
Rental expenses	30,209	48,960	79,169
Professional service fees	2,152	75,873	78,025
Shipping expenses	71,377	1,996	73,373
Depreciation expenses	369	58,870	59,239
Others (Note)	<u>36,791</u>	<u>211,056</u>	<u>247,847</u>
	<u>\$ 230,176</u>	<u>\$ 957,120</u>	<u>\$ 1,187,296</u>

Note: The amount of each item in others does not exceed 5% of the amount balance.