

**Taiwan Cement Corporation and  
Subsidiaries**

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 2017 and 2016 and  
Independent Auditors' Review Report**

## INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders  
Taiwan Cement Corporation

We have reviewed the accompanying consolidated balance sheets of Taiwan Cement Corporation and its subsidiaries (collectively, the "Group") as of September 30, 2017 and 2016 and the related consolidated statements of comprehensive income for the three months ended September 30, 2017 and 2016 and nine months ended September 30, 2017 and 2016, changes in equity and cash flows for the nine months ended September 30, 2017 and 2016. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 36 "Review of Financial Statements" issued by the Auditing Standards Committee of the Accounting Research and Development Foundation of the Republic of China. A review consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

As disclosed in Note 13 to the accompanying consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements were not reviewed. As of September 30, 2017 and 2016, combined total assets of these non-significant subsidiaries were NT\$75,472,037 thousand and NT\$74,470,684 thousand, respectively, representing 28% and 28%, respectively, of the Group's consolidated total assets, and the combined total liabilities of these subsidiaries as of September 30, 2017 and 2016 were NT\$16,385,469 thousand and NT\$14,841,928 thousand, respectively, representing 14% and 12%, respectively, of the Group's consolidated total liabilities; for the three months ended September 30, 2017 and 2016 and nine months ended September 30, 2017 and 2016, the net comprehensive income (loss) of these subsidiaries were NT\$1,034,254 thousand, NT\$312,296 thousand, NT\$1,043,702 thousand and NT\$(695,013) thousand, respectively, representing 14%, 22%, 8% and 834%, respectively, of the Group's consolidated comprehensive income (loss). Also, as disclosed in Note 14 to the accompanying consolidated financial statements, the carrying amounts of the certain investments accounted for by using the equity method as of September 30, 2017 and 2016 were NT\$7,096,040 thousand and NT\$7,043,298 thousand, respectively, and the Group's related share of comprehensive income of such equity-method investments for the three months ended September 30, 2017 and 2016 and nine months ended September 30, 2017 and 2016 were NT\$416,976 thousand, NT\$291,072 thousand, NT\$848,390 thousand and NT\$443,910 thousand, respectively. These amounts were based on unreviewed financial statements for the same reporting periods as those of Group. Furthermore, the related information of the above subsidiaries and investees disclosed in Note 33 to the consolidated financial statements for the same reporting periods as those of the Group were also not reviewed.

Based on our reviews, except for the effects of such adjustments, if any, as might have been determined to be necessary had the respective financial statements as well as the related information of these subsidiaries and investments accounted for by using the equity method as described in the preceding paragraph been reviewed, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

November 10, 2017

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 review such consolidated financial statements are those generally applied in the Republic of China.*

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

# TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2017 (Reviewed)		December 31, 2016 (Audited)		September 30, 2016 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 4 and 6)	\$ 26,608,300	10	\$ 28,179,758	11	\$ 27,229,371	10
Financial assets at fair value through profit or loss (Notes 4 and 7)	147,571	-	148,488	-	162,966	-
Available-for-sale financial assets (Notes 4, 8 and 30)	20,061,583	7	15,536,693	6	15,375,305	6
Notes receivable (Notes 4 and 10)	15,800,456	6	12,600,411	5	10,128,788	4
Accounts receivable (Notes 4, 10, 11 and 30)	6,800,265	3	6,782,292	3	6,042,259	2
Notes and accounts receivable from related parties (Notes 4 and 29)	205,600	-	546,984	-	769,611	-
Other receivables	410,446	-	770,838	-	604,825	-
Other receivables from related parties (Notes 4 and 29)	214,394	-	181,997	-	567,371	-
Inventories (Notes 4, 12 and 31)	9,493,855	4	8,893,965	3	8,221,800	3
Prepayments (Note 18)	3,967,788	2	2,955,246	1	3,570,376	2
Other financial assets (Notes 4, 6 and 30)	950,591	-	812,127	-	955,826	1
Other current assets (Notes 4 and 9)	<u>659,353</u>	<u>-</u>	<u>475,213</u>	<u>-</u>	<u>549,677</u>	<u>-</u>
Total current assets	<u>85,320,202</u>	<u>32</u>	<u>77,884,012</u>	<u>29</u>	<u>74,178,175</u>	<u>28</u>
NON-CURRENT ASSETS						
Available-for-sale financial assets (Notes 4, 8 and 30)	5,587,598	2	4,190,855	2	4,026,846	2
Financial assets carried at cost (Note 4)	583,023	-	589,736	-	810,435	-
Investments accounted for using equity method (Notes 4 and 14)	7,808,566	3	7,444,947	3	7,724,396	3
Property, plant and equipment (Notes 4, 15, 23 and 30)	96,681,867	36	101,799,766	38	104,145,693	39
Investment properties (Notes 4, 16, 23 and 30)	6,065,297	2	6,073,056	2	5,976,780	2
Intangible assets (Notes 4, 17 and 23)	20,695,038	8	21,175,282	8	21,389,833	8
Prepayments for property, plant and equipment	2,858,825	1	2,740,525	1	1,930,659	1
Long-term finance lease receivables (Notes 4, 11 and 30)	32,653,393	12	33,666,040	13	33,839,690	13
Net defined benefit asset (Note 4)	828,266	-	827,402	-	453,060	-
Long-term prepayments for leases (Note 18)	6,816,018	3	6,934,059	3	7,040,461	3
Other non-current assets (Notes 4 and 30)	<u>3,559,803</u>	<u>1</u>	<u>3,663,016</u>	<u>1</u>	<u>3,561,918</u>	<u>1</u>
Total non-current assets	<u>184,137,694</u>	<u>68</u>	<u>189,104,684</u>	<u>71</u>	<u>190,899,771</u>	<u>72</u>
TOTAL	<u>\$ 269,457,896</u>	<u>100</u>	<u>\$ 266,988,696</u>	<u>100</u>	<u>\$ 265,077,946</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term loans (Notes 19 and 30)	\$ 24,346,180	9	\$ 20,635,324	8	\$ 21,325,725	8
Short-term bills payable (Note 19)	7,967,148	3	5,921,518	2	7,678,660	3
Notes and accounts payable (Note 29)	8,041,997	3	7,671,640	3	6,650,515	3
Other payables (Notes 20 and 31)	7,334,015	3	7,960,894	3	7,159,521	3
Current income tax liabilities (Note 4)	811,229	-	1,324,329	1	795,600	-
Advance receipts	4,396,158	2	3,352,902	1	3,693,223	1
Long-term loans - current portion (Notes 19 and 30)	12,176,652	4	8,163,950	3	14,575,718	5
Other current liabilities (Notes 4 and 7)	<u>194,624</u>	<u>-</u>	<u>74,362</u>	<u>-</u>	<u>104,559</u>	<u>-</u>
Total current liabilities	<u>65,268,003</u>	<u>24</u>	<u>55,104,919</u>	<u>21</u>	<u>61,983,521</u>	<u>23</u>
NON-CURRENT LIABILITIES						
Long-term loans (Notes 19 and 30)	40,246,010	15	53,342,059	20	46,359,096	18
Deferred income tax liabilities (Note 4)	10,282,372	4	10,213,967	4	10,271,611	4
Net defined benefit liability (Note 4)	160,052	-	184,115	-	191,831	-
Other non-current liabilities (Notes 4 and 31)	<u>534,890</u>	<u>-</u>	<u>746,965</u>	<u>-</u>	<u>813,983</u>	<u>-</u>
Total non-current liabilities	<u>51,223,324</u>	<u>19</u>	<u>64,487,106</u>	<u>24</u>	<u>57,636,521</u>	<u>22</u>
Total liabilities	<u>116,491,327</u>	<u>43</u>	<u>119,592,025</u>	<u>45</u>	<u>119,620,042</u>	<u>45</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Note 22)						
Share capital	36,921,759	14	36,921,759	14	36,921,759	14
Capital surplus	13,535,897	5	13,534,162	5	13,534,162	5
Retained earnings	46,932,681	17	47,337,524	18	45,208,495	17
Others	<u>14,831,885</u>	<u>6</u>	<u>8,974,606</u>	<u>3</u>	<u>9,511,612</u>	<u>4</u>
Equity attributable to shareholders of the parent	112,222,222	42	106,768,051	40	105,176,028	40
NON-CONTROLLING INTERESTS (Note 22)	<u>40,744,347</u>	<u>15</u>	<u>40,628,620</u>	<u>15</u>	<u>40,281,876</u>	<u>15</u>
Total equity	<u>152,966,569</u>	<u>57</u>	<u>147,396,671</u>	<u>55</u>	<u>145,457,904</u>	<u>55</u>
TOTAL	<u>\$ 269,457,896</u>	<u>100</u>	<u>\$ 266,988,696</u>	<u>100</u>	<u>\$ 265,077,946</u>	<u>100</u>

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

(With Deloitte & Touche review report dated November 10, 2017)

# TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 9 and 29)	\$ 23,058,257	100	\$ 22,350,039	100	\$ 68,952,108	100	\$ 63,016,298	100
OPERATING COSTS (Notes 4, 9, 12, 21, 23 and 29)	<u>18,801,014</u>	<u>82</u>	<u>17,390,791</u>	<u>78</u>	<u>56,428,105</u>	<u>82</u>	<u>51,410,157</u>	<u>81</u>
GROSS PROFIT	<u>4,257,243</u>	<u>18</u>	<u>4,959,248</u>	<u>22</u>	<u>12,524,003</u>	<u>18</u>	<u>11,606,141</u>	<u>19</u>
OPERATING EXPENSES (Notes 21, 23 and 29)								
Marketing	188,481	1	173,775	1	572,965	1	534,636	1
General and administrative	815,035	3	999,161	4	2,678,402	4	3,020,442	5
Research and development	<u>7,878</u>	<u>-</u>	<u>5,777</u>	<u>-</u>	<u>24,465</u>	<u>-</u>	<u>15,976</u>	<u>-</u>
Total operating expenses	<u>1,011,394</u>	<u>4</u>	<u>1,178,713</u>	<u>5</u>	<u>3,275,832</u>	<u>5</u>	<u>3,571,054</u>	<u>6</u>
INCOME FROM OPERATIONS	<u>3,245,849</u>	<u>14</u>	<u>3,780,535</u>	<u>17</u>	<u>9,248,171</u>	<u>13</u>	<u>8,035,087</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES								
Share of profit of associates and joint ventures (Notes 4 and 14)	330,407	2	285,827	1	996,650	2	658,759	1
Interest income (Notes 4 and 29)	58,830	-	75,730	-	171,328	-	223,690	-
Dividend income (Note 4)	501,087	2	554,354	3	796,998	1	801,130	1
Other income	57,942	-	43,324	-	250,955	-	318,759	1
Gain on disposal of property, plant and equipment	734	-	2,338	-	4,413	-	33,205	-
Finance costs (Notes 4 and 23)	(477,503)	(2)	(469,390)	(2)	(1,420,845)	(2)	(1,440,271)	(2)
Other expenses (Notes 23)	(242,161)	(1)	(149,939)	(1)	(499,646)	(1)	(241,342)	-
Foreign exchange losses, net	(6,833)	-	(113,176)	-	(217,619)	-	(633,619)	(1)
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	<u>3,874</u>	<u>-</u>	<u>15,465</u>	<u>-</u>	<u>(103,849)</u>	<u>-</u>	<u>15,715</u>	<u>-</u>
Total non-operating income and expenses	<u>226,377</u>	<u>1</u>	<u>244,533</u>	<u>1</u>	<u>(21,615)</u>	<u>-</u>	<u>(263,974)</u>	<u>-</u>
INCOME BEFORE INCOME TAX	3,472,226	15	4,025,068	18	9,226,556	13	7,771,113	13
INCOME TAX EXPENSE (Notes 4 and 24)	<u>785,176</u>	<u>3</u>	<u>741,847</u>	<u>3</u>	<u>2,305,015</u>	<u>3</u>	<u>1,684,433</u>	<u>3</u>
NET INCOME	<u>2,687,050</u>	<u>12</u>	<u>3,283,221</u>	<u>15</u>	<u>6,921,541</u>	<u>10</u>	<u>6,086,680</u>	<u>10</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 and 22)								
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	2,125,865	9	(2,747,322)	(13)	517,086	1	(5,636,065)	(9)
Unrealized gain (loss) on available-for-sale financial assets	2,709,169	12	1,131,470	5	5,849,656	8	(44,940)	-

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# TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2017		2016		2017		2016	
	Amount	%	Amount	%	Amount	%	Amount	%
Cash flow hedges (Note 9)	\$ -	-	\$ 95	-	\$ (13,167)	-	\$ (9,145)	-
Share of other comprehensive income (loss) of associates and joint ventures (Note 14)	91,716	-	(252,658)	(1)	(156,024)	-	(479,839)	(1)
Other comprehensive income (loss) for the period	4,926,750	21	(1,868,415)	(9)	6,197,551	9	(6,169,989)	(10)
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>	<u>\$ 7,613,800</u>	<u>33</u>	<u>\$ 1,414,806</u>	<u>6</u>	<u>\$ 13,119,092</u>	<u>19</u>	<u>\$ (83,309)</u>	<u>-</u>
<b>NET INCOME ATTRIBUTABLE TO:</b>								
Shareholders of the parent	\$ 1,966,857	9	\$ 2,321,292	11	\$ 4,948,812	7	\$ 4,546,032	7
Non-controlling interests	720,193	3	961,929	4	1,972,729	3	1,540,648	3
	<u>\$ 2,687,050</u>	<u>12</u>	<u>\$ 3,283,221</u>	<u>15</u>	<u>\$ 6,921,541</u>	<u>10</u>	<u>\$ 6,086,680</u>	<u>10</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:</b>								
Shareholders of the parent	\$ 6,048,278	26	\$ 1,617,077	7	\$ 10,806,091	16	\$ 819,090	1
Non-controlling interests	1,565,522	7	(202,271)	(1)	2,313,001	3	(902,399)	(1)
	<u>\$ 7,613,800</u>	<u>33</u>	<u>\$ 1,414,806</u>	<u>6</u>	<u>\$ 13,119,092</u>	<u>19</u>	<u>\$ (83,309)</u>	<u>-</u>
	For the Three Months Ended September 30		For the Nine Months Ended September 30		For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017		2016		2017		2016	
	Income Attributable to Shareholders of the Parent		Income Attributable to Shareholders of the Parent		Income Attributable to Shareholders of the Parent		Income Attributable to Shareholders of the Parent	
<b>EARNINGS PER SHARE (NT\$, Note 25)</b>								
Basic earnings per share	<u>\$0.53</u>		<u>\$0.63</u>		<u>\$1.34</u>		<u>\$1.23</u>	
Diluted earnings per share	<u>\$0.53</u>		<u>\$0.63</u>		<u>\$1.34</u>		<u>\$1.23</u>	

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

(With Deloitte & Touche review report dated November 10, 2017)

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# TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Equity Attributable to Shareholders of the Parent						Others					
	Share Capital	Capital Surplus	Retained Earnings			Total	Exchange Difference on Translating Foreign Operations	Unrealized Gain/Loss on Available-for-sale Financial Assets	Cash Flow Hedges	Total	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings							
BALANCE, JANUARY 1, 2016	\$ 36,921,759	\$ 12,309,615	\$ 12,811,665	\$ 13,050,495	\$ 19,710,897	\$ 45,573,057	\$ 2,239,093	\$ 10,993,974	\$ 5,487	\$ 108,042,985	\$ 47,441,267	\$ 155,484,252
Appropriation of prior year's earnings												
Legal reserve	-	-	577,599	-	(577,599)	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(4,910,594)	(4,910,594)	-	-	-	(4,910,594)	-	(4,910,594)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(2,300,388)	(2,300,388)
Net income for the nine months ended September 30, 2016	-	-	-	-	4,546,032	4,546,032	-	-	-	4,546,032	1,540,648	6,086,680
Other comprehensive loss for the nine months ended September 30, 2016	-	-	-	-	-	-	(3,642,606)	(78,849)	(5,487)	(3,726,942)	(2,443,047)	(6,169,989)
Total other comprehensive income (loss) for the nine months ended September 30, 2016	-	-	-	-	4,546,032	4,546,032	(3,642,606)	(78,849)	(5,487)	819,090	(902,399)	(83,309)
Difference between consideration paid and the carrying amount of subsidiaries' net assets during actual acquisitions	-	1,224,547	-	-	-	-	-	-	-	1,224,547	(1,224,547)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,732,057)	(2,732,057)
BALANCE, SEPTEMBER 30, 2016	<u>\$ 36,921,759</u>	<u>\$ 13,534,162</u>	<u>\$ 13,389,264</u>	<u>\$ 13,050,495</u>	<u>\$ 18,768,736</u>	<u>\$ 45,208,495</u>	<u>\$ (1,403,513)</u>	<u>\$ 10,915,125</u>	<u>\$ -</u>	<u>\$ 105,176,028</u>	<u>\$ 40,281,876</u>	<u>\$ 145,457,904</u>
BALANCE, JANUARY 1, 2017	<u>\$ 36,921,759</u>	<u>\$ 13,534,162</u>	<u>\$ 13,389,264</u>	<u>\$ 13,050,484</u>	<u>\$ 20,897,776</u>	<u>\$ 47,337,524</u>	<u>\$ (2,233,617)</u>	<u>\$ 11,200,323</u>	<u>\$ 7,900</u>	<u>\$ 106,768,051</u>	<u>\$ 40,628,620</u>	<u>\$ 147,396,671</u>
Appropriation of prior year's earnings												
Legal reserve	-	-	635,845	-	(635,845)	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(5,353,655)	(5,353,655)	-	-	-	(5,353,655)	-	(5,353,655)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(2,199,455)	(2,199,455)
Net income for the nine months ended September 30, 2017	-	-	-	-	4,948,812	4,948,812	-	-	-	4,948,812	1,972,729	6,921,541
Other comprehensive income (loss) for the nine months ended September 30, 2017	-	-	-	-	-	-	114,727	5,750,452	(7,900)	5,857,279	340,272	6,197,551
Total other comprehensive income (loss) for the nine months ended September 30, 2017	-	-	-	-	4,948,812	4,948,812	114,727	5,750,452	(7,900)	10,806,091	2,313,001	13,119,092
Difference between consideration received and the carrying amount of subsidiaries' net assets during actual disposals	-	1,735	-	-	-	-	-	-	-	1,735	(1,735)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	3,916	3,916
BALANCE, SEPTEMBER 30, 2017	<u>\$ 36,921,759</u>	<u>\$ 13,535,897</u>	<u>\$ 14,025,109</u>	<u>\$ 13,050,484</u>	<u>\$ 19,857,088</u>	<u>\$ 46,932,681</u>	<u>\$ (2,118,890)</u>	<u>\$ 16,950,775</u>	<u>\$ -</u>	<u>\$ 112,222,222</u>	<u>\$ 40,744,347</u>	<u>\$ 152,966,569</u>

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

(With Deloitte & Touche review report dated November 10, 2017)

# TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 9,226,556	\$ 7,771,113
Adjustments for:		
Depreciation expense	4,548,698	5,011,938
Amortization expense	282,984	306,348
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	103,849	(15,715)
Finance costs	1,420,845	1,440,271
Interest income	(171,328)	(223,690)
Dividend income	(796,998)	(801,130)
Share of profits of associates and joint ventures	(996,650)	(658,759)
Loss (gain) on disposal of property, plant and equipment, net	21,082	(12,669)
Loss (gain) on disposal of investments, net	330	(389)
Impairment loss on non-financial assets	13,689	25,613
Unrealized loss on foreign exchange, net	156,560	115,056
Others	163,771	179,515
Changes in operating assets and liabilities:		
Financial assets held for trading	(107,769)	(124)
Notes receivable	(4,028,430)	1,798,555
Accounts receivable	(45,707)	778,603
Notes and accounts receivable from related parties	322,903	188,322
Other receivables	361,031	(14,496)
Other receivables from related parties	27,668	25,416
Inventories	(949,699)	504,935
Prepayments	(1,165,931)	(387,024)
Other current assets	(219,017)	(149,470)
Notes and accounts payable	706,285	(229,504)
Accounts payable to related parties	(22,533)	(20,181)
Other payables	(321,385)	(225,951)
Advance receipts	1,138,837	645,007
Other current liabilities	120,262	(12,174)
Net defined benefit liability	(24,927)	(96,919)
Cash generated from operations	9,764,976	15,942,497
Income tax paid	(2,673,298)	(2,034,155)
Net cash generated from operating activities	7,091,678	13,908,342
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of available-for-sale financial assets	(220,004)	(366,113)
Proceeds from disposal of available-for-sale financial assets	32,597	60,752
Purchases of financial assets carried at cost	-	(1)

(Continued)



# TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2017	2016
Proceeds from financial assets carried at cost	\$ 5,833	\$ -
Proceeds from the return of capital upon investees' capital reduction of financial assets carried at cost	-	11,584
Proceeds from the return of capital upon investees' capital reduction on investees measured at equity method	75,590	-
Payments for property, plant and equipment	(953,929)	(2,107,382)
Proceeds from disposal of property, plant and equipment	85,878	37,110
Payments for intangible assets	(9,045)	(78,224)
Decrease in long-term finance lease receivables	1,012,647	495,719
Decrease (increase) in other financial assets	(206,446)	1,055,482
Decrease (increase) in other non-current assets	30,629	(376,050)
Increase in prepayments for leases	(150,039)	(59,777)
Interest received	184,571	263,213
Dividends received	<u>1,126,636</u>	<u>1,317,391</u>
Net cash generated from investing activities	<u>1,014,918</u>	<u>253,704</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in short-term loans	4,317,617	(481,803)
Increase in long-term loans	3,618,087	12,179,630
Repayment of long-term loans	(9,966,009)	(26,678,560)
Increase in short-term bills payable	2,045,630	1,518,880
Decrease in other non-current liabilities	(207,846)	(140,255)
Cash dividends paid	(7,553,110)	(7,210,982)
Partial disposal of interests in subsidiaries without losing control	3,916	-
Interest paid	(1,378,184)	(1,334,903)
Acquisition of additional interest in subsidiaries	<u>-</u>	<u>(2,732,057)</u>
Net cash used in financing activities	<u>(9,119,899)</u>	<u>(24,880,050)</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	<u>(558,155)</u>	<u>(1,029,985)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<u>(1,571,458)</u>	<u>(11,747,989)</u>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<u>28,179,758</u>	<u>38,977,360</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<u>\$ 26,608,300</u>	<u>\$ 27,229,371</u>

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

(With Deloitte & Touche review report dated November 10, 2017)

(Concluded)

# TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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### 1. GENERAL INFORMATION

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

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

### 2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were reported to the Corporation’s board of directors and issued on November 10, 2017.

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

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

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

#### Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers

The amendments include additions of several accounting items and requirements for disclosures of impairment of non-financial assets as a consequence of the IFRSs endorsed and issued into effect by the FSC. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include an emphasis on certain recognition and measurement considerations and add requirements for disclosures of related-party transactions and goodwill.

The amendments stipulate that other companies or institutions of which the chairman of the board of directors or president serves as the chairman of the board of directors or the president of the Group, or is the spouse or second immediate family of the chairman of the board of directors or president of the Group are deemed to have a substantive related-party relationship, unless it can be demonstrated that no control, joint control, or significant influence exists. Furthermore, the amendments require the disclosure of the names of the related parties and the relationships with whom the Group has significant transactions. If the transactions or balance with a specific related party is 10% or more of the Group's respective total transactions or balance, such transactions should be separately disclosed by the name of each related party.

The amendments also require additional disclosure if there is a significant difference between the actual operations after a business combination and the expected benefits on the acquisition date.

When the amendments are applied retrospectively from January 1, 2017, the disclosure of related-party transactions is enhanced. Refer to Note 29 for related disclosures.

- b. The Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC for application starting from 2018

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

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

Note 2: The amendment to IFRS 12 is retrospectively applied for annual periods beginning on or after January 1, 2017; the amendment to IAS 28 is retrospectively applied for annual periods beginning on or after January 1, 2018.

- IFRS 9 “Financial Instruments” and related amendment

#### Recognition, measurement and impairment of financial assets

With regard to financial assets, all recognized financial assets that are within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Group’s debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

- 1) For debt instruments, if they are held within a business model whose objective is to collect contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;
- 2) For debt instruments, if they are held within a business model whose objective is achieved by both the collection of contractual cash flows and the sale of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gains or losses shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gains or losses previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for the above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gains or losses previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

The Group analyzed the facts and circumstances of its financial assets as of September 30, 2017 and performed a preliminary assessment of the impact of IFRS 9 on the classification and measurement of such financial assets. Under IFRS 9:

- 1) Listed shares, emerging market shares, and unlisted shares classified as available-for-sale will be classified as at fair value through other comprehensive income, and the fair value gains or losses accumulated in other equity will be transferred directly to retained earnings instead of being reclassified to profit or loss on disposal. Besides this, unlisted shares measured at cost will be measured at fair value instead;
- 2) Mutual funds classified as available-for-sale will be classified as at fair value through profit or loss because the contractual cash flows are not solely payments of principal and interest on the principal outstanding, and they are not equity instruments.

### Impairment of financial assets

IFRS 9 requires that impairment loss on financial assets be recognized by using the expected credit loss model. A credit loss allowance is required for financial assets measured at amortized cost. A loss allowance for 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since its initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since its initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

The Group elects not to restate prior periods when applying the requirements for the recognition, measurement and impairment of financial assets under IFRS 9 with the cumulative effect of the initial application recognized at the date of initial application and will provide the disclosures related to the classification and the adjustment information upon initial application of IFRS 9. Furthermore, the Group will provide disclosures of the differences in amounts if the Group continues to apply the existing accounting treatments in 2018.

### Hedge accounting

The main changes in hedge accounting amended the application requirements for hedge accounting to better reflect the entity's risk management activities. Compared with IAS 39, the main changes include: (1) enhancing types of transactions eligible for hedge accounting, specifically broadening the risks eligible for hedge accounting of non-financial items; (2) changing the way hedging derivative instruments are accounted for to reduce profit or loss volatility; and (3) replacing the retrospective effectiveness assessment with the principle of an economic relationship between the hedging instrument and the hedged item.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group continues 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. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note)</b>
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 16 "Leases"	January 1, 2019
IFRS 17 "Insurance Contracts"	January 1, 2021
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: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

## IFRS 16 “Leases”

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

Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating leases under IAS 17 to low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present depreciation expenses charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed by using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities.

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

When IFRS 16 becomes effective, the Group may elect to apply this standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this standard recognized at the date of initial application.

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

## **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **a. Statement of compliance**

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

### **b. Basis of preparation**

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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

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

d. Basis of consolidation

Principles for preparing consolidated financial statements

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

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

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

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

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

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

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

See Note 13 for more information on subsidiaries (including the percentages of ownership and main businesses).

e. Business combinations

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

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

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

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

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

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

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

i. Property, plant and equipment

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

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

Freehold land is not depreciated.

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

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

j. Investment properties

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

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

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

k. Goodwill

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

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

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

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

## l. Intangible assets

### 1) Intangible assets acquired separately

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

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

### 2) Intangible assets acquired in a business combination

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

### 3) Derecognition of intangible assets

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

## m. Impairment of tangible and intangible assets other than goodwill

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

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

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

## n. Non-current assets held for sale

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

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

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

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

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

o. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, available-for-sale financial assets, and loans and receivables.

i. Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when a financial asset is held for trading.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on their remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 28.

ii. Available-for-sale financial assets

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

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

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

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

iii. Loans and receivables

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

b) Impairment of financial assets

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

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

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

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

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

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

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

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

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

#### c) Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

### 2) Equity instruments

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

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

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

### 3) Financial liabilities

#### a) Subsequent measurement

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

Financial liabilities are classified as at fair value through profit or loss when any such financial liability is either held for trading or is designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 28.

A financial liability may be designated as at fair value through profit or loss upon initial recognition when doing so results in more relevant information and if:

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

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

#### b) Derecognition of financial liabilities

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

### 4) Derivative financial instruments

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

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



Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the contracts are not measured at fair value through profit or loss.

p. Hedge accounting

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

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

Hedge accounting is discontinued prospectively when the Group revokes the designated hedging relationship, or when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer meets the criteria for hedge accounting. The cumulative gains or losses on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the gains or losses accumulated in equity are recognized immediately in profit or loss.

q. Revenue recognition

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

1) Sale of goods

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

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

Revenue from the sale of property in the course of ordinary activities is recognized when the construction is completed and the property is transferred to the buyer. Until such revenue is recognized, deposits and installment payments received from sales of properties are carried in the consolidated balance sheets under current liabilities.

## 2) Rendering of services

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

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

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

## 3) Sale of electric power

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

## 4) Dividend and interest income

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

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

## r. Leasing

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

### 1) The Group as lessor

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

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

### 2) The Group as lessee

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

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

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

s. Borrowing costs

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

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

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

t. Government grants

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

u. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

3) Other long-term employee benefits

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

v. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The interim period income tax is assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to the expected total annual earnings.

1) Current tax

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

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

## 2) Deferred tax

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

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

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

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

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

## 3) Current and deferred taxes for the reporting period

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

## **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

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

a. Impairment loss of goodwill

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

b. Impairment loss of property, plant and equipment

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

## 6. CASH AND CASH EQUIVALENTS

	September 30, 2017	December 31, 2016	September 30, 2016
Cash on hand	\$ 12,518	\$ 9,245	\$ 8,926
Checking accounts and demand deposits	14,560,153	17,730,116	18,050,186
Cash equivalents			
Time deposits with original maturities of less than 3 months	10,486,213	9,634,877	8,458,793
Bonds with repurchase agreements	<u>1,549,416</u>	<u>805,520</u>	<u>711,466</u>
	<u>\$ 26,608,300</u>	<u>\$ 28,179,758</u>	<u>\$ 27,229,371</u>

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

	September 30, 2017	December 31, 2016	September 30, 2016
Cash in bank	0.01%-2.60%	0.01%-2.60%	0.01%-2.60%
Bonds with repurchase agreements	0.33%-1.35%	0.30%-1.08%	0.30%-0.86%

As of September 30, 2017, December 31, 2016 and September 30, 2016, time deposits with original maturities of more than 3 months were \$553,936 thousand, \$411,478 thousand and \$561,305 thousand, respectively, and were classified to other financial assets.

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2017	December 31, 2016	September 30, 2016
<u>Financial assets held for trading</u>			
Non-derivative financial assets			
Mutual funds	\$ 147,571	\$ 146,841	\$ 145,683
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	<u>-</u>	<u>1,647</u>	<u>17,283</u>
	<u>\$ 147,571</u>	<u>\$ 148,488</u>	<u>\$ 162,966</u>
<u>Financial liabilities held for trading</u>			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts (included in other current liabilities)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,357</u>

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

Date	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2016</u>			
Buy <u>September 30, 2016</u>	USD/RMB	2017.1	USD115,000/RMB808,098
Buy	USD/RMB	2016.11-2016.12	USD336,000/RMB2,250,591

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

## 8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	September 30, 2017	December 31, 2016	September 30, 2016
Domestic investments			
Listed shares	\$ 9,771,204	\$ 7,338,337	\$ 7,119,915
Emerging market shares	81,979	536,211	524,461
Mutual funds	<u>84,425</u>	<u>19,395</u>	<u>28,436</u>
	9,937,608	7,893,943	7,672,812
Foreign investments			
Listed shares	<u>15,711,573</u>	<u>11,833,605</u>	<u>11,729,339</u>
	<u>\$ 25,649,181</u>	<u>\$ 19,727,548</u>	<u>\$ 19,402,151</u>

(Continued)

	September 30, 2017	December 31, 2016	September 30, 2016
Current	\$ 20,061,583	\$ 15,536,693	\$ 15,375,305
Non-current	<u>5,587,598</u>	<u>4,190,855</u>	<u>4,026,846</u>
	<u>\$ 25,649,181</u>	<u>\$ 19,727,548</u>	<u>\$ 19,402,151</u> (Concluded)

Refer to Note 30 for information relating to available-for-sale financial assets pledged as collateral for credit accommodations.

## 9. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	September 30, 2017	December 31, 2016	September 30, 2016
Derivative financial assets under <u>hedge accounting</u>			
Cash flow hedges - foreign exchange forward contracts (included in other current assets)	<u>\$ -</u>	<u>\$ 13,167</u>	<u>\$ -</u>

The terms of the foreign exchange forward contracts were negotiated to match the terms of the respective designated hedged items. The Group has entered into raw material purchase contracts with foreign coal suppliers and entered into foreign exchange forward contracts to avoid exchange rate exposure to its forecasted purchases. These foreign exchange forward contracts were designated as cash flow hedges. When forecasted purchases actually take place, the carrying amounts of the non-financial hedged items will be adjusted accordingly.

The outstanding foreign exchange forward contracts at the end of the reporting period were as follows:

Date	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2016</u>			
Buy	NTD/USD	2017.1-2017.2	NTD527,666/USD16,800

Gains and losses of hedging instruments reclassified from equity to profit or loss were included in the following line items in the consolidated statements of comprehensive income:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2016	2017	2016
Operating revenues	\$ -	\$ 223	\$ 705	\$ 2,584
Operating costs	<u>-</u>	<u>(32)</u>	<u>6,410</u>	<u>12,569</u>
	<u>\$ -</u>	<u>\$ 191</u>	<u>\$ 7,115</u>	<u>\$ 15,153</u>

## 10. NOTES AND ACCOUNTS RECEIVABLE

	September 30, 2017	December 31, 2016	September 30, 2016
Notes receivable	\$ 15,811,144	\$ 12,612,965	\$ 10,186,642
Accounts receivable	6,946,612	6,905,743	6,150,494
Less: Allowance for impairment loss	<u>(157,035)</u>	<u>(136,005)</u>	<u>(166,089)</u>
	<u>\$ 22,600,721</u>	<u>\$ 19,382,703</u>	<u>\$ 16,171,047</u>
Receivables past due but not impaired	<u>\$ 58,652</u>	<u>\$ 76,558</u>	<u>\$ 53,152</u>

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

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

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

The aging analysis of receivables was as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Up to 90 days	\$ 16,192,943	\$ 13,460,527	\$ 10,533,551
91-180 days	6,218,662	5,801,948	5,519,140
181-365 days	106,307	64,135	47,904
Over 365 days	<u>82,809</u>	<u>56,093</u>	<u>70,452</u>
	<u>\$ 22,600,721</u>	<u>\$ 19,382,703</u>	<u>\$ 16,171,047</u>

The above aging schedule was based on the number of days past due from the invoice date.

The movements of the allowance for doubtful notes and accounts receivable were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2016	\$ 185,521	\$ 37,813	\$ 223,334
Allowance (reversals)	(38,593)	221	(38,372)
Write-offs	(1,858)	(516)	(2,374)
Effects of exchange rate changes	<u>(16,499)</u>	<u>-</u>	<u>(16,499)</u>
Balance at September 30, 2016	<u>\$ 128,571</u>	<u>\$ 37,518</u>	<u>\$ 166,089</u>

(Continued)



	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2017	\$ 99,256	\$ 36,749	\$ 136,005
Allowance (reversals)	22,829	(930)	21,899
Write-offs	(5,902)	(1,835)	(7,737)
Effects of exchange rate changes	<u>6,868</u>	<u>-</u>	<u>6,868</u>
Balance at September 30, 2017	<u>\$ 123,051</u>	<u>\$ 33,984</u>	<u>\$ 157,035</u> (Concluded)

## 11. FINANCE LEASE RECEIVABLES

	September 30, 2017	December 31, 2016	September 30, 2016
Not later than 1 year	\$ 4,974,959	\$ 4,479,022	\$ 4,682,283
Later than 1 year and not later than 5 years	20,933,301	20,559,413	20,478,082
Later than 5 years	<u>34,238,449</u>	<u>38,552,728</u>	<u>39,739,628</u>
	60,146,709	63,591,163	64,899,993
Less: Unearned finance income	26,259,141	29,225,002	30,278,878
Less: Accumulated impairment	<u>47,878</u>	<u>47,878</u>	<u>118,880</u>
Present value of minimum lease payments	<u>\$ 33,839,690</u>	<u>\$ 34,318,283</u>	<u>\$ 34,502,235</u>
Current (included in accounts receivable)	\$ 1,186,297	\$ 652,243	\$ 662,545
Non-current	<u>32,653,393</u>	<u>33,666,040</u>	<u>33,839,690</u>
	<u>\$ 33,839,690</u>	<u>\$ 34,318,283</u>	<u>\$ 34,502,235</u>

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

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

Refer to Note 30 for information relating to financial lease receivables pledged as collateral for bank borrowings, which were recorded under property, plant and equipment before transitioning to IFRSs.

## 12. INVENTORIES

	September 30, 2017	December 31, 2016	September 30, 2016
Finished goods	\$ 1,999,259	\$ 1,984,216	\$ 1,719,857
Work in process	1,495,231	1,474,511	1,408,938
Raw materials	5,854,794	5,290,667	4,948,434
Buildings and land held for sale	<u>144,571</u>	<u>144,571</u>	<u>144,571</u>
	<u>\$ 9,493,855</u>	<u>\$ 8,893,965</u>	<u>\$ 8,221,800</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2016	2017	2016
Inventory write-downs	\$ 26,988	\$ 19,158	\$ 13,689	\$ 16,519

Refer to Note 31 for information relating to bills of lading pledged as collateral for bank borrowings.

### 13. SUBSIDIARIES

#### a. Subsidiaries included in consolidated financial statements

The consolidated financial statements include subsidiaries which are as follows:

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			September 30, 2017	December 31, 2016	September 30, 2016	
Taiwan Cement Corporation	Taiwan Transport & Storage Corporation	Warehousing, transportation, and sale of sand and gravel	83.9	83.9	83.9	
	TCC Investment Corporation	Investment	100.0	100.0	100.0	
	Kuan-Ho Refractories Industry Corporation	Production and sale of refractory materials	95.3	95.3	95.3	
	Kuan-Ho Construction & Development Corporation	Construction and lease services	92.9	92.9	92.9	
	Hong Kong Cement Manufacturing Co., Ltd. ("HKCMCL")	Investment holding	84.7	84.7	84.7	
	Ta-Ho Maritime Corporation	Marine transportation	64.8	64.8	64.8	6)
	Taiwan Cement Engineering Corporation	Engineering services	99.0	99.0	99.0	
	Tunwoo Company Limited	Warehousing, and sale of cement	100.0	100.0	100.0	5)
	TCC Chemical Corporation	Processing and sale of chemical material	100.0	100.0	100.0	
	TCC Information Systems Corporation	Information software	99.4	99.4	99.4	
	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	50.0	50.0	50.0	6)
	Tung Chen Mineral Corporation	Afforestation and sale of limestone	99.5	99.5	99.5	
	Jin Chang Minerals Corporation	Afforestation and sale of limestone	100.0	100.0	100.0	
	Hoping Industrial Port Corporation	Hoping Industrial Port management	100.0	100.0	100.0	6)
	TCC International Ltd. ("TCCP")	Investment holding	100.0	100.0	100.0	6)
	Ho-Ping Power Company	Thermal power generation	59.5	59.5	59.5	6)
	Ta-Ho Onyx Taitung Environment Co., Ltd.	Waste collection and treatment	100.0	100.0	100.0	
	HPC Power Service Corporation	Business consulting	60.0	60.0	60.0	
	E.G.C. Cement Corporation	Sale of cement	50.6	50.6	50.6	
	Feng Sheng Enterprise Company	Sale of ready-mixed concrete	45.4	45.4	45.4	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			September 30, 2017	December 31, 2016	September 30, 2016	
Taiwan Transport & Storage Corporation	Trans Philippines Mineral Corporation	Mining excavation	40.0	40.0	40.0	
	Taicorn Minerals Corporation	Mining excavation	72.7	72.7	72.7	
	Ta-Ho Onyx RSEA Environment Co., Ltd.	Waste collection and treatment	66.6	66.6	66.6	
	Ho Sheng Mining Co., Ltd.	Mining excavation	100.0	100.0	100.0	
	E.G.C. Cement Corporation	Sale of cement	44.4	44.4	44.4	
	Ho Swen Construction Material Co., Ltd.	Sand and gravel filtering and sale	51.0	51.0	51.0	4)
	Ta-Ho Maritime Corporation	Marine transportation	27.5	27.5	27.5	6)
TCC Investment Corporation	Union Cement Traders Inc.	Import and export trading	100.0	100.0	100.0	
	Ho-Ping Power Company	Thermal power generation	0.5	0.5	0.5	6)
	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	0.4	0.5	0.5	3), 6)
	Ta-Ho Maritime Corporation	Marine transportation	-	-	-	6)
HKCMCL	TCC Development Ltd.	Property leasing	100.0	100.0	100.0	
Ta-Ho Maritime Corporation	Ta-Ho Maritime Holdings Ltd.	Investment	100.0	100.0	100.0	
Taiwan Cement Engineering Corporation	TCEC Corporation	Investment	100.0	100.0	100.0	
TCC Information Systems Corporation	Taicem Information (Samoa) Pte., Ltd.	Investment	100.0	100.0	100.0	
Hoping Industrial Port Corporation	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	2.3	2.3	2.3	6)
TCCI	TCC International Holdings Ltd. ("TCCIH")	Investment holding	63.1	63.1	63.1	1), 6)
Feng Sheng Enterprise Company	Ho Swen Construction Material Co., Ltd.	Sand and gravel filtering and sale	9.0	9.0	9.0	4)
TPMC	TMC	Mining excavation	18.2	18.2	18.2	
Union Cement Traders Inc.	Taiwan Transport & Storage Corporation	Warehousing, transportation, and sale of sand and gravel	0.7	0.7	0.7	
Ta-Ho Maritime Holdings Ltd.	Ta-Ho Maritime (Hong Kong) Limited	Marine transportation	100.0	100.0	100.0	
	THC International S.A.	Marine transportation	100.0	100.0	100.0	
	Chi Ho Maritime S.A.	Marine transportation	100.0	100.0	100.0	
	Sheng Ho Maritime S.A.	Marine transportation	100.0	100.0	100.0	
	Ta-Ho Maritime (Singapore) Pte. Ltd.	Marine transportation	100.0	100.0	100.0	
TCEC Corporation	TCEC (Yingde) Machine Co., Ltd.	Production and sale of cement machinery and assembly work	100.0	100.0	100.0	
Taicem Information (Samoa) Pte., Ltd.	Fuzhou TCC Information Technology Co., Ltd.	Software product and equipment maintenance	100.0	100.0	100.0	
Ta-Ho Maritime (Hong Kong) Limited	Da Tong (Guigang) International Logistics Co., Ltd.	Logistics and transportation	100.0	100.0	100.0	
Da Tong (Guigang) International Logistics Co., Ltd.	Da Tong (Ying De) Logistics Co., Ltd.	Logistics and transportation	100.0	100.0	100.0	
	Guigang Da-Ho Shipping Co., Ltd.	marine transportation	100.0	100.0	100.0	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			September 30, 2017	December 31, 2016	September 30, 2016	
TCCIH	Chia Hsin Cement Greater China Holding Corporation	Investment holding	100.0	100.0	100.0	
	Upper Value Investment Limited	Investment holding	100.0	100.0	100.0	
	Upper Value Investments Ltd. (“UPPV”)	Investment holding	100.0	100.0	100.0	6)
	TCC Hong Kong Cement (BVI) Holdings Ltd.	Investment holding	100.0	100.0	100.0	6)
Upper Value Investment Limited	Ulexite Investments Ltd.	Investment holding	100.0	100.0	100.0	
	Prime York Ltd.	Investment holding	100.0	100.0	100.0	
	Prosperity Minerals (International) Ltd.	Investment holding	100.0	100.0	100.0	
TCC Hong Kong Cement (BVI) Holdings Ltd.	TCC Hong Kong Cement Development Limited	Investment holding	100.0	100.0	100.0	
	TCC Hong Kong Cement (QHC) Ltd.	Investment holding	100.0	100.0	100.0	
	TCC Hong Kong Cement (Yargoan) Ltd.	Investment holding	100.0	100.0	100.0	
	TCC Hong Kong Cement (HKC) Ltd.	Investment holding	100.0	100.0	100.0	
	TCC Hong Kong Cement (Philippines) Ltd.	Investment holding	100.0	100.0	100.0	
	TCC Hong Kong Cement (International) Ltd.	Investment holding	100.0	100.0	100.0	6)
	Hong Kong Cement Company Limited (“HKCCL”)	Sale of cement	100.0	100.0	100.0	
	TCC Hong Kong Cement (QHC) Ltd.	Investment holding	70.0	70.0	70.0	
	Chieffolk Co., Ltd.	Investment holding	100.0	100.0	100.0	
	TCC Liuzhou Co., Ltd.	Investment holding	100.0	100.0	100.0	
TCC International (Liuzhou) Ltd.	TCC Liuzhou Construction Materials Company Limited	Manufacturing and sale of slag powder	60.0	60.0	60.0	
TCC Hong Kong Cement (HKC) Ltd.	Koning Concrete Ltd.	Investment holding	100.0	100.0	100.0	
TCC Hong Kong Cement (Philippines) Ltd.	TCC Cement Corporation	Cement processing services	100.0	100.0	100.0	
TCC Hong Kong Cement (International) Ltd.	TCC International (Hong Kong) Co., Ltd. (“TCCI (HK)”)	Investment holding	100.0	100.0	100.0	6)
TCCI (HK)	TCC Guigang Mining Industrial Company Limited	Mining excavation	52.5	52.5	52.5	
	Jiangsu TCC Investment Co., Ltd.	Investment holding	100.0	100.0	100.0	
	Jingyang Industrial Limited	Investment holding	100.0	100.0	100.0	
	TCC International (Guangxi) Ltd.	Investment holding	100.0	100.0	100.0	
	TCC Shaoquan Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	100.0	
	TCC Yingde Mining Industrial Company Limited	Mining excavation	48.9	48.9	48.9	
	TCC Yingde Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	100.0	6)

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			September 30, 2017	December 31, 2016	September 30, 2016	
Jiangsu TCC Investment Co., Ltd.	TCC Jiangsu Mining Industrial Company Limited	Mining excavation	100.0	100.0	100.0	
	TCC Fuzhou Yangyu Port Co., Ltd.	Service of port facility	100.0	100.0	100.0	
	TCC (Dong Guan) Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	100.0	
	TCC Fuzhou Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	100.0	
	TCC Huaihua Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	
	Anhui King Bridge Cement Co., Ltd.	Manufacturing and sale of cement	60.0	60.0	60.0	
	Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	21.5	21.5	22.4	2), 6)
	Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	78.5	78.5	77.6	2), 6)
	TCC (Gui Gang) Cement Ltd.	Manufacturing and sale of cement	100.0	100.0	100.0	6)
	TCC Huaying Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	
TCC (Gui Gang) Cement Ltd.	TCC Guigang Mining Industrial Company Limited	Mining excavation	47.5	47.5	47.5	
	TCC Yingde Mining Industrial Company Limited	Mining excavation	34.8	34.8	34.8	
	Scitus Luzhou Concrete Co., Ltd.	Sale of ready-mixed concrete	25.0	25.0	25.0	
	Scitus Luzhou Cement Co., Ltd.	Manufacturing and sale of cement	10.0	10.0	10.0	
	Scitus Naxi Cement Co., Ltd.	Manufacturing and sale of cement	10.0	10.0	10.0	
	Scitus Hejiang Cement Co., Ltd.	Manufacturing and sale of cement	10.0	10.0	10.0	
	TCC Yingde Mining Industrial Company Limited	Mining excavation	16.3	16.3	16.3	
	TCC Jingzhou Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	
	TCC Huaihua Concrete Company Limited	Sale of ready-mixed concrete	100.0	100.0	100.0	
	Ulexite Investments Ltd.	Investment holding	100.0	100.0	100.0	
UPPV	Wayly Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	TCC International (China) Co., Ltd.	Investment holding	100.0	100.0	100.0	
	Kong On Cement Holdings Ltd.	Investment holding	65.0	65.0	65.0	
	Mega East Ltd.	Investment holding	100.0	100.0	100.0	
	Prosperity Minerals (China) Ltd.	Investment holding	100.0	100.0	100.0	
	Sure Kit Ltd.	Investment holding	100.0	100.0	100.0	
	Hensford Ltd.	Investment holding	100.0	100.0	100.0	
	Kiton Ltd.	Investment holding	100.0	100.0	100.0	
	Prosperity Cement Investment Ltd.	Investment holding	100.0	100.0	100.0	
	Scitus Cement (China) Holdings Ltd. ("Scitus Holdings")	Investment holding	100.0	100.0	100.0	
Wayly Holdings Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	100.0	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)			Remark
			September 30, 2017	December 31, 2016	September 30, 2016	
TCC International (China) Co., Ltd.	TCC New (Hangzhou) Management Company Limited	Operation management	100.0	100.0	100.0	
Kong On Cement Holdings Ltd.	Guizhou Kong On Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	
Mega East Ltd.	TCC Guangan Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	
Sure Kit Ltd.	TCC Chongqing Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	6)
Hensford Ltd.	TCC Anshun Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	6)
Kiton Ltd.	TCC Liaoning Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	100.0	
Prosperity Cement Investment Ltd.	Yingde Dragon Mountain Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	100.0	6)
TCC Anshun Cement Company Limited	Anshun Xin Tai Construction Materials Company Limited	Filtering of sand and gravel and sale of ready-mixed concrete	100.0	100.0	100.0	
Scitus Holdings	Scitus Cement (China) Operating Co., Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon XIV Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon XIII Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon IX Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon VIII Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon V Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon IV Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon III Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon II Holdings Ltd.	Investment holding	100.0	100.0	100.0	
	Hexagon Holdings Ltd.	Investment holding	100.0	100.0	100.0	
Hexagon IX Holdings Ltd.	Scitus Hejiang Cement Co., Ltd.	Manufacturing and sale of cement	90.0	90.0	90.0	
Hexagon IV Holdings Ltd.	Scitus Luzhou Cement Co., Ltd.	Manufacturing and sale of cement	90.0	90.0	90.0	
Hexagon III Holdings Ltd.	Scitus Naxi Cement Co., Ltd.	Manufacturing and sale of cement	90.0	90.0	90.0	
Hexagon XIV Holdings Ltd.	Scitus Luzhou Concrete Co., Ltd.	Sales of ready-mixed concrete	75.0	75.0	75.0	

(Concluded)

Remarks:

- 1) In September 2016, TCCI acquired interests in TCCIH from Chia Hsin Cement Corporation and its subsidiary, Chia Hsin Pacific Limited, resulting in an increase in its proportion of ownership of TCCIH. As approved by the board of directors on April 19, 2017, the Corporation and its subsidiary, TCCI, contemplated privatizing TCCIH by a Scheme of Arrangement, where, subject to the approval of the competent authorities and courts in the relevant regions and resolution in a special shareholders' meeting of TCCIH by December 31, 2017, TCCI will pay in cash or new shares to be issued by the Corporation in order to acquire all of the outstanding shares of TCCIH to the effect that TCCIH will be delisted from the mainboard of the Hong Kong Exchange and Clearing Limited and become a wholly-owned subsidiary of the Corporation. In July 2017, the Corporation received a letter of approval from the Taiwan Stock Exchange regarding its acquisition interests in TCCIH. In November 2017, upon the approval of the FSC, the Corporation will increase its share capital by issuing 554,333 thousand ordinary shares to acquire part of TCCIH's shares.
- 2) Jingyang Industrial Limited increased capital in Jurong TCC Cement Co., Ltd. in November 2016.

- 3) TCC Investment Corporation disposed of a part of its interest in Taiwan Prosperity Chemical Corporation in September 2017.
  - 4) Ho Swen Construction Material Co., Ltd. is still in the process of liquidation as of September 2017.
  - 5) Tunwoo Company Limited changed its Chinese-language name in November 2017.
  - 6) The subsidiary's financial statements for the nine months ended September 30, 2017 and 2016 were reviewed.
  - 7) Except for those mentioned directly above in Remark 6, the remaining subsidiaries' financial statements for the nine months ended September 30, 2016 and 2017 were not reviewed by auditors.
- b. Details of subsidiaries with material non-controlling interests

	<b>Proportion of Ownership and Voting Rights Held by Non-controlling Interests</b>		
	<b>September 30, 2017</b>	<b>December 31, 2016</b>	<b>September 30, 2016</b>
TCCIH	36.9%	36.9%	36.9%
Taiwan Prosperity Chemical Corporation	47.3%	47.2%	47.2%
Ho-Ping Power Company	40.0%	40.0%	40.0%

See Table 6 following the Notes to Consolidated Financial Statements for the information on the places of incorporation and principal businesses.

#### 14. INVESTMENTS ACCOUNTED FOR BY USING EQUITY METHOD

	<b>September 30, 2017</b>	<b>December 31, 2016</b>	<b>September 30, 2016</b>
Investments in associates	\$ 7,808,566	\$ 7,444,947	\$ 7,683,258
Investments in joint ventures	<u>-</u>	<u>-</u>	<u>41,138</u>
	<u>\$ 7,808,566</u>	<u>\$ 7,444,947</u>	<u>\$ 7,724,396</u>

##### a. Investments in associates

	<b>September 30, 2017</b>	<b>December 31, 2016</b>	<b>September 30, 2016</b>
Material associates			
Prosperity Conch Cement Company Limited	\$ 3,444,397	\$ 3,103,826	\$ 3,458,470
Associates that are not individually material			
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	1,616,249	1,529,975	1,542,858
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	831,849	752,278	729,525
CCC USA Corporation	712,526	720,290	681,098
ONYX Ta-Ho Environmental Services Co., Ltd.	432,154	444,093	368,096

(Continued)

	<b>September 30, 2017</b>	<b>December 31, 2016</b>	<b>September 30, 2016</b>
Quon Hing Concrete Co., Ltd.	\$ 264,362	\$ 292,066	\$ 344,672
Hong Kong Concrete Co., Ltd.	214,885	211,779	163,139
Chia Huan Tung Cement Corporation	211,977	219,588	223,472
Shih Hsin S&T Co., Ltd.	70,809	161,118	162,280
Synpac Ltd.	9,358	9,934	9,648
Sichuan Taichang Building Material Group Company Limited	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,808,566</u>	<u>\$ 7,444,947</u>	<u>\$ 7,683,258</u> (Concluded)

1) Material associates

	<b>Proportion of Ownership</b>		
	<b>September 30, 2017</b>	<b>December 31, 2016</b>	<b>September 30, 2016</b>
Prosperity Conch Cement Company Limited	25.0%	25.0%	25.0%

Refer to Table 7 “Information on Investments in Mainland China” following the Notes to Consolidated Financial Statements for the nature of activities, principal place of business and country of incorporation of Prosperity Conch Cement Company Limited. The share of profit or loss and other comprehensive income of the investment was based on the associate’s financial statements which were not reviewed by the auditors.

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

	<b>September 30, 2017</b>	<b>December 31, 2016</b>	<b>September 30, 2016</b>
Current assets	\$ 8,138,288	\$ 6,876,835	\$ 7,904,457
Non-current assets	7,418,242	7,823,814	7,884,601
Current liabilities	(1,093,419)	(1,586,799)	(1,251,521)
Non-current liabilities	<u>(685,521)</u>	<u>(698,544)</u>	<u>(703,656)</u>
Equity	<u>\$ 13,777,590</u>	<u>\$ 12,415,306</u>	<u>\$ 13,833,881</u>
Proportion of the Group’s ownership	25%	25%	25%
Carrying amount	<u>\$ 3,444,397</u>	<u>\$ 3,103,826</u>	<u>\$ 3,458,470</u>



	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Operating revenue	\$ <u>2,281,776</u>	\$ <u>1,915,955</u>	\$ <u>6,651,504</u>	\$ <u>5,243,132</u>
Net income for the period	\$ 587,165	\$ 416,964	\$ 1,648,202	\$ 839,472
Other comprehensive income (loss)	<u>220,492</u>	<u>(499,016)</u>	<u>(285,916)</u>	<u>(962,096)</u>
Total comprehensive income (loss) for the period	\$ <u>807,657</u>	\$ <u>(82,052)</u>	\$ <u>1,362,286</u>	\$ <u>(122,624)</u>

2) Aggregate information of individually immaterial associates

	<b>Proportion of Ownership</b>		
	<b>September 30, 2017</b>	<b>December 31, 2016</b>	<b>September 30, 2016</b>
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	30.0%	30.0%	30.0%
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	30.0%	30.0%	30.0%
CCC USA Corp.	33.3%	33.3%	33.3%
ONYX Ta-Ho Environmental Services Co., Ltd.	50.0%	50.0%	50.0%
Quon Hing Concrete Co., Ltd.	50.0%	50.0%	50.0%
Chia Huan Tung Cement Corporation	33.8%	33.8%	33.8%
Hong Kong Concrete Co., Ltd.	31.5%	31.5%	31.5%
Shih Hsin S&T Co., Ltd.	18.9%	18.9%	18.9%
Synpac Ltd.	25.0%	25.0%	25.0%
Sichuan Taichang Building Material Group Company Limited	30.0%	30.0%	30.0%

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
The Group's share of:				
Net income for the period	\$ 183,616	\$ 181,795	\$ 584,600	\$ 449,684
Other comprehensive income (loss)	<u>36,593</u>	<u>(126,363)</u>	<u>(84,545)</u>	<u>(236,242)</u>
Total comprehensive income for the period	\$ <u>220,209</u>	\$ <u>55,432</u>	\$ <u>500,055</u>	\$ <u>213,442</u>

The Group's percentage of ownership in Shih Hsin S&T Co., Ltd. is less than 20%, but the Group has significant influence and accounts for the investment by using the equity method.

The above investments accounted for by using the equity method and the share of profit or loss and other comprehensive income (loss) of those investments for the nine months ended September 30, 2017 and 2016 were based on the associates' unreviewed financial statements for the same period except those of CCC USA Corporation.

## 15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Property in Construction	Total
<u>Cost</u>						
Balance at January 1, 2016	\$ 20,766,374	\$ 54,191,589	\$ 103,905,771	\$ 12,257,492	\$ 4,849,487	\$ 195,970,713
Additions	6,129	81,872	63,343	97,318	453,019	701,681
Disposals	-	(7,483)	(388,448)	(200,318)	-	(596,249)
Reclassification	-	186,237	277,858	42,306	(478,213)	28,188
Effects of exchange rate changes	-	(2,627,422)	(4,147,937)	(244,527)	(151,175)	(7,171,061)
Balance at September 30, 2016	<u>\$ 20,772,503</u>	<u>\$ 51,824,793</u>	<u>\$ 99,710,587</u>	<u>\$ 11,952,271</u>	<u>\$ 4,673,118</u>	<u>\$ 188,933,272</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2016	\$ 274,188	\$ 13,440,651	\$ 59,128,303	\$ 9,817,437	\$ -	\$ 82,660,579
Disposals	-	(7,483)	(371,909)	(192,416)	-	(571,808)
Depreciation expenses	-	1,137,871	3,416,323	438,934	-	4,993,128
Impairment loss	-	-	9,094	-	-	9,094
Effects of exchange rate changes	-	(489,640)	(1,642,716)	(171,058)	-	(2,303,414)
Balance at September 30, 2016	<u>\$ 274,188</u>	<u>\$ 14,081,399</u>	<u>\$ 60,539,095</u>	<u>\$ 9,892,897</u>	<u>\$ -</u>	<u>\$ 84,787,579</u>
Carrying amounts at September 30, 2016	<u>\$ 20,498,315</u>	<u>\$ 37,743,394</u>	<u>\$ 39,171,492</u>	<u>\$ 2,059,374</u>	<u>\$ 4,673,118</u>	<u>\$ 104,145,693</u>
<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	-	24,602	166,543	159,468	410,811	761,424
Disposals	(1,878)	(35,303)	(166,763)	(120,670)	-	(324,614)
Reclassification	(12,046)	8,416	333,818	8,406	(325,458)	13,136
Effects of exchange rate changes	-	(637,634)	(945,295)	(179,405)	(24,829)	(1,787,163)
Balance at September 30, 2017	<u>\$ 20,665,028</u>	<u>\$ 50,894,287</u>	<u>\$ 98,781,458</u>	<u>\$ 11,906,889</u>	<u>\$ 4,650,071</u>	<u>\$ 186,897,733</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	-	(6,369)	(100,439)	(110,846)	-	(217,654)
Depreciation expenses	-	1,045,990	3,009,154	475,129	-	4,530,273
Reclassification	-	-	15,176	(15,176)	-	-
Effects of exchange rate changes	-	(94,469)	(302,673)	(132,604)	(2,191)	(531,937)
Balance at September 30, 2017	<u>\$ 274,188</u>	<u>\$ 15,611,247</u>	<u>\$ 64,015,242</u>	<u>\$ 10,285,414</u>	<u>\$ 29,775</u>	<u>\$ 90,215,866</u>
Carrying amounts at January 1, 2017	<u>\$ 20,404,764</u>	<u>\$ 36,868,111</u>	<u>\$ 37,999,131</u>	<u>\$ 1,970,179</u>	<u>\$ 4,557,581</u>	<u>\$ 101,799,766</u>
Carrying amounts at September 30, 2017	<u>\$ 20,390,840</u>	<u>\$ 35,283,040</u>	<u>\$ 34,766,216</u>	<u>\$ 1,621,475</u>	<u>\$ 4,620,296</u>	<u>\$ 96,681,867</u>

The above items of property, plant and equipment were depreciated on a straight-line basis over the estimated useful life of the asset:

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

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 30.

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2017</b>	<b>2016</b>
Acquisitions of property, plant and equipment	\$ 761,424	\$ 701,681
Increase (decrease) in prepayments for equipment	183,451	(17,424)
Decrease in payables for equipment	<u>9,054</u>	<u>1,423,125</u>
	<u>\$ 953,929</u>	<u>\$ 2,107,382</u>

## 16. INVESTMENT PROPERTIES

	<b>September 30, 2017</b>	<b>December 31, 2016</b>	<b>September 30, 2016</b>
Land	\$ 5,401,651	\$ 5,389,605	\$ 5,296,054
Buildings	<u>663,646</u>	<u>683,451</u>	<u>680,726</u>
	<u>\$ 6,065,297</u>	<u>\$ 6,073,056</u>	<u>\$ 5,976,780</u>

Except for depreciation, the Group did not recognize significant additions, disposals, or impairment loss of investment properties during the nine months ended September 30, 2017 and 2016.

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

As of December 31, 2016 and 2015, the fair values of the investment properties owned by the Group were \$10,901,414 thousand and \$11,157,619 thousand, respectively. Management of the Group had assessed and determined that there was no significant changes in the fair value on September 30, 2016 from those as of December 31, 2015. As of June 2017, the fair value of investment properties were \$15,253,955 thousand as determined by independent qualified professional valuers.

The investment properties pledged as collateral for bank borrowings are set out in Note 30.

## 17. INTANGIBLE ASSETS

	<b>Goodwill</b>	<b>Operational Concession</b>	<b>Mining Rights</b>	<b>Others</b>	<b>Total</b>
<u>Cost</u>					
Balance at January 1, 2016	\$ 13,134,936	\$ 7,683,851	\$ 2,992,002	\$ 1,230,004	\$ 25,040,793
Additions	-	-	76,656	1,568	78,224
Decrease	-	(2,375)	-	-	(2,375)
Effects of exchange rate changes	<u>(837,533)</u>	<u>-</u>	<u>(191,782)</u>	<u>(33,607)</u>	<u>(1,062,922)</u>
Balance at September 30, 2016	<u>\$ 12,297,403</u>	<u>\$ 7,681,476</u>	<u>\$ 2,876,876</u>	<u>\$ 1,197,965</u>	<u>\$ 24,053,720</u>

(Continued)

	Goodwill	Operational Concession	Mining Rights	Others	Total
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2016	\$ -	\$ 604,631	\$ 998,997	\$ 829,613	\$ 2,433,241
Amortization expenses	-	113,368	118,549	74,431	306,348
Decrease	-	(221)	-	-	(221)
Effects of exchange rate changes	-	-	(61,123)	(14,358)	(75,481)
Balance at September 30, 2016	<u>\$ -</u>	<u>\$ 717,778</u>	<u>\$ 1,056,423</u>	<u>\$ 889,686</u>	<u>\$ 2,663,887</u>
Carrying amounts at September 30, 2016	<u>\$ 12,297,403</u>	<u>\$ 6,963,698</u>	<u>\$ 1,820,453</u>	<u>\$ 308,279</u>	<u>\$ 21,389,833</u>
<u>Cost</u>					
Balance at January 1, 2017	\$ 12,191,933	\$ 7,681,476	\$ 2,859,051	\$ 1,203,719	\$ 23,936,179
Additions	-	-	-	9,045	9,045
Effects of exchange rate changes	(166,363)	-	(49,135)	(20,711)	(236,209)
Balance at September 30, 2017	<u>\$ 12,025,570</u>	<u>\$ 7,681,476</u>	<u>\$ 2,809,916</u>	<u>\$ 1,192,053</u>	<u>\$ 23,709,015</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2017	\$ -	\$ 755,555	\$ 1,086,135	\$ 919,207	\$ 2,760,897
Amortization expenses	-	113,333	99,346	70,305	282,984
Effects of exchange rate changes	-	-	(14,325)	(15,579)	(29,904)
Balance at September 30, 2017	<u>\$ -</u>	<u>\$ 868,888</u>	<u>\$ 1,171,156</u>	<u>\$ 973,933</u>	<u>\$ 3,013,977</u>
Carrying amounts at January 1, 2017	<u>\$ 12,191,933</u>	<u>\$ 6,925,921</u>	<u>\$ 1,772,916</u>	<u>\$ 284,512</u>	<u>\$ 21,175,282</u>
Carrying amounts at September 30, 2017	<u>\$ 12,025,570</u>	<u>\$ 6,812,588</u>	<u>\$ 1,638,760</u>	<u>\$ 218,120</u>	<u>\$ 20,695,038</u>

(Concluded)

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

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

## 18. PREPAYMENTS FOR LEASES

	September 30, 2017	December 31, 2016	September 30, 2016
Current (included in prepayments)	\$ 213,117	\$ 217,214	\$ 224,137
Non-current	<u>6,816,018</u>	<u>6,934,059</u>	<u>7,040,461</u>
	<u>\$ 7,029,135</u>	<u>\$ 7,151,273</u>	<u>\$ 7,264,598</u>

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

## 19. BORROWINGS

### a. Short-term loans

	September 30, 2017	December 31, 2016	September 30, 2016
<u>Secured borrowings</u>			
Bank loans	\$ 190,000	\$ 150,000	\$ 220,000
<u>Unsecured borrowings</u>			
Bank loans - unsecured	23,837,333	20,245,767	20,245,174
Bank loans - letters of credit	318,847	239,557	860,551
	<u>24,156,180</u>	<u>20,485,324</u>	<u>21,105,725</u>
	<u>\$ 24,346,180</u>	<u>\$ 20,635,324</u>	<u>\$ 21,325,725</u>
Interest rate	0.53%-4.35%	0.82%-4.35%	0.53%-5.35%

### b. Short-term bills payable

	September 30, 2017	December 31, 2016	September 30, 2016
Commercial paper	\$ 7,975,000	\$ 5,930,000	\$ 7,690,000
Less: Unamortized discount on bills payable	<u>7,852</u>	<u>8,482</u>	<u>11,340</u>
	<u>\$ 7,967,148</u>	<u>\$ 5,921,518</u>	<u>\$ 7,678,660</u>
Interest rate	0.94%-1.28%	0.63%-1.27%	0.45%-1.29%

### c. Long-term loans

	September 30, 2017	December 31, 2016	September 30, 2016
Secured borrowings	\$ 5,499,512	\$ 7,775,503	\$ 8,176,855
Unsecured borrowings	<u>46,923,150</u>	<u>53,730,506</u>	<u>52,757,959</u>
	52,422,662	61,506,009	60,934,814
Less: Current portions	<u>12,176,652</u>	<u>8,163,950</u>	<u>14,575,718</u>
	<u>\$ 40,246,010</u>	<u>\$ 53,342,059</u>	<u>\$ 46,359,096</u>
Interest rate	1.29%-2.80%	1.18%-2.90%	1.18%-2.84%

Long-term loans consist of unsecured borrowings, secured borrowings and earmarked loans. The principals of long-term unsecured and secured borrowings are due in December 2021, and the interests are paid monthly. The principals of earmarked loans are due in February 2019, and the interests are paid monthly, quarterly, or semiannually.

## 20. OTHER PAYABLES

	September 30, 2017	December 31, 2016	September 30, 2016
Payables for equipment	\$ 1,329,895	\$ 1,432,129	\$ 1,591,957
Salaries and bonuses payable	954,145	1,134,697	1,030,799
Taxes payable	861,003	748,023	579,683
Deposits and retention money	748,084	745,642	687,291
Payables for electricity	340,207	374,268	272,695
Freight payables	272,260	195,128	234,889
Fines payable	264,000	264,000	264,000
Others	<u>2,564,421</u>	<u>3,067,007</u>	<u>2,498,207</u>
	<u>\$ 7,334,015</u>	<u>\$ 7,960,894</u>	<u>\$ 7,159,521</u>

## 21. RETIREMENT BENEFIT PLANS

Employee benefits expense in respect of the defined retirement benefit plans applied the actuarially determined pension cost discount rate as of December 31, 2016 and 2015 and was recognized in the following line items in its respective periods:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2016	2017	2016
Operating costs	\$ 1,352	\$ 2,461	\$ 3,740	\$ 7,606
Operating expenses	<u>363</u>	<u>855</u>	<u>1,037</u>	<u>2,398</u>
	<u>\$ 1,715</u>	<u>\$ 3,316</u>	<u>\$ 4,777</u>	<u>\$ 10,004</u>

## 22. EQUITY

### a. Ordinary shares

	September 30, 2017	December 31, 2016	September 30, 2016
Number of shares authorized (in thousands)	<u>6,000,000</u>	<u>6,000,000</u>	<u>6,000,000</u>
Shares authorized	<u>\$ 60,000,000</u>	<u>\$ 60,000,000</u>	<u>\$ 60,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>3,692,176</u>	<u>3,692,176</u>	<u>3,692,176</u>
Shares issued	<u>\$ 36,921,759</u>	<u>\$ 36,921,759</u>	<u>\$ 36,921,759</u>

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

b. Capital surplus

	September 30, 2017	December 31, 2016	September 30, 2016
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Issuance of shares	\$ 10,435,775	\$ 10,435,775	\$ 10,435,775
Conversion of bonds	1,520,632	1,520,632	1,520,632
Difference between consideration paid or received and the carrying amount of the subsidiaries' net assets during actual acquisitions or disposals	1,226,282	1,224,547	1,224,547
Treasury share transactions	194,598	194,598	194,598
Donations	31,537	31,537	31,537
May only be used to offset a deficit (2)			
Changes in percentage of ownership interests in subsidiaries	116,238	116,238	116,238
Forfeited share options	10,315	10,315	10,315
May not be used for any purpose			
Changes in interests in associates accounted for by using equity method	520	520	520
	<u>\$ 13,535,897</u>	<u>\$ 13,534,162</u>	<u>\$ 13,534,162</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulting from equity transactions, other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for by using the equity method.

c. Retained earnings and dividend policy

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The shareholders held their regular meeting in June 2016 and, in that meeting, resolved amendments to the Corporation's Articles of Incorporation (the "Articles"), particularly the amendment to the policy on dividend distribution and the addition of the policy on the distribution of employees' compensation.

Under the dividend policy as set forth in the amended Articles, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors before and after amendment, refer to "Employee benefits expense" in Note 23b.

In addition to the capital-intensive, mature and stable production and marketing of cement and cement-related products, the Corporation aggressively pursues diversification. For the development of diversified investments or other important capital budgeting plans, the Corporation decided that the payout ratio of cash dividend is to be at least 20% of the total dividends to be distributed to ordinary shareholders; the rest will be paid in share dividends.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs” should be appropriated to or reversed from a special reserve by the Corporation.

An appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Corporation’s share capital. The legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation’s share capital, the excess may be transferred to capital or distributed in cash.

Except for non-ROC resident shareholders, all shareholders receiving dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Corporation.

The appropriations of earnings for 2016 and 2015, which were proposed by the shareholders’ general meeting in June 2017 and 2016, respectively, were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share</b>	
	<b>For the Year Ended</b>		<b>(NT\$)</b>	
	<b>December 31</b>		<b>For the Year Ended</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Legal reserve	\$ 635,845	\$ 577,599		
Cash dividends	5,353,655	4,910,594	<u>\$ 1.45</u>	<u>\$ 1.33</u>

d. Special reserve

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

The special reserve appropriated at the first-time adoption of IFRSs relating to investment in properties other than land may be reversed according to the period of use. The special reserve relating to land may be reversed upon disposal or reclassification. The special reserve appropriated due to currency translation adjustments for financial statements of foreign operations (including subsidiaries) shall be reversed based on the Corporation’s disposal percentage, and all of the special reserve shall be reversed when the Corporation loses significant influence.



e. Others equity items

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2017</b>	<b>2016</b>
Balance at January 1	\$ (2,233,617)	\$ 2,239,093
Exchange differences on translating foreign operations	229,736	(3,351,143)
Share of exchange differences of associates and joint ventures accounted for by using the equity method	<u>(115,009)</u>	<u>(291,463)</u>
Balance at September 30	<u>\$ (2,118,890)</u>	<u>\$ (1,403,513)</u>

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2017</b>	<b>2016</b>
Balance at January 1	\$ 11,200,323	\$ 10,993,974
Unrealized gain (loss) arising on revaluation of available-for-sale financial assets	5,750,256	(78,365)
Cumulative gain (loss) reclassified to profit on disposal of available-for-sale financial assets	351	(370)
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>(155)</u>	<u>(114)</u>
Balance at September 30	<u>\$ 16,950,775</u>	<u>\$ 10,915,125</u>

3) Cash flow hedges

	<b>For the Nine Months Ended September 30</b>	
	<b>2017</b>	<b>2016</b>
Balance at January 1	\$ 7,900	\$ 5,487
Changes in fair value of hedging instruments - foreign exchange forward contracts	(12,169)	(14,579)
Reclassified loss from expiration of hedging instruments - foreign exchange forward contracts	<u>4,269</u>	<u>9,092</u>
Balance at September 30	<u>\$ -</u>	<u>\$ -</u>

f. Non-controlling interests

	<b>For the Nine Months Ended September 30</b>	
	<b>2017</b>	<b>2016</b>
Balance at January 1	\$ 40,628,620	\$ 47,441,267
Attributable to non-controlling interests:		
Share of profit for the period	1,972,729	1,540,648
Exchange differences arising on translation of foreign operations	287,350	(2,284,922)
Unrealized gain on available-for-sale financial assets	99,070	33,814
Changes in cash flow hedges	(5,267)	(3,658)
Share of other comprehensive loss of associates and joint ventures accounted for by using the equity method	(40,860)	(188,262)
Cumulative loss reclassified to profit or loss on sale of available-for-sale financial assets	(21)	(19)
Dividends paid by subsidiaries	(2,199,455)	(2,300,388)
Partial disposal of interests in subsidiaries	3,916	-
Acquisition of non-controlling interests in subsidiaries	-	(2,732,057)
Changes in percentage of ownership in subsidiaries	<u>(1,735)</u>	<u>(1,224,547)</u>
Balance at September 30	<u>\$ 40,744,347</u>	<u>\$ 40,281,876</u>

## 23. NET INCOME

Net income includes the following items:

a. Depreciation and amortization

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Property, plant and equipment	\$ 1,521,471	\$ 1,617,040	\$ 4,530,273	\$ 4,993,128
Investment properties	6,024	6,259	18,425	18,810
Intangible assets	<u>94,692</u>	<u>91,364</u>	<u>282,984</u>	<u>306,348</u>
	<u>\$ 1,622,187</u>	<u>\$ 1,714,663</u>	<u>\$ 4,831,682</u>	<u>\$ 5,318,286</u>
An analysis of depreciation by function				
Operating costs	\$ 1,430,187	\$ 1,542,710	\$ 4,252,757	\$ 4,664,116
Operating expenses	96,392	79,101	293,178	343,397
Non-operating expenses	<u>916</u>	<u>1,488</u>	<u>2,763</u>	<u>4,425</u>
	<u>\$ 1,527,495</u>	<u>\$ 1,623,299</u>	<u>\$ 4,548,698</u>	<u>\$ 5,011,938</u>
An analysis of amortization by function				
Operating costs	\$ 80,894	\$ 77,377	\$ 243,823	\$ 263,771
Operating expenses	<u>13,798</u>	<u>13,987</u>	<u>39,161</u>	<u>42,577</u>
	<u>\$ 94,692</u>	<u>\$ 91,364</u>	<u>\$ 282,984</u>	<u>\$ 306,348</u>

b. Employee benefits expense

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Retirement benefit plans				
Defined contribution plans	\$ 88,647	\$ 85,490	\$ 262,858	\$ 288,501
Defined benefit plan	<u>1,715</u>	<u>3,316</u>	<u>4,777</u>	<u>10,004</u>
	90,362	88,806	267,635	298,505
Other employee benefits	<u>1,350,729</u>	<u>1,233,402</u>	<u>3,578,898</u>	<u>3,574,936</u>
	<u>\$ 1,441,091</u>	<u>\$ 1,322,208</u>	<u>\$ 3,846,533</u>	<u>\$ 3,873,441</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 1,094,450	\$ 866,381	\$ 2,811,884	\$ 2,663,974
Operating expenses	<u>346,641</u>	<u>455,827</u>	<u>1,034,649</u>	<u>1,209,467</u>
	<u>\$ 1,441,091</u>	<u>\$ 1,322,208</u>	<u>\$ 3,846,533</u>	<u>\$ 3,873,441</u>

The Corporation accrued employees' compensation and remuneration of directors at the rates of 0.01-3% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors for the three months ended September 30, 2017 and 2016 and the nine months ended September 30, 2017 and 2016. The employees' compensation and the remuneration of directors for said periods were as follows:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Employees' compensation	<u>\$ 11,434</u>	<u>\$ 99,227</u>	<u>\$ 29,343</u>	<u>\$157,765</u>
Remuneration of directors	<u>\$ 17,151</u>	<u>\$ 33,075</u>	<u>\$ 44,014</u>	<u>\$ 52,588</u>

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

The employees' compensation and remuneration of directors for the years ended December 31, 2016 and 2015, which have been resolved to be paid in cash by the board of directors in March 2017 and in March 2016, respectively, were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2016</b>	<b>2015</b>
Employees' compensation	<u>\$ 37,114</u>	<u>\$ 28,834</u>
Remuneration of directors	<u>\$ 55,680</u>	<u>\$ 50,517</u>

There was no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2016 and 2015.

Information on the employees' compensation and remuneration of directors resolved by the Corporation's board of directors in 2017 and 2016 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

c. Finance costs

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Interest on bank borrowings	\$ 446,156	\$ 427,199	\$ 1,333,322	\$ 1,308,332
Other finance costs	<u>31,347</u>	<u>42,191</u>	<u>87,523</u>	<u>131,939</u>
	<u>\$ 477,503</u>	<u>\$ 469,390</u>	<u>\$ 1,420,845</u>	<u>\$ 1,440,271</u>

Information about capitalized interest was as follows:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Capitalization amount of interest	\$ -	\$ 656	\$ 6,150	\$ 2,920
Capitalization rate of interest	-	1.58%	0.98-1.58%	1.58%

## 24. INCOME TAX

a. Income tax recognized in profit or loss

Major components of tax expense were as follows:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Current tax				
In respect of the current period	\$ 745,399	\$ 716,578	\$ 2,170,929	\$ 1,648,569
Adjustments for prior periods	<u>364</u>	<u>(4,351)</u>	<u>14,790</u>	<u>(12,962)</u>
	745,763	712,227	2,185,719	1,635,607
Deferred tax	<u>39,413</u>	<u>29,620</u>	<u>119,296</u>	<u>48,826</u>
	<u>\$ 785,176</u>	<u>\$ 741,847</u>	<u>\$ 2,305,015</u>	<u>\$ 1,684,433</u>

b. Integrated income tax

	<b>September 30, 2017</b>	<b>December 31, 2016</b>	<b>September 30, 2016</b>
Unappropriated earnings			
Generated before January 1, 1998	\$ 38,366	\$ 38,366	\$ 38,366
Generated on and after January 1, 1998	<u>19,818,722</u>	<u>20,859,410</u>	<u>18,730,370</u>
	<u>\$ 19,857,088</u>	<u>\$ 20,897,776</u>	<u>\$ 18,768,736</u>
Shareholder-imputed credit accounts	<u>\$ 1,677,121</u>	<u>\$ 1,702,678</u>	<u>\$ 1,561,750</u>

The actual creditable ratio for the distribution of the 2016 and 2015 earnings were 10.86% and 10.57%, respectively.

c. Income tax assessments

The information of income tax assessments for group entities is as follows:

Year	Company
2017	Ho Swen Construction Material Co., Ltd.
2015	Kuan-Ho Construction & Development Corporation, Ta-Ho Onyx RSEA Environment Co., Ltd., Union Cement Traders Inc., TCC Investment Corporation, Ho Sheng Mining Co., Ltd., Taiwan Cement Engineering Corporation, TCC Chemical Corporation, TCC Information Systems Corporation, Taiwan Prosperity Chemical Corporation, Tung Chen Mineral Corporation, Jin Chang Minerals Corporation, Ho-Ping Industrial Port Corporation, Ta-Ho Onyx Taitung Environment Co., Ltd., HPC Power Service Corporation, E.G.C. Cement Corporation, Kuan-Ho Refractories Industry Corporation, Tunwoo Company Limited, Ta-Ho Maritime Corporation, Taiwan Transport & Storage Corporation
2014	Taiwan Cement Corporation, Ho-Ping Power Company, Feng Sheng Enterprise Company

## 25. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2016	2017	2016
Basic earnings per share	<u>\$ 0.53</u>	<u>\$ 0.63</u>	<u>\$ 1.34</u>	<u>\$ 1.23</u>
Diluted earnings per share	<u>\$ 0.53</u>	<u>\$ 0.63</u>	<u>\$ 1.34</u>	<u>\$ 1.23</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2016	2017	2016
Profit for the period attributable to owners of the Corporation	<u>\$ 1,966,857</u>	<u>\$ 2,321,292</u>	<u>\$ 4,948,812</u>	<u>\$ 4,546,032</u>
<u>Number of shares (in thousands)</u>				
Weighted average number of ordinary shares in computation of basic earnings per share	3,692,176	3,692,176	3,692,176	3,692,176
Effect of potentially dilutive ordinary shares:				
Employees' compensation	<u>868</u>	<u>4,425</u>	<u>1,194</u>	<u>4,738</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>3,693,044</u>	<u>3,696,601</u>	<u>3,693,370</u>	<u>3,696,914</u>

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

## 26. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In September 2016, the Group acquired shares of TCCIH increasing its proportionate interest from 56.9% to 63.1%. In September 2017, the Group disposed of a portion of its shares of Taiwan Prosperity Chemical Corporation decreasing its proportionate interest from 52.8% to 52.7%.

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

	<b>TCCIH</b>	<b>Taiwan Prosperity Chemical Corporation</b>
Cash consideration	\$ (2,732,057)	\$ 3,916
The proportionate share of the subsidiary's net assets' carrying amount transferred from (into) non-controlling interests	<u>3,956,604</u>	<u>(2,181)</u>
Differences arising from equity transactions	<u>\$ 1,224,547</u>	<u>\$ 1,735</u>
<u>Line items adjusted for equity transactions</u>		
Difference between consideration paid or received and the carrying amount of subsidiaries' net assets during actual acquisitions or disposals	<u>\$ 1,224,547</u>	<u>\$ 1,735</u>

## 27. CAPITAL MANAGEMENT

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

## 28. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments that are not measured at fair value

The consolidated financial statements included holdings in unlisted shares. The fair values of those unlisted shares, which were estimated through valuation techniques, would fluctuate with high volatility, and the management believes that their fair values cannot be reliably measured. Therefore, such investments were measured at cost less accumulated impairment.

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

1) Fair value hierarchy

September 30, 2017

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

December 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 146,841	\$ -	\$ -	\$ 146,841
Derivative instruments - foreign exchange forward contracts	-	1,647	-	1,647
	<u>\$ 146,841</u>	<u>\$ 1,647</u>	<u>\$ -</u>	<u>\$ 148,488</u>
Available-for-sale financial assets				
Domestic listed shares	\$ 7,338,337	\$ -	\$ -	\$ 7,338,337
Foreign listed shares	11,833,605	-	-	11,833,605
Domestic emerging market shares	536,211	-	-	536,211
Mutual funds	19,395	-	-	19,395
	<u>\$ 19,727,548</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,727,548</u>
Derivative financial assets for hedging				
Foreign exchange forward contracts	\$ -	\$ 13,167	\$ -	\$ 13,167

September 30, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 145,683	\$ -	\$ -	\$ 145,683
Derivative instruments - foreign exchange forward contracts	-	17,283	-	17,283
	<u>\$ 145,683</u>	<u>\$ 17,283</u>	<u>\$ -</u>	<u>\$ 162,966</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Domestic listed shares	\$ 7,119,915	\$ -	\$ -	\$ 7,119,915
Foreign listed shares	11,729,339	-	-	11,729,339
Domestic emerging market shares	524,461	-	-	524,461
Mutual funds	<u>28,436</u>	<u>-</u>	<u>-</u>	<u>28,436</u>
	<u>\$ 19,402,151</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,402,151</u>
Financial liabilities at FVTPL				
Derivative instruments - foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 2,357</u>	<u>\$ -</u>	<u>\$ 2,357</u> (Concluded)

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

2) Valuation techniques and inputs applied for the purpose of Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign currency forward contracts	Discounted cash flow.  Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates discounted at a rate that reflects the credit risk of various counterparties.

c. Categories of financial instruments

	September 30, 2017	December 31, 2016	September 30, 2016
<u>Financial assets</u>			
Financial assets at FVTPL	\$ 147,571	\$ 148,488	\$ 162,966
Derivative financial instruments in designated hedge accounting relationships	-	13,167	-
Loans and receivables (1)	83,643,445	83,540,447	80,137,741
Available-for-sale (2)	26,232,204	20,317,284	20,212,586
<u>Financial liabilities</u>			
Financial liabilities at FVTPL	-	-	2,357
Amortized cost (3)	100,112,002	103,695,385	103,749,235

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



d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

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

The carrying amounts of the significant monetary assets and liabilities not denominated in the functional currency (including those eliminated on consolidation) at the end of reporting period are set out in Note 32.

The Group was mainly exposed to the USD.

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

	<b>USD Impact</b>		<b>HKD Impact</b>	
	<b>For the Nine Months Ended</b>		<b>For the Nine Months Ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
NTD	\$ (305)	\$ 1,967	\$ -	\$ -
RMB	\$ (12,765)	\$ (6,344)	\$ 3,287	\$ 3,480
HKD	\$ 331,835	\$ 318,719	\$ -	\$ -

b) Interest rate risk

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

	September 30, 2017	December 31, 2016	September 30, 2016
Cash flow interest rate risk			
Financial assets	\$ 14,560,153	\$ 17,730,116	\$ 18,050,186
Financial liabilities	76,768,842	82,141,333	82,260,539

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

For the Group's portion of floating interest rate financial assets, if interest rates had been 50 basis points higher/lower, the cash inflows from floating interest rate financial assets for the nine months ended September 30, 2017 and 2016 would increase/decrease by \$45,318 thousand and \$56,181 thousand, respectively.

For the Group's portion of floating interest rate financial liabilities, if interest rates had been 50 basis points higher/lower, the cash outflows from floating interest rate financial liabilities for the nine months ended September 30, 2017 and 2016 would increase/decrease by \$238,943 thousand and \$256,036 thousand, respectively.

c) Other price risk

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

The sensitivity analyses were based on the exposure of listed shares and emerging market shares at the end of reporting period. If equity prices had been 5% higher/lower, other comprehensive income for the nine months ended September 30, 2017 and 2016 would increase/decrease by \$1,278,238 thousand and \$968,686 thousand, respectively.

2) Credit risk

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

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

The Group transacted with a large number of customers from various industries and geographical locations. The Group continuously assesses the operations and financial positions of customers and monitors the collectability of accounts receivable. The Group also required credit enhancements by bank guarantees or collaterals 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 September 30, 2017, December 31, 2016 and September 30, 2016, the amount of unused financing facilities was \$87,846,348 thousand, \$66,943,374 thousand and \$90,880,378 thousand, respectively.

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

#### September 30, 2017

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 810,403	\$ 14,468,525	\$ 1,480,875	\$ 301,821	\$ 38,645
Variable interest rate liabilities	3,222,637	19,821,501	14,342,359	42,419,103	-
Fixed interest rate liabilities	<u>2,200,000</u>	<u>5,775,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,233,040</u>	<u>\$ 40,065,026</u>	<u>\$ 15,823,234</u>	<u>\$ 42,720,924</u>	<u>\$ 38,645</u>

#### December 31, 2016

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 1,063,710	\$ 14,197,236	\$ 2,739,247	\$ 439,094	\$ 40,402
Variable interest rate liabilities	1,788,269	18,116,475	10,646,457	55,516,565	-
Fixed interest rate liabilities	<u>705,000</u>	<u>5,225,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,556,979</u>	<u>\$ 37,538,711</u>	<u>\$ 13,385,704</u>	<u>\$ 55,955,659</u>	<u>\$ 40,402</u>

#### September 30, 2016

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Non-derivative financial liabilities</u>					
Non-interest bearing	\$ 183,098	\$ 13,204,112	\$ 2,808,199	\$ 521,337	\$ 36,682
Variable interest rate liabilities	3,137,525	22,579,433	11,281,969	47,864,898	-
Fixed interest rate liabilities	<u>1,280,000</u>	<u>6,410,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,600,623</u>	<u>\$ 42,193,545</u>	<u>\$ 14,090,168</u>	<u>\$ 48,386,235</u>	<u>\$ 36,682</u>

## 29. TRANSACTIONS WITH RELATED PARTIES

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

### a. Name of the related parties and relationship

Related Party	Relationship with the Group
Onyx Ta-Ho Waste Clearance Co., Ltd.	Associates
ONYX Ta-Ho Environmental Services Co., Ltd.	Associates
Shin Hsin Storage & Transportation Co., Ltd.	Associates
Quon Hing Concrete Co., Ltd.	Associates
Prosperity Conch Cement Company Limited	Associates
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Associates
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	Associates
CCC USA Corp.	Associates
Chia Hsin R.M.C. Corp.	Management personnel in substance
The Koo Foundation	Management personnel in substance
Chia Hsin Cement Corporation	Management personnel in substance
Dongguan Jinli Cement Company Limited	Management personnel in substance
L'Hotel de Chine Corporation	Management personnel in substance
Goldsun Building Materials Co., Ltd.	Investors with significant influence over the Group
Top Form Construction Ltd.	Investors with significant influence over the Group
China Hi-Ment Corporation	Under the Group's significant influence
Rong Gong Enterprise Co.	Under the Group's significant influence
Sole Energy Tech Corp.	Same key management personnel
Synpac-Kingdom Pharmaceutical Co., Ltd.	Same key management personnel
China Synthetic Rubber Corporation	Same key management personnel
Zhong Xin Investment Co., Ltd.	Same key management personnel
E-ONE Moli Energy Corp.	Same key management personnel
Consolidated Resource Company	Same key management personnel
CSRC China Corporation	Same key management personnel
CSRC China (Anshan) Corporation	Same key management personnel
Chienten Temple	Same key management personnel
He Feng Investment Co., Ltd.	Same key management personnel
CSRC China (Chongqing) Corporation	Same key management personnel
Dr. Cecilia Koo Botanic Conservation and Environmental Protection Foundation	Same key management personnel
Continental Carbon India Ltd.	Same key management personnel
Guangan Xin Tai Construction Materials Company Limited	Joint ventures

b. Operating transactions

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
<u>Sales</u>				
Associates	\$ 102,003	\$ 178,548	\$ 394,355	\$ 527,716
Management personnel in substance	102,631	114,542	366,619	431,850
Same key management personnel	48,758	38,363	132,152	120,822
Under the Group's significant influence	11,017	40,019	103,220	122,147
Investors with significant influence over the Group	<u>22,467</u>	<u>57,052</u>	<u>64,167</u>	<u>206,406</u>
	<u>\$ 286,876</u>	<u>\$ 428,524</u>	<u>\$ 1,060,513</u>	<u>\$ 1,408,941</u>
<u>Purchases of goods and operating expenses</u>				
Under the Group's significant influence	\$ 108,170	\$ 114,083	\$ 323,665	\$ 352,402
Associates	39,196	20,417	83,559	81,091
Same key management personnel	25,161	34,062	50,826	92,007
Others	<u>14,956</u>	<u>3,074</u>	<u>19,838</u>	<u>8,374</u>
	<u>\$ 187,483</u>	<u>\$ 171,636</u>	<u>\$ 477,888</u>	<u>\$ 533,874</u>

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

	<b>September 30, 2017</b>	<b>December 31, 2016</b>	<b>September 30, 2016</b>
Management personnel in substance			
Chia Hsin Cement Corporation	\$ 67,700	\$ 103,221	\$ 96,535
Dongguan Jinli Cement Company Limited	-	221,660	454,484
Others	<u>10,372</u>	<u>19,197</u>	<u>10,117</u>
	<u>78,072</u>	<u>344,078</u>	<u>561,136</u>
Associates			
Quon Hing Concrete Co., Ltd.	55,330	60,656	51,787
Shin Hsin Storage & Transportation Co., Ltd.	-	20,895	54,327
Others	<u>3,482</u>	<u>15,082</u>	<u>3,124</u>
	<u>58,812</u>	<u>96,633</u>	<u>109,238</u>
Under the Group's significant influence			
China Hi-Ment Corporation	41,070	43,037	46,182
Others	<u>-</u>	<u>515</u>	<u>1,543</u>
	<u>41,070</u>	<u>43,552</u>	<u>47,725</u>
Investors with significant influence over the Group	<u>13,472</u>	<u>53,788</u>	<u>40,043</u>
Same key management personnel	<u>14,174</u>	<u>8,933</u>	<u>11,469</u>
	<u>\$ 205,600</u>	<u>\$ 546,984</u>	<u>\$ 769,611</u>

Notes payable and accounts payable to related parties were as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Under the Group's significant influence	\$ 79,025	\$ 134,365	\$ 84,275
Associates	19,475	5,056	15,675
Same key management personnel	5,308	4,188	6,500
Others	<u>-</u>	<u>49</u>	<u>54</u>
	<u>\$ 103,808</u>	<u>\$ 143,658</u>	<u>\$ 106,504</u>

The price and terms of the above transactions were similar to those for third parties. Rentals of lease contracts with related parties were based on market prices and the payment terms were determined at arm's length.

c. Loans to related parties (included in other receivables from related parties)

	September 30, 2017	December 31, 2016	September 30, 2016
Management personnel in substance			
Dongguan Jinli Cement Company Limited	\$ -	\$ 113,565	\$ 492,765
Joint ventures			
Guangan Xin Tai Construction Materials Company Limited	<u>-</u>	<u>24,701</u>	<u>25,108</u>
	<u>\$ -</u>	<u>\$ 138,266</u>	<u>\$ 517,873</u>

For the nine months ended September 30, 2017 and 2016, the loans to related parties mentioned above were unsecured loans.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2017	2016	2017	2016
Interest income	<u>\$ -</u>	<u>\$ (46)</u>	<u>\$ -</u>	<u>\$ 2,655</u>

d. Other receivables from related parties

	September 30, 2017	December 31, 2016	September 30, 2016
Associates			
Quon Hing Concrete Co., Ltd.	\$ 117,778	\$ 33,264	\$ 34,010
Others	<u>307</u>	<u>306</u>	<u>307</u>
	<u>118,085</u>	<u>33,570</u>	<u>34,317</u>
Joint ventures	<u>-</u>	<u>7,530</u>	<u>7,548</u>
Same key management personnel			
China Synthetic Rubber Corporation	94,262	538	2,742
Others	<u>1,317</u>	<u>1,159</u>	<u>1,755</u>
	<u>95,579</u>	<u>1,697</u>	<u>4,497</u>
Management personnel in substance	<u>730</u>	<u>934</u>	<u>3,136</u>
	<u>\$ 214,394</u>	<u>\$ 43,731</u>	<u>\$ 49,498</u>

Other receivables from related parties included dividends receivable and interest receivable.

e. Compensation of key management personnel

The compensation of directors and other key management personnel for the nine months ended September 30, 2017 and 2016 were as follows:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Short-term employee benefits	\$ 73,741	\$ 139,335	\$ 194,050	\$ 276,049
Other long-term employee benefits	-	-	25,329	-
Post-employment benefits	<u>1,110</u>	<u>746</u>	<u>3,265</u>	<u>2,280</u>
	<u>\$ 74,851</u>	<u>\$ 140,081</u>	<u>\$ 222,644</u>	<u>\$ 278,329</u>

f. Endorsements and guarantees

Endorsements and guarantees provided by the Group to related parties and actually drawn as of September 30, 2017, December 31, 2016 and September 30, 2016 were as follows:

	<b>September 30, 2017</b>	<b>December 31, 2016</b>	<b>September 30, 2016</b>
Associates			
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	<u>\$ 176,864</u>	<u>\$ 415,530</u>	<u>\$ 422,370</u>

### 30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	<b>September 30, 2017</b>	<b>December 31, 2016</b>	<b>September 30, 2016</b>
Available-for-sale financial assets (including current and non-current portion)	\$ 356,694	\$ 292,098	\$ 280,222
Property, plant and equipment	2,598,360	2,763,898	3,093,219
Investment properties	1,224,877	1,227,927	951,181
Prepayments for leases (including current and non-current portion)	16,365,896	17,642,251	17,988,197
Pledged bank deposits			
Current (included in other financial assets)	396,655	400,649	394,521
Non-current (included in other non-current assets)	<u>287,247</u>	<u>266,010</u>	<u>275,373</u>
	<u>\$ 21,229,729</u>	<u>\$ 22,592,833</u>	<u>\$ 22,982,713</u>

### 31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

Name	September 30, 2017	December 31, 2016	September 30, 2016
The Corporation	\$ 216,888	\$ 418,428	\$ 32,239
Taiwan Prosperity Chemical Corp.	1,395,492	954,111	1,016,123
Ho-Ping Power Company	813,574	340,613	433,401

- b. As of September 30, 2017, December 31, 2016 and September 30, 2016, the Corporation has issued bills of lading for finished goods in the amount of 286,000 tons as collateral for its credit facilities with financial institutions.

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

Name	September 30, 2017	December 31, 2016	September 30, 2016
The Corporation	\$ 39,870	\$ 39,870	\$ 43,747
Ho-Ping Power Company	1,148,000	1,148,000	1,148,000
Taiwan Prosperity Chemical Corp.	74,000	52,400	52,400
TCCI (Group)	353,948	358,025	358,763
Taiwan Transport & Storage Corp.	28,150	28,650	28,650

- d. Based on the “Build-Own-Operate Agreement for Waste Incineration Plant” (the “BOO Agreement”) entered into by and between Ta-Ho Onyx RSEA Environment Co., Ltd. (“Ta-Ho RSEA”) and the Yunlin County Government (the “YCG”), Ta-Ho RSEA is permitted to build, operate and own an incineration plant, and the YCG shall engage Ta-Ho RSEA to conduct waste incineration within Yunlin County.

Since the YCG delayed in issuing its license and terminated the BOO Agreement unilaterally on August 9, 2006, Ta-Ho RSEA filed a petition for arbitration in December 2006. Ta-Ho RSEA received the arbitration award dated October 1, 2008, which decided that the YCG shall pay Ta-Ho RSEA \$1.5 billion before November 30, 2008 as a Phase I payment, any delay of which shall incur interest of 5% per annum; the remainder as a Phase II payment in the aggregate amount of \$1,387,052 thousand, US\$1,706 thousand and JPY307 thousand shall be paid concurrently when Ta-Ho RSEA transferred the assets under the BOO Agreement to the YCG before June 30, 2009, any delay of which shall incur an interest of 5% per annum; the arbitration expenses in the amounts of \$14,629 thousand shall be borne by the YCG.

After obtaining the ruling permitting compulsory enforcement of the arbitration award from the Taiwan Yunlin District Court, Ta-Ho RSEA applied to the Civil Execution Department of the Taiwan Yunlin District Court for compulsory enforcement for the Phase I payment of \$1.5 billion, who received the principal and the interest in the total amount of more than \$1.7 billion (after tax). For the Phase II payment of around \$1.45 billion (including foreign currency), Ta-Ho RSEA also applied to the Civil Execution Department of Taiwan Yunlin District Court for compulsory enforcement. Despite disputes between the parties in the enforcement process, the Taiwan High Court Tainan Branch Court and the Supreme Court ruled on August 19, 2015 and October 29, 2015, respectively, confirming that Ta-Ho Onyx RSEA may proceed with the compulsory enforcement.

The YCG filed an objection suit which was dismissed by the Taiwan Yunlin District Court on June 3, 2016 and its appeal was dismissed by the Taiwan High Court Tainan Branch Court on June 20, 2017. Therefore, this case is closed.



The YCG filed a petition for the suspension of the compulsory enforcement, which was dismissed by the Taiwan Yunlin District Court on March 14, 2016, and its appeal was dismissed by the Taiwan High Court Tainan Branch Court on April 25, 2016. In the subsequent re-appeal of the YCG, the Supreme Court vacated the original ruling and remanded the case to the Taiwan High Court Tainan Branch Court for another ruling on August 19, 2016, and on February 18, 2017, the Taiwan High Court Tainan Branch Court ruled that the compulsory enforcement proceedings shall be suspended until the final judgment of the objection suit, on the condition that the YCG provided a bond of \$216,281 thousand.

The compulsory enforcement proceedings for the Phase II payment was suspended, since the YCG provided a bond accordingly on May 11, 2017. However, since the aforementioned objection suit is closed, the compulsory enforcement proceedings against the YCG resumed and the property of the YCG will be sold by auction successively for repayment.

- e. Ho-Ping Power Company received an administrative sanction from the Hualien County Government in the end of June 2012 (the “Sanction”) for its overuse of bituminous coal in 2009 and 2010 which violated the Air Pollution Control Act and the Regulations Governing Sales or Use Permits of Bituminous Coal, Petroleum Coke or Other Substances Prone to Cause Air Pollution. In this situation, the Hualien County Government imposed an enhanced fine of \$441,930 thousand pursuant to Article 18 of the Administrative Penalty Act. Although the attorney retained by Ho-Ping Power Company was of the opinion that the Sanction was controversial, Ho-Ping Power Company estimated and recorded relevant losses in 2012 and fully paid said fine by the end of 2014 based on the accounting conservatism principle.

From the attorney’s view, the aspects of the Sanction which were controversial comprised its procedures, substance and calculation amount. Ho-Ping Power Company therefore filed an administrative action with the Taipei High Administrative Court for the Sanction in December 2012, and the Taipei High Administrative Court revoked the Sanction in December 2013. The Hualien County Government then filed an appeal in January 2014, and the Supreme Administrative Court vacated the judgment made by the Taipei High Administrative Court and remanded the case to the Taipei High Administrative Court. The Taipei High Administrative Court then revoked the amount of the fine in the portion exceeding \$436,017 thousand under the Sanction and dismissed the other claims raised by Ho-Ping Power Company. Ho-Ping Power Company appealed the case to the Supreme Administrative Court in January 2016 and learned on April 22, 2016 that the appeal of the “Sanction on overuse of bituminous coal in 2009 and 2010 by Ho-Ping Power Company” was dismissed by the Supreme Administrative Court, and the amount of the fine was decided to be more than \$436,000 thousand. Ho-Ping Power Company brought a motion for a rehearing in May 2016. The Supreme Administrative Court ruled on July 25, 2016 to dismiss the rehearing motion pursuant to Item 1, Paragraph 1 of Article 273 of the Administrative Litigation Act but transferred a part of the rehearing request made pursuant to Item 14 thereof to the Taipei High Administrative Court for review. As the Taipei High Administrative Court dismissed the rehearing in June 2017, the case was affirmed.

- f. Ho-Ping Power Company received a disposition from the Fair Trade Commission (the “FTC”) stating that Ho-Ping Power Company and 8 other independent power producers (collectively, the “IPPs”) had taken concerted action to achieve a common understanding not to adjust the power purchase price rate with Taiwan Power Company (“TPC”) which violated Paragraph 1, Article 14 of the Fair Trade Act and resulted in an impact on the supply and demanded function of the electricity market. The FTC imposed an administrative fine of \$1,350,000 thousand (the “First Disposition”) on Ho-Ping Power Company pursuant to Paragraph 2, Article 41 of Fair Trade Act as amended and effective on November 23, 2011. Ho-Ping Power Company argued against the First Disposition and, after consulting with its attorney, appealed to revoke the First Disposition in accordance with relevant administrative proceedings on the following grounds:
  - 1) The electricity market in Taiwan is still of vertically integrated monopoly and not liberal, with only the one exception that the IPPs are permitted to conduct power production business. However, the IPPs can only sell power to TPC at a contractual fixed price under the power purchase agreement entered into with TPC, and TPC maintains its monopoly over the power transmission and

distribution market. The power purchase price between the respective IPPs and TPC is fixed, and the guaranteed power production is specified in the power purchase agreement leaving no room for competition, which is different from the FTC's claim that the IPPs can be classified in the same power production market with TPC.

- 2) Assuming that the IPPs are all in the same production and/or marketing stage, it does not necessarily give rise to horizontal competition for the following reasons. First, there is no price competition among the IPPs. In the power purchase agreement, the selling prices include both capacity charges and energy charges. Energy charges reflect variable costs with an adjustment formula, while capacity charges reflect fixed costs of investing in building power plants without an adjustment formula. It suggested that, when TPC drafted the agreement, it intended to have the IPPs bear all fluctuations and risks of the financing and operating costs during the 25-year term. Furthermore, the IPPs make their financial plan of amortized costs of loans based on the capacity rate during the contract term. Hence, it is impossible to change capacity charges, and the IPPs' capacity charge prices have been fixed since the signing of the agreement. There is no competition among the IPPs. Secondly, there is no quantity competition among the IPPs. The IPPs' electricity supply during the contract term is a "guaranteed capacity" plus an "adjusted capacity as requested by TPC", which may not be increased or decreased at the IPPs' discretion but is subject to TPC's instruction. Therefore, there is no quantity competition among the IPPs.
- 3) The FTC determined that the IPPs reached a common understanding by attending a meeting and jointly refused to adjust the capacity rate under the agreement with TPC. However, the IPPs were responding to TPC's request to have a joint negotiation. In TPC's meeting notice, the IPPs were requested to attend the same meeting and were deemed as a consortium, and, in the meeting, the IPPs were to discuss TPC's proposal for amending the selling rate which shall be in conformity with the purpose of the power purchase agreement. This shall be distinguished from a concerted action restricting business activities. The FTC's decision was obviously inaccurate.
- 4) The IPPs have no obligation to adjust the capacity rate under the power purchase agreement. The IPPs explicitly expressed, at the beginning of the negotiation which was requested by TPC, that it was hard for them to agree on amending the power purchase agreement. On the contrary, TPC has a significant share of the power production market, reaching 80% or more, and has absolute dispatch power over the IPPs' power production under the power purchase agreement. As the decision-maker for the supply and demand of the electricity market, TPC would be likely to be involved in the misuse of its market power by forcing the IPPs to negotiate amending the agreement with its dominant position.
- 5) While the FTC deemed that the IPPs engaged in a concerted action in 2008, it imposed the fine on Ho-Ping Power Company pursuant to Paragraph 2, Article 41 of the Fair Trade Act as amended on November 23, 2011 and the Regulations for Calculation of Administrative Fines for Serious Violations of Articles 10 and 14 of the Fair Trade Act promulgated on April 5, 2012. This is clearly contradictory to the non-retroactive principle.

According to the attorney of Ho-Ping Power Company, the FTC had a wrong finding of facts and application of the law. That is, Ho-Ping Power Company has neither competed with nor taken concerted action with the other IPPs, and the First Disposition, which imposed a significant fine on Ho-Ping Power Company pursuant to the new Fair Trade Act, was contradictory to the non-retroactive principle. Ho-Ping Power Company appealed against the First Disposition with the Petition and Appeals Committee of the Executive Yuan (the "P&A Committee") in April 2013, who made its administrative appeal decision in September 2013 sustaining the First Disposition in part affirming Ho-Ping Power Company's violation of prohibited concerted action but in part revoking the fine. Accordingly, the FTC made a second administrative disposition in November 2013 with the fine of \$1,320,000 thousand on Ho-Ping Power Company (the "Second Disposition").

Ho-Ping Power Company filed an action with the Taipei High Administrative Court in November 2013, requesting the Court to revoke the First Disposition and the part of the administrative appeal decision unfavorable to Ho-Ping Power Company, which was granted by the Taipei High Administrative Court in November 2014. The FTC appealed this in December 2014, and in June 2015, the Supreme Administrative Court vacated the Taipei High Administrative Court's judgment and remanded the case to the Taipei High Administrative Court to render another judgment. On May 25, 2017, the Taipei High Administrative Court revoked the First Disposition and Ho-Ping Power Company won the case. However, as the FTC filed an appeal, the case is currently under review by the Supreme Administrative Court.

Ho-Ping Power Company separately appealed to the P&A Committee in December 2013 for revocation of the Second Disposition. The P&A Committee made its administrative appeal decision in May 2014, which revoked the Second Disposition, returned the fine to Ho-Ping Power Company, and requested the FTC to render another appropriate administrative disposition in two months. Nonetheless, the FTC rendered the third administrative disposition in July 2014 (the "Third Disposition") with the same fine of \$1,320,000 thousand. Ho-Ping Power Company appealed the Third Disposition in August 2014 and received a letter from the P&A Committee in December 2014 notifying it that the administrative appeal procedures shall be suspended until the Supreme Administrative Court rendered a final and binding judgment with respect to the First Disposition and the part of the administrative appeal decisions which were unfavorable to Ho-Ping Power Company. In July 2014, Ho-Ping Power Company applied for the payment of said fine in 60 installments with the FTC.

In accordance with the accounting conservatism principle, Ho-Ping Power Company recognized relevant losses in 2012, and paid a fine of \$858,000 thousand as of September 30, 2017. The outstanding fine was recorded by Ho-Ping Power Company under (i) other payables of \$264,000 thousand and other non-current liabilities of \$198,000 thousand as of September 30, 2017, and (ii) other payables of \$264,000 thousand and other non-current liabilities of \$462,000 thousand as of September 30, 2016.

- g. In September 2015, Ho-Ping Power Company received a complaint of administrative litigation raised by TPC to the Taipei High Administrative Court, where TPC alleged that Ho-Ping Power Company and other 8 IPPs conspired to set up an association to refuse the adjustment of capacity rate for TPC who then suffered an unreasonably high electricity purchase rate for a long period of time and filed a claim against Ho-Ping Power Company for its losses of at least \$5.5 billion plus interest of 5% per annum from June 1, 2008 to the repayment date, with a reserve of its right to amend the claim scope (the "First Litigation"). In October 2015, the Taipei High Administrative Court ruled to suspend the judiciary proceedings of the First Litigation until the closure of the 104-Su-Gan-Yi-Zi-68 administrative litigation (the "First Ruling"). In June 2016, the Taipei High Administrative Court revoked the First Ruling and transferred the First Litigation to the Taiwan Taipei District Court (the "Second Ruling"). TPC raised an interlocutory appeal against both the First Ruling and the Second Ruling in July 2016, which was transferred to the Supreme Administrative Court by the Taipei High Administrative Court. As the Supreme Administrative Court dismissed the interlocutory appeal in January 2017, the Second Ruling was finalized, and the Taipei High Administrative Court then transferred the dossier of the First Litigation to the Taiwan Taipei District Court in February 2017. In May 2017, TPC expanded its claim to upwards of \$10.7 billion during the court hearing.

In November 2015, Ho-Ping Power Company received a complaint of civil litigation raised by TPC to the Taiwan Taipei District Court based on the same ground of the aforementioned administrative litigation with a claim of damage for at least \$5.2 billion plus interest of 5% per annum from June 1, 2008 to the repayment date, with a reserve of its right to amend the claim scope and request a public apology made in the newspaper (the "Second Litigation").

Based on the opinion of the attorney of Ho-Ping Power Company, the facts of the claim under the Second Litigation are pending the review of the Taiwan Taipei District Court. TPC's claim under the Second Litigation is pursuant to the Fair Trade Act, so the Taiwan Taipei District Court shall have jurisdiction over it, and the nature of the power purchase agreement shall be irrelevant. In addition, such claim by TPC shall be overruled due to the application of the statute of limitation. The concerted action of the IPPs as alleged by TPC is still pending the review of the Taipei High Administrative Court, and the Taipei High Administrative Court decided to suspend the judiciary proceedings of the claim of damage. Hence, it is too early for TPC to bring the Second Litigation. Given such situation, Ho-Ping Power Company considered the chance of the Second Litigation remote and therefore did not recognize relevant losses.

- h. To execute the cement barge replacement plan, Da-Ho Maritime Corporation, based on its board of directors' resolution dated December 20, 2013, entered into an agreement with Supero Seiki Co., Ltd. for the purchase of two sets of bulk cement handling equipment in the aggregate amount of US\$7,600 thousand, among which US\$2,628 thousand was paid as of the date of this report's issue.

Based on another of the board of directors' resolutions dated July 31, 2015, Da-Ho Maritime Corporation entered into an agreement with Cardinal Maritime S.A. for the purchase of two new cement barges in the aggregate amount of JPY7,036,000 thousand, among which JPY2,462,600 thousand was paid as of the date of this report's issue. The board of directors adopted another resolution dated October 15, 2015 to enter into an agreement with Sumitomo Corporation for the purchase of six bulk carriers in the aggregate amount of US\$161,520 thousand. Four bulk carrier purchase agreements have been executed and US\$45,814 thousand has been paid as of the date of this report's issue.

## 32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

September 30, 2017

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

December 31, 2016

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 50,436	32.250 (USD:NTD)	\$ 1,626,561
USD	71,313	6.929 (USD:RMB)	2,300,991
USD	17,682	7.760 (USD:HKD)	<u>570,529</u>
			<u>\$ 4,498,081</u>

Financial liabilities

Monetary items			
USD	42,711	32.250 (USD:NTD)	\$ 1,377,441
USD	1,320,000	7.760 (USD:HKD)	42,591,226
HKD	229,815	0.893 (HKD:RMB)	<u>955,571</u>
			<u>\$ 44,924,238</u>

September 30, 2016

	<b>Foreign Currencies</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 33,632	31.360 (USD:NTD)	\$ 1,054,700
USD	24,357	6.690 (USD:RMB)	764,344
USD	117,385	7.760 (USD:HKD)	<u>3,683,724</u>
			<u>\$ 5,502,768</u>

Financial liabilities

Monetary items			
USD	41,190	31.360 (USD:NTD)	\$ 1,291,734
USD	1,341,034	6.690 (USD:HKD)	42,083,581
HKD	103,685	0.862 (HKD:RMB)	<u>419,303</u>
			<u>\$ 43,794,618</u>

For the three months ended September 30, 2017 and 2016 and the nine months ended September 30, 2017 and 2016, realized and unrealized net foreign exchange losses were \$6,833 thousand, \$113,176 thousand, \$217,619 thousand and \$633,619 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

### 33. SEPARATELY DISCLOSED ITEMS

#### a. Information about significant transactions and investees

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the share capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the share capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the share capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the share capital (Table 4)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the share capital (Table 5)
- 9) Trading in derivative instruments (Notes 7 and 9)
- 10) Intercompany relationships and significant intercompany transactions (Table 8)
- 11) Information on investees (Table 6)

#### b. Information on investments in mainland China (Table 7)

- 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, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
- f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

### 34. SEGMENT INFORMATION

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

- a. Cement segment - production, processing and sale of cement goods.
- b. Chemical engineering segment - production, processing and sale of chemical raw materials.
- c. Electricity segment - thermal power generation.
- d. Other segments - land and marine transportation.  
- production and sale of refractory materials.

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

#### Segment revenue and results

	<b>Segment Revenue</b>		<b>Segment Income</b>	
	<b>For the Nine Months Ended</b>		<b>For the Nine Months Ended</b>	
	<b>September 30</b>		<b>September 30</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Cement segment	\$ 49,904,208	\$ 45,550,724	\$ 5,858,801	\$ 1,971,831
Chemical engineering segment	9,752,582	7,073,469	(249,203)	(223,696)
Electricity segment	7,330,458	8,515,398	3,530,718	6,083,608
Other segments	<u>1,964,860</u>	<u>1,876,707</u>	<u>151,869</u>	<u>255,932</u>
	<u>\$ 68,952,108</u>	<u>\$ 63,016,298</u>	9,292,185	8,087,675
Share of profits of associates and joint ventures			996,650	658,759
Dividend income			796,998	801,130
Interest income			171,328	223,690
Finance costs			(1,420,845)	(1,440,271)
Foreign exchange losses, net			(217,619)	(633,619)
Administrative expenses and directors' remuneration			(44,014)	(52,588)
Other income and expenses, net			<u>(348,127)</u>	<u>126,337</u>
Income before tax			<u>\$ 9,226,556</u>	<u>\$ 7,771,113</u>

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

TABLE 1

## TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED TO OTHERS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017  
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
0	Taiwan Cement Corporation	Ta-Ho Onyx RSEA Environment Co., Ltd. (Note 2)	Other receivables - related parties	Yes	\$ 40,000	\$ -	\$ -	-	The need for short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 22,444,444	\$ 44,888,889	
1	Taiwan Transport & Storage Corporation	Ta-Ho Onyx RSEA Environment Co., Ltd. (Note 2)	Other receivables - related parties	Yes	340,000	150,000	150,000	1.54	The need for short-term financing	-	Operating capital	-	-	-	799,678	799,678	
2	Ta-Ho Onyx Taitung Environment Co., Ltd.	Ta-Ho Onyx RSEA Environment Co., Ltd. (Note 2)	Other receivables - related parties	Yes	100,000	-	-	-	The need for short-term financing	-	Operating capital	-	-	-	118,043	118,043	
3	Taiwan Cement Engineering Corporation	Ta-Ho Onyx RSEA Environment Co., Ltd. (Note 2)	Other receivables - related parties	Yes	250,000	-	-	-	The need for short-term financing	-	Operating capital	-	-	-	291,481	291,481	
4	TCCI	TCCIH (Note 2)	Other receivables - related parties	Yes	3,870,000	3,631,200	3,631,200	2.64	The need for short-term financing	-	Operating capital	-	-	-	18,778,839	18,778,839	
5	TCC (Guigang) Cement Limited	TCC Huaying Cement Company Limited (Note 2)	Other receivables - related parties	Yes	1,329,696	1,316,200	1,288,779	3.48	The need for short-term financing	-	Operating capital	-	-	-	68,508,555	137,017,110	
		TCC Huaihua Cement Company Limited (Note 2)	Other receivables - related parties	Yes	923,400	914,028	797,946	3.48	The need for short-term financing	-	Operating capital	-	-	-	68,508,555	137,017,110	
		TCC Jingzhou Cement Company Limited (Note 2)	Other receivables - related parties	Yes	692,550	685,521	685,521	3.48	The need for short-term financing	-	Operating capital	-	-	-	68,508,555	137,017,110	
		Scitus Luzhou Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	1,292,760	1,279,639	205,656	3.48	The need for short-term financing	-	Operating capital	-	-	-	68,508,555	137,017,110	
		Scitus Naxi Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	461,700	457,014	319,910	3.48	The need for short-term financing	-	Operating capital	-	-	-	68,508,555	137,017,110	
		TCC Yingde Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	461,700	457,014	-	-	The need for short-term financing	-	Operating capital	-	-	-	68,508,555	137,017,110	
		TCC Anshun Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	461,700	457,014	-	-	The need for short-term financing	-	Operating capital	-	-	-	68,508,555	137,017,110	
		Guizhou Kong On Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	297,059	297,059	251,358	3.48	The need for short-term financing	-	Operating capital	-	-	-	68,508,555	137,017,110	
		Scitus Luzhou Concrete Co., Ltd. (Note 2)	Other receivables - related parties	Yes	92,340	91,403	-	-	The need for short-term financing	-	Operating capital	-	-	-	68,508,555	137,017,110	
6	Yingde Dragon Mountain Cement Co., Ltd.	TCC Liaoning Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	1,045,608	1,041,992	1,041,992	3.05	The need for short-term financing	-	Operating capital	-	-	-	68,508,555	137,017,110	
		TCC Yingde Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	923,400	914,028	-	-	The need for short-term financing	-	Operating capital	-	-	-	68,508,555	137,017,110	
7	TCC Yingde Cement Co., Ltd.	TCC Guangan Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	923,400	914,028	182,806	3.48	The need for short-term financing	-	Operating capital	-	-	-	68,508,555	137,017,110	
		Scitus Naxi Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	230,850	228,507	205,656	3.48	The need for short-term financing	-	Operating capital	-	-	-	68,508,555	137,017,110	
		Guizhou Kong On Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	457,014	457,014	379,322	3.48	The need for short-term financing	-	Operating capital	-	-	-	68,508,555	137,017,110	
		TCC Huaihua Cement Company Limited (Note 2)	Other receivables - related parties	Yes	917,200	914,028	765,498	3.48	The need for short-term financing	-	Operating capital	-	-	-	68,508,555	137,017,110	
		TCC Shaoguan Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	363,683	338,603	338,603	3.68	The need for short-term financing	-	Operating capital	-	-	-	68,508,555	137,017,110	
		TCC Jingzhou Cement Company Limited (Note 2)	Other receivables - related parties	Yes	230,850	228,507	214,797	3.48	The need for short-term financing	-	Operating capital	-	-	-	68,508,555	137,017,110	
		TCC Anshun Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	923,400	914,028	-	-	The need for short-term financing	-	Operating capital	-	-	-	68,508,555	137,017,110	
		TCC (Dong Guan) Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	461,700	457,014	-	-	The need for short-term financing	-	Operating capital	-	-	-	68,508,555	137,017,110	
		TCC Chongqing Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	461,700	457,014	411,313	3.48	The need for short-term financing	-	Operating capital	-	-	-	68,508,555	137,017,110	

(Continued)



No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
		Guizhou Kaili Rui An Jian Cai Co., Ltd. (Note 2)	Other receivables - related parties	Yes	\$ 685,521	\$ 685,521	\$ 502,715	3.48	The need for short-term financing	\$ -	Operating capital	\$ -		\$ -	\$ 68,508,555	\$ 137,017,110	
		Scitus Luzhou Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	831,060	822,625	708,372	3.48	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
8	TCC Fuzhou Cement Co., Ltd.	TCC New (Hangzhou) Management Co., Ltd. (Note 2)	Other receivables - related parties	Yes	461,700	457,014	91,403	3.48	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
		TCC Liaoning Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	323,190	319,910	159,955	3.48	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
		Guizhou Kaili Rui An Jian Cai Co., Ltd. (Note 2)	Other receivables - related parties	Yes	230,850	228,507	-	-	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
9	TCCIH	TCC Yingde Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	241,565	239,113	239,113	-	The need for short-term financing	-	Operating capital	-		-	27,403,422	27,403,422	
10	Prime York Ltd.	Upper Value Investment Limited (Note 2)	Other receivables - related parties	Yes	212,058	197,523	197,523	-	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
11	Jurong TCC Cement Co., Ltd.	TCC Huaihua Concrete Company Limited (Note 2)	Other receivables - related parties	Yes	138,510	137,104	50,272	3.48	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
		Dongguan Jinli Cement Company Limited	Other receivables - related parties	Yes	113,565	-	-	-	The need for short-term financing	-	Operating capital	-		-	3,976,245	3,976,245	
		TCC Liaoning Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	323,190	319,910	297,059	3.48	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
		Scitus Luzhou Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	692,550	685,521	137,104	3.48	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
		TCC Huaihua Cement Company Limited (Note 2)	Other receivables - related parties	Yes	1,154,250	1,142,535	1,142,535	3.48	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
		TCC Chongqing Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	923,400	914,028	-	-	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
		TCC Anshun Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	923,400	914,028	-	-	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
		TCC Yingde Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	461,700	457,014	-	-	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
		TCC Guangan Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	461,700	457,014	-	-	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
		Guizhou Kong On Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	323,190	319,910	-	-	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
12	TCC Anshun Cement Co., Ltd.	Anshun Xin Tai Construction Materials Company Limited (Note 2)	Other receivables - related parties	Yes	92,340	91,403	-	-	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
		Guizhou Kong On Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	275,160	274,208	251,358	3.48	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
		Guizhou Kaili Rui An Jian Cai Co., Ltd. (Note 2)	Other receivables - related parties	Yes	138,510	137,104	91,403	3.48	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
		Scitus Luzhou Concrete Co., Ltd. (Note 2)	Other receivables - related parties	Yes	138,510	137,104	-	-	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
		Scitus Luzhou Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	138,510	137,104	91,403	3.48	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
		TCC Chongqing Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	461,700	457,014	228,507	3.48	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
13	TCC Guangan Cement Co., Ltd.	Guangan Xin Tai Construction Materials Company Limited	Other receivables - related parties	Yes	24,701	-	-	-	The need for short-term financing	-	Operating capital	-		-	1,061,237	1,061,237	
		Scitus Luzhou Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	138,510	137,104	45,701	3.48	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
		Guizhou Kaili Rui An Jian Cai Co., Ltd. (Note 2)	Other receivables - related parties	Yes	92,340	91,403	-	-	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
14	Wayly Holdings Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd. (Note 2)	Other receivables - related parties	Yes	536,056	60,736	60,736	-	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
15	TCC Chongqing Cement Co., Ltd.	TCC Jingzhou Cement Company Limited (Note 2)	Other receivables - related parties	Yes	\$ 92,340	\$ 91,403	\$ -	-	The need for short-term financing	\$ -	Operating capital	\$ -		\$ -	\$ 68,508,555	\$ 137,017,110	
		Guizhou Kong On Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	137,580	137,104	36,561	3.48	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
		Guizhou Kaili Rui An Jian Cai Co., Ltd. (Note 2)	Other receivables - related parties	Yes	230,850	228,507	-	-	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
		Scitus Naxi Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	138,510	137,104	137,104	3.48	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
		TCC Huaihua Cement Company Limited (Note 2)	Other receivables - related parties	Yes	692,550	685,521	561,670	3.48	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
		TCC Huaying Cement Company Limited (Note 2)	Other receivables - related parties	Yes	115,425	114,254	-	-	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
		TCC Guangan Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	461,700	457,014	-	-	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
		Scitus Luzhou Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	230,850	228,507	-	-	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
16	TCC New (Hangzhou) Management Co., Ltd.	Scitus Luzhou Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	286,254	283,349	283,349	3.48	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
		Scitus Naxi Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	253,935	251,358	201,086	3.48	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
		Scitus Luzhou Concrete Co., Ltd. (Note 2)	Other receivables - related parties	Yes	36,936	36,561	-	-	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
17	Prosperity Minerals (China) Ltd.	TCC New (Hangzhou) Management Co., Ltd. (Note 2)	Other receivables - related parties	Yes	368,191	364,454	364,454	-	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
18	Da Tong (Guigang) International Logistics Co., Ltd.	Guigang Da-Ho Shipping Co., Ltd. (Note 2)	Other receivables - related parties	Yes	138,510	137,104	-	-	The need for short-term financing	-	Operating capital	-		-	3,199,924	6,399,848	
19	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Scitus Naxi Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	138,510	137,104	-	-	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
20	TCC Investment Corporation	Ta-Ho Onyx RSEA Environment Co., Ltd. (Note 2)	Other receivables - related parties	Yes	180,000	160,000	160,000	1.60	The need for short-term financing	-	Operating capital	-		-	455,308	455,308	
21	TCC Huaihua Cement Company Limited	TCC Jingzhou Cement Company Limited (Note 2)	Other receivables - related parties	Yes	92,340	91,403	-	-	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
22	Scitus Luzhou Cement Co., Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd. (Note 2)	Other receivables - related parties	Yes	92,340	91,403	-	-	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	
23	TCC International (Guangxi) Ltd.	TCC (Guigang) Cement Limited (Note 2)	Other receivables - related parties	Yes	3,708,750	-	-	-	The need for short-term financing	-	Operating capital	-		-	68,508,555	137,017,110	

Note 1: “Financing Limits for Each Borrower” and “Aggregate Financing Limits”:

- The individual and aggregate financing limits for Taiwan Cement Corporation were 20% and 40%, respectively, of its net equity or of the transaction amount with the borrower.
- The individual and aggregate financing limits of the foreign subsidiaries whose voting rights are 100% directly or indirectly owned by TCCIH or Ta-Ho Maritime Corporation were 100% and 200% of the net equity of TCCIH or Ta-Ho Maritime Corporation, respectively.
- The individual and aggregate financing limits for the other companies were 40% of the net value of each company.

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

(Concluded)

TABLE 2

## TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017  
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 3)											
0	Taiwan Cement Corporation	TCCI	b	\$ 56,111,111	\$ 45,660,420	\$ 44,512,460	\$ 14,403,760	\$ -	39.66	\$ 112,222,222	Y	N	N	
		TCC Investment Corporation	b	56,111,111	2,590,000	2,560,000	1,450,000	-	2.28	112,222,222	Y	N	N	
		TCC Chemical Corporation	b	56,111,111	2,165,000	2,125,000	1,000,000	-	1.89	112,222,222	Y	N	N	
		Union Cement Traders Inc.	c	56,111,111	1,660,000	1,650,000	900,000	-	1.47	112,222,222	Y	N	N	
		Kuan-Ho Construction & Development Corporation	b	56,111,111	670,000	640,000	490,000	-	0.57	112,222,222	Y	N		
		Jin Chang Minerals Corporation	b	56,111,111	68,848	68,848	39,814	39,814	0.06	112,222,222	Y	N	N	
		Feng Sheng Enterprise Company	a	476,131	88,145	-	-	-	-	112,222,222	N	N	N	
1	TCCIH	TCC (Guigang) Cement Limited	c	34,254,277	5,199,931	5,199,931	2,398,432	-	7.59	68,508,555	Y	N	Y	
		TCC Yingde Cement Co., Ltd.	c	34,254,277	2,245,650	1,458,708	300,775	-	2.13	68,508,555	Y	N	Y	
		Jurong TCC Cement Co., Ltd.	c	34,254,277	2,646,988	2,018,542	717,512	-	2.95	68,508,555	Y	N	Y	
		TCC Chongqing Cement Co., Ltd.	c	34,254,277	1,544,625	1,085,688	764,032	-	1.58	68,508,555	Y	N	Y	
		TCC Fuzhou Cement Co., Ltd.	c	34,254,277	1,536,176	1,101,765	214,797	-	1.61	68,508,555	Y	N	Y	
		Scitus Luzhou Cement Co., Ltd.	c	34,254,277	967,500	907,800	-	-	1.33	68,508,555	Y	N	Y	
		TCC Liaoning Cement Co., Ltd.	c	34,254,277	1,789,050	1,275,591	-	-	1.86	68,508,555	Y	N	Y	
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	c	34,254,277	967,500	907,800	287,919	-	1.33	68,508,555	Y	N	Y	
		Guizhou Kong On Cement Co., Ltd.	c	34,254,277	733,688	559,810	87,858	-	0.82	68,508,555	Y	N	Y	
		Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	e	34,254,277	618,454	313,969	176,864	-	0.46	68,508,555	N	N	Y	
2	TCC (Guigang) Cement Limited	TCCI (HK)	d	6,090,700	692,550	685,521	685,521	-	5.63	12,181,401	N	Y	N	
3	Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	d	123,972	34,549	34,549	34,549	-	27.87	123,972	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 in the latest financial statements.
- For endorsement/guarantee given by Taiwan Cement Corporation due to business transactions, 50% of the business transaction amounts in the previous year.
- For Ho Sheng Mining Co., Ltd., 100% of its net equity in the latest financial statements.

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

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

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

TABLE 3

## TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD  
SEPTEMBER 30, 2017  
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2017				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taiwan Cement Corporation	<u>Shares</u>							
	Taishin Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	58,553	\$ 764,113	-	\$ 764,113	
	CTCI Corporation	-	Available-for-sale financial assets - current	9,054	442,305	-	442,305	
	Chia Hsin Cement Corporation	Directors	Available-for-sale financial assets - current	27,419	340,001	-	340,001	
	China Hi-Ment Corporation	The Corporation serves as director	Available-for-sale financial assets - non-current	27,451	1,452,161	-	1,452,161	
	China Synthetic Rubber Corporation	The same chairman	Available-for-sale financial assets - non-current	52,552	2,380,630	-	2,380,630	
	O-Bank	The Corporation serves as director	Available-for-sale financial assets - non-current	29,719	257,961	-	257,961	
	Taiwan Television Enterprise, Ltd.	The Corporation serves as supervisor	Available-for-sale financial assets - non-current	13,573	81,979	-	81,979	
	Chien Kuo Construction Co., Ltd.	-	Available-for-sale financial assets - non-current	9,403	100,610	-	100,610	
	Chinatrust Financial Holding Co., Ltd.	-	Available-for-sale financial assets - non-current	3,575	68,294	-	68,294	
	IBT II Venture Capital Corporation	-	Financial assets carried at cost - non-current	2,626	20,426	8.3	-	
	Rong Gong Enterprise Co.	The Corporation serves as supervisor	Financial assets carried at cost - non-current	3,390	33,900	4.0	-	
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	Financial assets carried at cost - non-current	27,361	12,156	8.7	-	
	Pan Asia Corporation	The Corporation serves as supervisor	Financial assets carried at cost - non-current	6,204	8,996	5.4	-	
	Taiwan Stock Exchange Corporation	The Corporation serves as director	Financial assets carried at cost - non-current	45,983	8,011	6.6	-	
	E-ONE Moli Energy Corporation	The same chairman	Financial assets carried at cost - non-current	983	1,670	0.4	-	
	Excel Corporation	-	Financial assets carried at cost - non-current	600	-	9.5	-	
Taiwan Transport & Storage Corporation	<u>Shares</u>							
	Chia Hsin Cement Corporation	Director of parent company	Available-for-sale financial assets - current	8,632	107,031	-	107,031	
TCC Investment Corporation	<u>Shares</u>							
	China Conch Venture Holdings Limited	-	Available-for-sale financial assets - current	28,000	1,648,349	-	1,648,349	
	Taishin Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	11,201	146,169	-	146,169	
	Chia Hsin Cement Corporation	Director of parent company	Available-for-sale financial assets - current	8,334	103,340	-	103,340	7,000 thousand shares were pledged
	China Synthetic Rubber Corporation	The same chairman	Available-for-sale financial assets - non-current	13,922	630,652	-	630,652	1,934 thousand shares were pledged
	O-Bank	The Corporation serves as director	Available-for-sale financial assets - non-current	21,934	190,387	-	190,387	21,000 thousand shares were pledged
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	Financial assets carried at cost - non-current	10,884	136,378	3.5	-	
	E-ONE Moli Energy Corporation	The same chairman	Financial assets carried at cost - non-current	15,859	26,961	6.3	-	
	Pan Asia Corporation	The Corporation serves as supervisor	Financial assets carried at cost - non-current	1	14	-	-	
Ta-Ho Maritime Corporation	<u>Shares</u>							
	Chia Hsin Cement Corporation	Director of parent company	Available-for-sale financial assets - current	25,761	319,440	-	319,440	
	Prosperity Dielectrics Co., Ltd.	-	Available-for-sale financial assets - non-current	951	36,574	-	36,574	
	Chinatrust Investment Co., Ltd.	The Corporation serves as director	Financial assets carried at cost - non-current	6,612	76,034	2.1	-	
Taiwan Cement Engineering Corporation	<u>Beneficiary certificates</u>							
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss	2,930	46,948	-	46,948	
TCC Chemical Corporation	<u>Shares</u>							
	Taiwan Stock Exchange Corporation	The Corporation serves as director	Financial assets carried at cost - non-current	2,626	44,820	-	-	
TCC Information Systems Corporation	<u>Beneficiary certificates</u>							
	Yuanta De- Bao Money Market Fund	-	Financial assets at fair value through profit or loss	2,575	30,737	-	30,737	
	Fuh Hwa You Li Money Market	-	Financial assets at fair value through profit or loss	2,288	30,641	-	30,641	
	<u>Shares</u>							
	China Synthetic Rubber Corporation	The same chairman	Available-for-sale financial assets - non-current	1,303	59,046	-	59,046	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2017				Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taiwan Prosperity Chemical Corporation	<u>Shares</u> Taishin Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	73,600	\$ 960,482	-	\$ 960,482	
Hoping Industrial Port Corporation	<u>Shares</u> Chinatrust Investment Co., Ltd. E-ONE Moli Energy Corporation	The Corporation serves as director The same chairman	Financial assets carried at cost - non-current Financial assets carried at cost - non-current	10,444 5,822	120,103 9,897	3.3 3.9	- -	
E.G.C. Cement Corporation	<u>Beneficiary certificates</u> Nomura Taiwan Money Market UPAMC James Bond Money Market Fund China-US Money Market	- - -	Available-for-sale financial assets - current Available-for-sale financial assets - current Available-for-sale financial assets - current	3,665 1,205 511	59,393 20,004 5,028	- - -	59,393 20,004 5028	
	<u>Shares</u> Der Pao Construction Co., Ltd.	-	Financial assets carried at cost - non-current	17	-	0.1	-	
Union Cement Traders Inc.	<u>Shares</u> Taishin Financial Holding Co., Ltd. CTCI Corporation Chia Hsin Cement Corporation China Synthetic Rubber Corporation E-ONE Moli Energy Corporation Videoland Inc.	- - Director of parent company The same chairman The same chairman -	Available-for-sale financial assets - current Available-for-sale financial assets - current Available-for-sale financial assets - current Available-for-sale financial assets - non-current Financial assets carried at cost - non-current Financial assets carried at cost - non-current	25,865 13,365 7,441 7,269 15,283 6,437	337,540 652,896 92,268 329,304 25,982 89,990	- - - - 6.1 5.6	337,540 652,896 92,268 329,304 - -	
TCCI (Group)	<u>Beneficiary certificates</u> Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	3,130	39,245	-	39,245	
	<u>Shares</u> Anhui Conch Cement Co., Ltd. Yargoan Co., Ltd.	- -	Available-for-sale financial assets - current Financial assets carried at cost - non-current	116,568 -	14,063,224 11,961	- 24.2	14,063,224 -	

Note 1: Marketable securities in the table refer to shares, bonds, beneficiary certificates and other related securities within the scope of IAS 39 “Financial Instruments: Recognition and Measurement”.

Note 2: See Tables 6 and 7 for the information of investments in subsidiaries, associates and joint ventures.

(Concluded)

**TABLE 4**

**TAIWAN CEMENT CORPORATION AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE SHARE CAPITAL  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017  
(In Thousands of New Taiwan Dollars)**

Buyer	Related Party	Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note 1)	
Taiwan Cement Corporation	Chia Hsin Cement Corporation	Director of the Corporation	Sales	\$ (294,122)	(2)	65 days after the end of the day when delivery was made	\$ -	-	\$ 67,700	19	
	Feng Sheng Enterprise Company	Subsidiary	Sales	(232,946)	(2)	30 days	-	-	62,128	18	Note 2
			Purchases	443,146	4	30 days	-	-	(21,496)	(5)	Note 2
	TCCIH	Subsidiary	Service revenue	(371,797)	(3)	By contract	-	-	41,926	12	Note 2
	Taiwan Transport & Storage Corporation	Subsidiary	Purchases	411,317	4	30 days	-	-	(50,501)	(12)	Note 2
	China Hi-Ment Corporation	The Corporation serves as director	Purchases	323,665	3	60 days	-	-	(79,025)	(18)	
	Hoping Industrial Port Corporation	Subsidiary	Purchases	368,885	3	20 days	-	-	(2,005)	-	Note 2
	Ta-Ho Maritime Corporation	Subsidiary	Purchases	595,085	6	30 days	-	-	(124,680)	(29)	Note 2
	Shih Hsin Storage & Transportation Corporation Ltd.	Associates	Sales	(108,256)	(1)	60 days	-	-	-	-	
	E.G.C. Cement Corporation	Subsidiary	Sales	(430,773)	(4)	50 days after the end of the day when delivery was made	-	-	72,528	21	Note 2
	Jin Chang Minerals Corporation	Subsidiary	Purchases	130,794	1	30 days	-	-	(49,953)	(12)	Note 2
	Kuan-Ho Refractories Industry Corporation	Subsidiary	Purchases	159,519	1	By contract	-	-	(61,514)	(14)	Note 2
	Ho Sheng Mining Co., Ltd.	Subsidiary	Purchases	186,755	2	30 days	-	-	(31,512)	(7)	Note 2
E.G.C. Cement Corporation	Taiwan Cement Corporation	Parent company	Purchases	430,773	100	50 days after the end of the day when delivery was made	-	-	(72,528)	(99)	Note 2
Ho-Ping Power Company	Hoping Industrial Port Corporation	The same parent company	Purchases	797,612	18	20 days	-	-	(77,041)	(50)	Note 2
	HPC Power Service Corporation	The same parent company	Purchases	296,108	7	By contract	-	-	(68,850)	(45)	Note 2
Hoping Industrial Port Corporation	Taiwan Cement Corporation	Parent company	Sales	(368,885)	(31)	20 days	-	-	2,005	3	Note 2
	Ho-Ping Power Company	The same parent company	Sales	(797,612)	(68)	20 days	-	-	77,041	96	Note 2
	Taiwan Transport & Storage Corporation	The same parent company	Purchases	149,289	75	30 days	-	-	(16,545)	(83)	Note 2
Feng Shang Enterprise Company	Taiwan Cement Corporation	Parent company	Sales	(443,146)	(25)	30 days	-	-	21,496	100	Note 2
			Purchases	232,946	14	30 days	-	-	(62,128)	(100)	Note 2
Taiwan Transport & Storage	Taiwan Cement Corporation	Parent company	Sales	(411,317)	(47)	30 days	-	-	50,501	49	Note 2
	Taiwan Prosperity Chemical Corporation	The same parent company	Sales	(133,386)	(15)	By contract	-	-	26,367	26	Note 2
	Hoping Industrial Port Corporation	The same parent company	Sales	(149,289)	(17)	30 days	-	-	16,545	16	Note 2
HPC Power Service Corporation	Ho-Ping Power Corporation	The same parent company	Sales	(296,108)	(100)	By contract	-	-	68,850	100	Note 2
Ta-Ho Maritime Corporation	Taiwan Cement Corporation	Parent company	Sales	(595,085)	(39)	30 days	-	-	124,680	89	Note 2
	THC International S.A.	Subsidiary	Lease expense	125,152	9	By negotiation	-	-	(68,243)	(57)	Note 2
	HKCCL	The same ultimate parent company	Freight revenue	(116,217)	(20)	By negotiation	-	-	15,764	12	Note 2
Taiwan Prosperity Chemical Corporation	Taiwan Transport & Storage	The same parent company	Purchases	133,386	1	By contract	-	-	(26,367)	(11)	Note 2

(Continued)

Buyer	Related Party	Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total (Note 1)	
Jin Chang Minerals Corporation	Taiwan Cement Corporation	Parent company	Sales	\$ (130,794)	(100)	30 days	\$ -	-	\$ 49,953	100	Note 2
Kuan-Ho Refractories Industry Corporation	Taiwan Cement Corporation	Parent company	Sales	(159,519)	(20)	By contract	-	-	61,514	97	Note 2
Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	Parent company	Sales	(186,755)	(86)	30 days	-	-	31,512	78	Note 2
THC International S.A.	Ta-Ho Maritime Corporation	Parent company	Lease revenue	(125,152)	(100)	By negotiation	-	-	68,243	100	Note 2
Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Guigang) Cement Limited	The same ultimate parent company	Freight revenue	(211,473)	(97)	By negotiation	-	-	56,202	22	Note 2
HKCCL	Quon Hing Concrete Co., Ltd.	Associates	Sales	(212,944)	(26)	By negotiation	-	-	55,330	27	Note 2
	Ta-Ho Maritime Corporation	The same ultimate parent company	Purchases	116,217	19	By negotiation	-	-	(15,764)	(36)	
TCC (Guigang) Cement Limited	Da Tong (Guigang) International Logistics Co., Ltd.	The same ultimate parent company	Purchases	211,473	4	By negotiation	-	-	(56,202)	(22)	Note 2
	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	135,427	3	By negotiation	-	-	(32,532)	(13)	Note 2
TCC Yingde Cement Co., Ltd.	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	136,277	3	By negotiation	-	-	(24,256)	(9)	Note 2
Guigang Da-Ho Shipping Co., Ltd. TCCIH	TCC (Gui Gang) Cement Ltd.	The same ultimate parent company	Freight revenue	(135,427)	(23)	By negotiation	-	-	32,532	24	Note 2
	TCC (Gui Gang) Cement Ltd.	The same ultimate parent company	Freight revenue	(136,277)	(24)	By negotiation	-	-	24,256	18	Note 2
	Taiwan Cement Corporation	Parent company	Service expenses	371,797	100	By contract	-	-	(41,926)	(100)	Note 2

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

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

(Concluded)

**TABLE 5**

**TAIWAN CEMENT CORPORATION AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE SHARE CAPITAL  
SEPTEMBER 30, 2017  
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (%)	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
Ta-Ho Maritime Corporation	Taiwan Cement Corporation (Note 2)	Parent company	\$ 124,680	5.7	\$ -	-	\$ 583	\$ -
Chiefolk Co., Ltd.	Quon Hing Concrete Co., Ltd.	Associates	116,190	(Note 1)	-	-	116,190	-

Note 1: Dividends receivable.

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



TABLE 6

## TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017  
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2017			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2017	December 31, 2016	Shares/Units (In Thousands)	%	Carrying Amount			
Taiwan Cement Corporation	TCCI	British Virgin Islands	Investment holding	\$ 18,344,635	\$ 18,344,635	600,876	100.00	\$ 56,470,083	\$ 1,749,395	\$ 1,749,395	Note
	Ho-Ping Power Company	Taiwan	Thermal power generation	6,037,720	6,037,720	602,973	59.50	18,219,138	2,313,088	1,376,288	Note
	Hoping Industrial Port Corporation	Taiwan	Hoping Industrial Port management	3,198,500	3,198,500	319,990	100.00	5,272,035	546,470	546,453	Note
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	528,506	528,506	118,649	64.79	2,021,200	168,097	108,906	Note
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	1,284,143	1,284,143	145,988	50.00	1,575,759	(382,418)	(191,210)	Note
	Taiwan Transport & Storage Corporation	Taiwan	Warehousing, transportation and sale of sand and gravel	90,862	90,862	32,668	83.85	1,681,048	98,460	82,554	Note
	TCC Investment Corporation	Taiwan	Investment	190,000	190,000	54,150	100.00	1,762,891	119,584	119,584	Note
	Ho Sheng Mining Co., Ltd.	Taiwan	Mining and trading	1,414,358	1,414,358	30,100	100.00	1,195,875	(28,397)	(28,397)	Note
	CCC USA Corporation	U.S.A.	Rubber raw materials	481,983	481,983	39	33.33	712,526	111,191	37,064	
	Taiwan Cement Engineering Corporation	Taiwan	Engineering services	319,439	319,439	59,593	99.05	700,968	(1,598)	(548)	Note
	Kuan-Ho Construction & Development Corporation	Taiwan	Construction and lease services	248,963	248,963	35,959	92.87	467,743	44,376	41,212	Note
	ONYX Ta-Ho Environmental Services Co., Ltd.	Taiwan	Waste collection and treatment	72,000	72,000	8,000	50.00	432,154	393,722	196,861	
	Kuan-Ho Refractories Industry Corporation	Taiwan	Production and sale of refractory materials	181,050	181,050	18,105	95.29	374,115	49,020	46,711	Note
	Feng Sheng Enterprise Company	Taiwan	Sale of ready-mixed concrete	250,000	250,000	27,261	45.43	348,019	30,435	13,828	Note
	TCC Chemical Corporation	Taiwan	Processing and sale of chemical material	334,350	334,350	122,351	100.00	360,746	(396,856)	9,237	Note
	Ta-Ho Onyx Taitung Environment Co., Ltd.	Taiwan	Waste collection and treatment	313,187	313,187	37,100	100.00	296,148	1,040	1,040	Note
	TCC Information Systems Corporation	Taiwan	Information software design	71,000	71,000	14,904	99.36	264,910	18,768	18,648	Note
	Ta-Ho Onyx RSEA Environment Co., Ltd.	Taiwan	Waste collection and treatment	666,000	666,000	66,600	66.60	210,154	(12,552)	(8,360)	Note
	HKCMCL	Hong Kong	Investment holding	72,005	72,005	38	84.65	270,759	42,530	36,003	Note
	Tunwoo Company Limited	Taiwan	Warehousing and sale of cement	59,880	59,880	75,499	100.00	138,130	9,896	9,896	Note
	Jin Chang Minerals Corporation	Taiwan	Afforestation and sale of limestone	18,042	18,042	1,800	100.00	123,701	4,659	4,659	Note
	HPC Power Service Corporation	Taiwan	Business consulting	1,861	1,861	6	60.00	85,711	139,744	83,846	Note
	E.G.C. Cement Corporation	Taiwan	Sale of cement	184,359	184,359	8,063	50.64	98,623	5,805	2,940	Note
	Synpac Ltd.	British Virgin Islands	Investment	70,367	70,367	2,700	25.00	9,358	148	37	
	Tung Chen Mineral Corporation	Taiwan	Afforestation and sale of limestone	1,989	1,989	20	99.45	1,404	(31)	(31)	Note
	TMC	Philippines	Mining excavation	11,880	11,880	120	72.70	-	-	-	Note
	TPMC	Philippines	Mining excavation	2,105	2,105	20	40.00	-	-	-	Note
Taiwan Transport & Storage Corporation	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	247,229	247,229	50,311	27.47	857,053	168,097	46,180	Note
	E.G.C. Cement Corporation	Taiwan	Sale of cement	126,518	126,518	7,061	44.36	115,757	5,805	2,575	Note
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	138,830	138,830	13,883	12.74	80,026	(22,548)	(2,874)	
	Ho Swen Construction Material Co., Ltd.	Taiwan	Sand and gravel filtering and sale	10,200	10,200	1,020	51.00	-	-	-	Note
TCC Investment Corporation	Union Cement Traders Inc.	Taiwan	Import and export trading	219,450	219,450	21,945	100.00	722,787	50,793	50,793	Note
	Ho-Ping Power Company	Taiwan	Thermal power generation	68,911	68,911	5,067	0.50	149,635	2,313,088	11,565	Note
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	20,608	24,000	1,288	0.44	13,902	(382,418)	(1,965)	Note
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	343	343	34	0.02	584	168,097	31	Note

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2017			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2017	December 31, 2016	Shares/Units (In Thousands)	%	Carrying Amount			
Ta-Ho Maritime Corporation	Ta-Ho Maritime Holdings Ltd.	Samoa	Investment	\$ 325,995	\$ 325,995	10,300	100.00	\$ 3,948,055	\$ 53,762	\$ 53,762	Note
	Shih Hsin Storage & Transportation Co., Ltd.	Taiwan	Warehousing, transportation, and sale of cement	30,952	44,217	3,114	3.34	12,514	(77,868)	(2,615)	
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	12,608	12,608	1,261	1.16	7,285	(22,548)	(262)	
Taiwan Cement Engineering Corporation	TCEC Corporation	Brunei Darussalam	Investment	16,295	16,295	-	100.00	113,921	(1,170)	(1,170)	Note
TCC Information Systems Corporation	Taicem Information (Samoa) Pte., Ltd.	Samoa	Investment	3,042	3,042	2,128	100.00	46,202	1,685	1,685	Note
Hoping Industrial Port Corporation	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	104,929	104,929	6,675	2.29	72,048	(382,418)	(8,743)	Note
E.G.C. Cement Corporation	Shih Hsin Storage & Transportation Co., Ltd.	Taiwan	Warehousing, transportation, and sale of cement	110,128	157,325	11,082	11.87	44,480	(77,868)	(9,233)	
Feng Sheng Enterprise Company	Ho Swen Construction Material Co., Ltd.	Taiwan	Sand and gravel filtering and sale	1,800	1,800	180	9.00	-	-	-	Note
Union Cement Traders Inc.	Shih Hsin Storage & Transportation Co., Ltd.	Taiwan	Warehousing, transportation, and sale of cement	34,203	48,861	3,442	3.69	13,815	(77,868)	(2,871)	
	Taiwan Transport & Storage Corporation	Taiwan	Warehousing, transportation, and sale of sand and gravel	2,612	2,612	261	0.67	13,445	98,460	660	Note
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	4,050	4,050	405	0.37	2,335	(22,548)	(83)	
Ta-Ho Maritime Holdings Ltd.	THC International S.A.	Panama	Marine transportation	60,823	64,823	2	100.00	2,510,521	4,917	4,917	Note
	Sheng Ho Maritime S.A.	Panama	Marine transportation	60,823	64,823	2	100.00	469,091	3,298	3,298	Note
	Ta-Ho Maritime (Hong Kong) Limited	Hong Kong	Marine transportation	154,326	164,475	5,100	100.00	549,401	58,879	58,879	Note
	Chi Ho Maritime S.A.	Panama	Marine transportation	196,993	209,948	7	100.00	350,713	(12,643)	(12,643)	Note
	Ta-Ho Maritime (Singapore) Pte. Ltd.	Singapore	Marine transportation	3,026	3,225	100	100.00	72,987	(672)	(672)	Note
TCC International Ltd. (Group)	Quon Hing Concrete Co., Ltd.	Hong Kong	Investment holding	172,314	184,994	100	50.00	264,362	149,122	74,561	
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	212,220	212,220	21,222	19.48	122,331	(22,548)	(4,392)	
	Hong Kong Concrete Co., Ltd.	Hong Kong	Cement processing services	26,422	28,366	129	31.50	214,885	174,265	54,894	

Note: All intercompany transactions have been eliminated upon consolidation.

(Concluded)

TABLE 7

## TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017  
(In Thousands of New Taiwan Dollars)

A.

Investee Company	Main Businesses and Products	Share Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2017 (Note 2)	Investment Flow (Note 2)		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2017 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of September 30, 2017 (Note 3)	Accumulated Repatriation of Investment Income as of September 30, 2017	Note
					Outflow	Inflow							
Anhui King Bridge Cement Co., Ltd.	Manufacturing and sale of cement	\$ 453,900	a	\$ 154,326	\$ -	\$ -	\$ 154,326	\$ (30,386)	38.00	\$ (11,547)	\$ 161,132	\$ -	Note 7
TCC Fuzhou Cement Co., Ltd.	Manufacturing and sale of cement	491,725	a	277,825	-	-	277,825	(87,552)	63.05	(55,201)	563,352	-	Note 7
TCC Fuzhou Yangyu Port Co., Ltd.	Port for cement transportation	151,300	a	85,485	-	-	85,485	(1,136)	63.05	(716)	183,055	-	Note 7
TCC Liuzhou Construction Materials Co., Ltd.	Sale of building material	408,510	a	98,042	-	-	98,042	65,123	26.00	16,932	240,114	-	Note 7
TCC Yingde Cement Co., Ltd.	Manufacturing and sale of cement	7,698,144	a	4,810,160	-	-	4,810,160	874,603	63.05	551,437	11,142,165	-	Note 7
Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	7,050,580	a	4,115,209	-	-	4,115,209	229,087	63.05	144,440	6,765,660	-	Note 7
TCC (Guigang) Cement Limited	Manufacturing and sale of cement	10,072,825	a	3,725,002	3,479,900	-	7,204,902	1,414,467	63.05	891,821	11,147,736	-	Note 7
Jiangsu TCC Investment Co., Ltd.	Investment	1,513,000	a	854,845	-	-	854,845	76,025	63.05	47,934	1,585,016	-	Note 7
Yingde Dragon Mountain Cement Co., Ltd.	Manufacturing and sale of cement	1,948,329	a	3,287,238	-	-	3,287,238	688,878	63.05	434,338	6,739,556	-	Note 7
TCC Liaoning Cement Co., Ltd.	Manufacturing and sale of cement	1,688,421	a	1,349,036	-	-	1,349,036	(96,644)	63.05	(60,934)	1,207,071	-	Note 7
TCC Anshun Cement Co., Ltd.	Manufacturing and sale of cement	4,644,607	a	3,383,854	-	-	3,383,854	303,383	63.05	191,283	3,921,470	-	Note 7
TCC Chongqing Cement Co., Ltd.	Manufacturing and sale of cement	3,570,680	a	2,581,824	-	-	2,581,824	146,110	63.05	92,122	3,204,205	-	Note 7
TCC Guangan Cement Co., Ltd.	Manufacturing and sale of cement	2,329,717	a	1,691,394	-	-	1,691,394	100,851	63.05	63,587	1,826,994	-	Note 7
TCC (Dong Guan) Cement Co., Ltd.	Warehousing and cement technical consulting	605,200	a	341,938	-	-	341,938	(27,405)	63.05	(17,279)	333,150	-	Note 7
Guizhou Kong On Cement Co., Ltd.	Manufacturing and sale of cement	614,278	a	276,884	-	-	276,884	38,596	41.00	15,824	249,395	-	Note 7
TCC New (Hangzhou) Management Co., Ltd.	Operation management	242,080	a	136,775	-	-	136,775	20,704	63.05	13,054	102,878	-	Note 7
Guizhou Kaili Rui An Jian Cai Co., Ltd.	Manufacturing and sale of cement	1,773,345	a	1,082,533	-	-	1,082,533	313,186	63.05	197,464	1,738,519	-	Note 7
TCC Shaoguan Cement Co., Ltd.	Manufacturing and sale of cement	1,210,400	a	1,078,769	-	-	1,078,769	(14,748)	63.05	(9,298)	755,525	-	Note 7
TCC Huaying Cement Company Limited	Manufacturing and sale of cement	4,322,904	a	3,100,894	-	-	3,100,894	78,523	63.05	49,508	1,333,841	-	Note 7
TCC Huaihua Cement Company Limited (Note 4)	Manufacturing and sale of cement	423,243	a	5,676,471	-	-	5,676,471	(130,802)	63.05	(82,471)	1,161,871	-	Note 7
TCC Jingzhou Cement Company Limited (Note 4)	Manufacturing and sale of cement	45,510	a	-	-	-	-	(3,127)	63.05	(1,971)	667,298	-	Note 7
TCC Huaihua Concrete Company Limited (Note 4)	Manufacturing and sale of cement	45,510	a	-	-	-	-	(6,005)	63.05	(3,786)	44,398	-	Note 7
TCC Jiangsu Mining Industrial Company Limited	Mining of limestone	121,040	a	378,459	-	-	378,459	(7,868)	63.05	(4,961)	191,127	-	Note 7
TCC Yingde Mining Industrial Company Limited	Mining of limestone	347,990	a	273,782	-	-	273,782	(1,604)	63.05	(1,011)	278,411	-	Note 7
TCC Guigang Mining Industrial Company Limited	Mining of limestone	151,300	a	130,682	-	-	130,682	21,918	63.05	13,820	228,909	-	Note 7
Scitus Naxi Cement Co., Ltd. (Note 5)	Manufacturing and sale of cement	666,767	a	-	-	-	-	(622)	63.05	(392)	71,435	-	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, 2017 (Note 2)	Investment Flow (Note 2)		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2017 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of September 30, 2017 (Note 3)	Accumulated Repatriation of Investment Income as of September 30, 2017	Note
					Outflow	Inflow							
Scitus Luzhou Cement Co., Ltd. (Note 5)	Manufacturing and sale of cement	\$ 1,797,645	a	\$ -	\$ -	\$ -	\$ -	\$ 119,994	63.05	\$ 75,656	\$ 1,216,663	\$ -	Note 7
Scitus Hejiang Cement Co., Ltd. (Note 5)	Manufacturing and sale of cement	105,811	a	-	-	-	-	(1,547)	63.05	(975)	10,678	-	Note 7
Scitus Luzhou Concrete Co., Ltd. (Note 5)	Manufacturing and sale of cement	113,775	a	-	-	-	-	7,412	63.05	4,673	84,434	-	Note 7
Anshun Xin Tai Construction Materials Company Limited	Manufacturing and sale of concrete aggregate	68,265	a	92,294	-	-	92,294	739	63.05	466	40,542	-	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	(1,170)	100.00	(1,170)	113,919	-	Note 7
Fuzhou TCC Information Technology Co., Ltd. (Note 6)	Software product and equipment maintenance	3,026	c	3,026	-	-	3,026	1,936	100.00	1,936	39,560	-	Note 7
Da Tong (Guigang) International Logistics Co., Ltd. (Note 6)	Logistics and transportation	151,300	d	151,300	-	-	151,300	59,734	100.00	59,734	532,364	-	Note 7
Da Tong (Ying De) Logistics Co., Ltd. (Note 6)	Logistics and transportation	22,755	d	22,755	-	-	22,755	8,553	100.00	8,553	79,911	-	Note 7
Guigang Da-Ho Shipping Co., Ltd. (Note 6)	Marine transportation	18,204	d	18,204	-	-	18,204	44,561	100.00	44,561	261,091	-	Note 7
Prosperity Conch Cement Co., Ltd. (Note 6)	Manufacturing and sale of cement	2,639,580	a	2,211,044	-	-	2,211,044	1,648,202	25.00	412,050	3,444,397	-	
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd. (Note 6)	Manufacturing and sale of cement	3,754,575	a	1,441,504	-	-	1,441,504	488,032	30.00	146,410	1,616,249	-	
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd. (Note 6)	Manufacturing and sale of cement	1,877,652	a	698,042	-	-	698,042	323,677	30.00	97,103	831,849	-	
Sichuan Taichang Building Material Group Company Limited (Note 6)	Manufacturing and sale of cement	910,200	a	348,945	-	-	348,945	49,392	30.00	-	-	-	
Guangan Xin Tai Construction Materials Company Limited (Note 6)	Manufacturing and sale of concrete aggregate	70,541	a	47,638	-	-	47,638	-	50.00	-	-	-	

Accumulated Investment in Mainland China as of September 30, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$44,941,899	\$76,096,457	(Note 8)

Note 1: All investments in mainland China companies were through a company invested and established in a third region. The method of investments were as follows:

- Investment through TCCI.
- Investment through TECE Corporation (Brunei).
- Investment through Taicem Information (Samoa) Pte., Ltd.
- Investment through Ta-Ho Maritime (Hong Kong) Limited.

Note 2: Including outward remittance from offshore subsidiaries.

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

Note 4: As of September 30, 2017, the accumulated outward remittance for investments was a total of those from TCC Huaihua Cement Company Limited, TCC Jingzhou Cement Company Limited and TCC Huaihua Concrete Company Limited.

Note 5: As of September 30, 2017, accumulated outward remittance for investments was a total of \$2,950,506 thousand from 10 companies, including Zunyi Scitus Cement Co., Ltd., Scitus Bijie Cement Co., Ltd., Scitus Naxi Cement Co., Ltd., Scitus Luzhou Cement Co., Ltd., Scitus Xishui Cement Co., Ltd., Scitus Hejiang Cement Co., Ltd., Guizhou Zunyi Ken On Concrete Co., Ltd., Scitus Bijie Concrete Co., Ltd., Scitus Luzhou Concrete Co., Ltd. and Scitus Cement (Guizhou) Operating Company Limited. Except Scitus Naxi Cement Co., Ltd., Scitus Luzhou Cement Co., Ltd., Scitus Hejiang Cement Co., Ltd. and Scitus Luzhou Concrete Co., Ltd., while 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.

(Continued)

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 and 4 for the information about significant transactions with investees in the mainland China either directly or indirectly through a third area.

(Concluded)

**TABLE 8****TAIWAN CEMENT CORPORATION AND SUBSIDIARIES**
**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017  
(In Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty	Relationship (Note 1)	Transactions Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
0	Taiwan Cement Corporation	Feng Sheng Enterprise Company	1	Operating revenue	\$ 232,946	30 days	0.3
				Operating costs and expenses	443,146	30 days	0.6
		Taiwan Transport & Storage Corporation	1	Operating costs and expenses	411,317	30 days	0.6
		Hoping Industrial Port Corporation	1	Operating costs and expenses	368,885	20 days	0.5
		Ho Sheng Mining Co., Ltd.	1	Operating costs and expenses	186,755	30 days	0.3
		TCCI	1	Operating revenue	371,797	By contract	0.5
		Kuan-Ho Refractories Industry Corporation	1	Operating costs and expenses	159,519	By contract	0.2
		Ta-Ho Maritime Corporation	1	Operating costs and expenses	595,085	30 days	0.9
				Payables to related parties	124,680	30 days	-
		E.G.C. Cement Corporation	1	Operating revenue	430,773	50 days after the day delivery was made	0.6
		Jin Chang Minerals Corporation	1	Operating costs and expenses	130,794	30 days	0.2
1	Ho-Ping Power Company	Hoping Industrial Port Corporation	3	Operating costs and expenses	797,612	20 days	1.2
		HPC Power Service Corporation	3	Operating costs and expenses	296,108	By contract	0.4
2	TCC Chemical Corporation	Taiwan Prosperity Chemical Corporation	3	Finance lease receivables	149,639	By contract	0.1
				Long-term finance lease receivables	1,435,595	By contract	0.5
3	Ta-Ho Onyx RSEA Environment Co., Ltd.	Taiwan Transport & Storage Corporation	3	Other payables to related parties	150,000	By contract	0.1
		TCC Investment Corporation	3	Other payables to related parties	160,000	By contract	0.1
4	Taiwan Transport & Storage Corporation	Hoping Industrial Port Corporation	3	Operating revenue	149,289	30 days	0.2
		Taiwan Prosperity Chemical Corporation	3	Operating revenue	133,386	By contract	0.2
5	Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Guigang) Cement Limited	3	Operating revenue	211,473	By negotiation	0.3
6	THC International S.A.	Ta-Ho Maritime Corporation	3	Operating revenue	125,152	By negotiation	0.2
7	Guigang Da-Ho Shipping Co., Ltd.	HKCCL	3	Operating revenue	116,217	By negotiation	0.2
		TCC (Guigang) Cement Limited	3	Operating revenue	135,427	By negotiation	0.2
		TCC Yingde Vement Co., Ltd	3	Operating revenue	136,277	By negotiation	0.2

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

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

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