

Attachment 4

**Taiwan Cement Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Years Ended December 31, 2016 and 2015 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of Taiwan Cement Corporation as of and for the year ended December 31, 2016, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10 “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Taiwan Cement Corporation and subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

TAIWAN CEMENT CORPORATION
AN-PING CHANG
Chairman

March 27, 2017

**勤業眾信**勤業眾信聯合會計師事務所
10596 台北市民生東路三段156號12樓Deloitte & Touche
12th Floor, Hung Tai Financial Plaza
156 Min Sheng East Road, Sec. 3
Taipei 10596, TaiwanTel :+886 (2) 2545-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw**INDEPENDENT AUDITORS' REPORT**The Board of Directors and Shareholders
Taiwan Cement Corporation**Opinion**

We have audited the accompanying consolidated financial statements of Taiwan Cement Corporation and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The description of the key audit matter of the Group's consolidated financial statements for the year ended December 31, 2016 is as follows:

Impairment Loss of Property, Plant and Equipment and Goodwill

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

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

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

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

Other Matter

We have also audited the parent company only financial statements of Taiwan Cement Corporation as of and for the years ended December 31, 2016 and 2015 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2016 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Ya-ling Wong Chih-Ming Shao

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 27, 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 audit such *consolidated financial* statements are those generally applied in the Republic of China.

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2016 AND 2015

(In Thousands of New Taiwan Dollars)

ASSETS	2016		2015	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 28,179,758	11	\$ 38,977,360	13
Financial assets at fair value through profit or loss (Notes 4 and 7)	148,488	-	147,113	-
Available-for-sale financial assets (Notes 4, 8 and 31)	15,536,693	6	15,227,906	5
Notes receivable (Notes 4 and 10)	12,600,411	5	12,377,095	4
Accounts receivable (Notes 4, 10, 11 and 31)	6,782,292	3	6,850,598	3
Notes and accounts receivable from related parties (Notes 4 and 30)	546,984	-	985,259	1
Other receivables (Notes 4 and 24)	770,838	-	663,601	-
Other receivables from related parties (Notes 4 and 30)	181,997	-	668,842	-
Inventories (Notes 4, 12 and 32)	8,893,965	3	8,941,127	3
Prepayments (Notes 18 and 31)	2,955,246	1	3,286,150	1
Other financial assets (Notes 4, 6 and 31)	812,127	-	2,043,253	1
Other current assets (Notes 4 and 9)	475,213	-	425,072	-
Total current assets	<u>77,884,012</u>	<u>29</u>	<u>90,593,376</u>	<u>31</u>
NON-CURRENT ASSETS				
Available-for-sale financial assets (Notes 4, 8 and 31)	4,190,855	2	3,990,535	1
Financial assets carried at cost (Note 4)	589,736	-	822,609	-
Investments accounted for using equity method (Notes 4 and 14)	7,444,947	3	8,013,265	3
Property, plant and equipment (Notes 4, 15 and 31)	101,799,766	38	113,310,134	39
Investment properties (Notes 4, 16 and 31)	6,073,056	2	5,996,536	2
Intangible assets (Notes 4, 17 and 26)	21,175,282	8	22,607,552	8
Prepayments for property, plant and equipment	2,740,525	1	1,992,037	1
Long-term finance lease receivables (Notes 4, 11 and 31)	33,666,040	13	34,335,409	12
Net defined benefit asset (Notes 4 and 21)	827,402	-	451,548	-
Long-term prepayments for leases (Notes 18 and 31)	6,934,059	3	7,698,950	2
Other non-current assets (Notes 4, 24 and 31)	3,663,016	1	3,254,404	1
Total non-current assets	<u>189,104,684</u>	<u>71</u>	<u>202,472,979</u>	<u>69</u>
TOTAL	<u>\$ 266,988,696</u>	<u>100</u>	<u>\$ 293,066,355</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Notes 19 and 31)	\$ 20,635,324	8	\$ 22,325,389	8
Short-term bills payable (Note 19)	5,921,518	2	6,159,780	2
Notes and accounts payable (Note 30)	7,671,640	3	7,081,053	2
Other payables (Notes 20 and 32)	7,960,894	3	8,935,660	3
Current income tax liabilities (Notes 4 and 24)	1,324,329	1	1,214,642	-
Advance receipts	3,352,902	1	3,119,316	1
Long-term loans - current portion (Notes 19 and 31)	8,163,950	3	19,133,616	7
Other current liabilities	74,362	-	114,376	-
Total current liabilities	<u>55,104,919</u>	<u>21</u>	<u>68,083,832</u>	<u>23</u>
NON-CURRENT LIABILITIES				
Long-term loans (Notes 19 and 31)	53,342,059	20	57,986,194	20
Deferred income tax liabilities (Notes 4 and 24)	10,213,967	4	10,268,560	4
Net defined benefit liability (Notes 4 and 21)	184,115	-	287,238	-
Other non-current liabilities (Notes 4 and 32)	746,965	-	956,279	-
Total non-current liabilities	<u>64,487,106</u>	<u>24</u>	<u>69,498,271</u>	<u>24</u>
Total liabilities	<u>119,592,025</u>	<u>45</u>	<u>137,582,103</u>	<u>47</u>
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Notes 22 and 24)				
Share capital	36,921,759	14	36,921,759	13
Capital surplus	13,534,162	5	12,309,615	4
Retained earnings	47,337,524	18	45,573,057	16
Others	8,974,606	3	13,238,554	4
Equity attributable to shareholders of the parent	106,768,051	40	108,042,985	37
NON-CONTROLLING INTERESTS (Note 22)	<u>40,628,620</u>	<u>15</u>	<u>47,441,267</u>	<u>16</u>
Total equity	<u>147,396,671</u>	<u>55</u>	<u>155,484,252</u>	<u>53</u>
TOTAL	<u>\$ 266,988,696</u>	<u>100</u>	<u>\$ 293,066,355</u>	<u>100</u>

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 9 and 30)	\$ 89,564,306	100	\$ 93,679,076	100
OPERATING COSTS (Notes 4, 9, 12, 23 and 30)	<u>71,583,302</u>	<u>80</u>	<u>79,151,059</u>	<u>85</u>
GROSS PROFIT	<u>17,981,004</u>	<u>20</u>	<u>14,528,017</u>	<u>15</u>
OPERATING EXPENSES (Notes 23 and 30)				
Marketing	733,021	1	859,723	1
General and administrative	4,193,229	4	3,987,700	4
Research and development	<u>20,618</u>	<u>-</u>	<u>6,895</u>	<u>-</u>
Total operating expenses	<u>4,946,868</u>	<u>5</u>	<u>4,854,318</u>	<u>5</u>
INCOME FROM OPERATIONS	<u>13,034,136</u>	<u>15</u>	<u>9,673,699</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of associates and joint ventures (Notes 4 and 14)	979,609	1	737,161	1
Interest income (Notes 4 and 30)	267,182	-	430,757	-
Dividend income (Note 4)	808,767	1	958,117	1
Other income (Note 11)	928,426	1	822,162	1
Finance costs (Notes 4 and 23)	(1,916,837)	(2)	(1,873,739)	(2)
Other expenses (Note 23)	(473,231)	-	(447,715)	-
Foreign exchange losses, net	(985,562)	(1)	(1,570,026)	(2)
Impairment loss recognized on financial assets	(619,013)	(1)	(51,296)	-
Impairment loss recognized on property, plant and equipment (Note 15)	<u>(508,142)</u>	<u>(1)</u>	<u>(13,105)</u>	<u>-</u>
Total non-operating income and expenses	<u>(1,518,801)</u>	<u>(2)</u>	<u>(1,007,684)</u>	<u>(1)</u>
INCOME BEFORE INCOME TAX	11,515,335	13	8,666,015	9
INCOME TAX EXPENSE (Notes 4 and 24)	<u>2,673,260</u>	<u>3</u>	<u>1,740,389</u>	<u>2</u>
NET INCOME	<u>8,842,075</u>	<u>10</u>	<u>6,925,626</u>	<u>7</u>

(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plan (Notes 21 and 22)	\$ 385,369	-	\$ (652,832)	(1)
Share of other comprehensive loss of associates and joint ventures (Note 22)	(6,193)	-	(1,476)	-
Income tax benefit (expense) related to items that will not be reclassified subsequently to profit or loss (Note 24)	(65,512)	-	110,938	-
	<u>313,664</u>	<u>-</u>	<u>(543,370)</u>	<u>(1)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations (Note 22)	(7,055,040)	(8)	(1,828,277)	(2)
Unrealized gain (loss) on available-for-sale financial assets (Note 22)	243,381	-	(5,141,341)	(5)
Cash flow hedges (Notes 9 and 22)	4,022	-	(11,071)	-
Share of other comprehensive income (loss) of associates and joint ventures (Note 22)	(493,741)	-	6,015	-
	<u>(7,301,378)</u>	<u>(8)</u>	<u>(6,974,674)</u>	<u>(7)</u>
Other comprehensive loss for the year, net of income tax	<u>(6,987,714)</u>	<u>(8)</u>	<u>(7,518,044)</u>	<u>(8)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 1,854,361</u>	<u>2</u>	<u>\$ (592,418)</u>	<u>(1)</u>
NET INCOME ATTRIBUTABLE TO:				
Shareholders of the parent	\$ 6,358,452	7	\$ 5,775,989	6
Non-controlling interests	<u>2,483,623</u>	<u>3</u>	<u>1,149,637</u>	<u>1</u>
	<u>\$ 8,842,075</u>	<u>10</u>	<u>\$ 6,925,626</u>	<u>7</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the parent	\$ 2,411,113	3	\$ (806,454)	(1)
Non-controlling interests	<u>(556,752)</u>	<u>(1)</u>	<u>214,036</u>	<u>-</u>
	<u>\$ 1,854,361</u>	<u>2</u>	<u>\$ (592,418)</u>	<u>(1)</u>

(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	<u>2016</u>	<u>2015</u>
	Income Attributable to Shareholders of the Parent	Income Attributable to Shareholders of the Parent
EARNINGS PER SHARE (NT\$, Note 25)		
Basic earnings per share	<u>\$1.72</u>	<u>\$1.56</u>
Diluted earnings per share	<u>\$1.72</u>	<u>\$1.56</u>

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

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Cash Dividends Per Share)

	Equity Attributable to Shareholders of the Parent											
	Share Capital	Capital Surplus	Legal Reserve	Retained Earnings		Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Others		Total Equity	
				Special Reserve	Unappropriated Earnings				Unrealized Gain/Loss on Available-for-sale Financial Assets	Cash Flow Hedges		Total
BALANCE, JANUARY 1, 2015	\$ 36,921,759	\$ 12,225,528	\$ 11,728,778	\$ 13,050,654	\$ 24,750,795	\$ 49,530,227	\$ 3,226,509	\$ 16,042,717	\$ 12,130	\$ 117,958,870	\$ 44,058,811	\$ 162,017,681
Appropriation of prior year's earnings	-	-	1,082,887	-	(1,082,887)	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	(9,193,518)	(9,193,518)	-	-	-	(9,193,518)	-	(9,193,518)
Cash dividends to shareholders	-	-	-	-	-	-	-	-	-	-	(2,769,710)	(2,769,710)
Cash dividends distributed by subsidiaries	-	-	-	-	5,775,989	5,775,989	-	-	-	5,775,989	1,149,637	6,925,626
Net income in 2015	-	-	-	-	(539,641)	(539,641)	(987,416)	(5,048,743)	(6,643)	(6,583,443)	(935,601)	(7,518,044)
Other comprehensive loss in 2015, net of income tax	-	-	-	-	5,236,348	5,236,348	(987,416)	(5,048,743)	(6,643)	(806,454)	214,036	(592,418)
Total comprehensive income (loss) in 2015	-	-	-	-	-	-	-	-	-	80	(586)	(506)
Adjustments to share of changes in equity of associates	-	80	-	-	-	-	-	-	-	80	(586)	(506)
Changes in ownership interests of subsidiaries	-	84,007	-	-	-	-	-	-	-	84,007	(84,007)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	6,022,723	6,022,723
Reversal of special reserve recognized from asset disposals	-	-	-	(159)	159	-	-	-	-	-	-	-
BALANCE, DECEMBER 31, 2015	\$ 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	\$ 108,045,985	\$ 47,441,267	\$ 155,487,252
Appropriation of prior year's earnings	-	-	577,599	-	(577,599)	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	(4,910,594)	(4,910,594)	-	-	-	(4,910,594)	-	(4,910,594)
Cash dividends to shareholders	-	-	-	-	-	-	-	-	-	-	(2,299,291)	(2,299,291)
Cash dividends distributed by subsidiaries	-	-	-	-	6,358,452	6,358,452	-	-	-	6,358,452	2,483,623	8,842,075
Net income in 2016	-	-	-	-	3,166,609	3,166,609	(4,472,710)	206,349	2,413	(3,947,339)	(3,040,375)	(6,987,714)
Other comprehensive income (loss) in 2016, net of income tax	-	-	-	-	6,675,061	6,675,061	(4,472,710)	206,349	2,413	2,411,113	(556,752)	1,854,361
Total comprehensive income (loss) in 2016	-	-	-	-	-	-	-	-	-	-	-	-
Difference between consideration received and the carrying amount of subsidiaries' net assets during actual acquisitions	-	1,224,547	-	-	-	-	-	-	-	1,224,547	(1,224,547)	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,732,057)	(2,732,057)
Reversal of special reserve recognized from asset disposals	-	-	-	(11)	11	-	-	-	-	-	-	-
BALANCE, DECEMBER 31, 2016	\$ 36,921,759	\$ 13,534,162	\$ 13,389,264	\$ 13,050,484	\$ 20,897,776	\$ 47,337,524	\$ 12,233,017	\$ 11,200,323	\$ 7,910	\$ 106,768,051	\$ 40,628,620	\$ 147,396,671

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

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 11,515,335	\$ 8,666,015
Adjustments for:		
Depreciation expense	6,587,626	7,021,678
Amortization expense	402,921	397,480
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(367,641)	1,114
Finance costs	1,916,837	1,873,739
Interest income	(267,182)	(430,757)
Dividend income	(808,767)	(958,117)
Share of profits of associates and joint ventures	(979,609)	(737,161)
Loss (gain) on disposal of property, plant and equipment, net	(3,245)	34,307
Gain on disposal of investments, net	(402)	(499)
Impairment loss on financial assets	619,013	51,296
Reversal of impairment of financial assets	-	(186,035)
Impairment loss on non-financial assets	508,142	13,105
Inventory write-down (reversal)	17,956	(87,164)
Unrealized loss on foreign exchange, net	11,880	994,811
Others	235,962	240,781
Changes in operating assets and liabilities:		
Financial assets held for trading	365,551	30,438
Notes receivable	(421,615)	5,888,746
Accounts receivable	62,927	1,884,936
Notes and accounts receivable from related parties	426,650	(643,176)
Other receivables	(205,146)	630,897
Other receivables from related parties	76,503	846,460
Inventories	(53,965)	2,495,379
Prepayments	269,215	1,028,566
Other current assets	(52,334)	122,942
Notes and accounts payable	662,309	(2,701,077)
Other payables	557,958	(1,415,824)
Advance receipts	257,740	70,644
Other current liabilities	(40,014)	(105,817)
Net defined benefit liability	(93,608)	(36,776)
Cash generated from operations	21,200,997	24,990,931
Income tax paid	(2,450,842)	(3,227,539)
Net cash generated from operating activities	<u>18,750,155</u>	<u>21,763,392</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	(366,113)	(10,087)
Proceeds from sale of available-for-sale financial assets	69,708	14,842
Purchase of financial assets carried at cost	(1)	(1)
Proceeds from the return of capital upon investees' capital reduction on financial assets carried at cost	11,584	9,461
		(Continued)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
Net cash outflow on acquisition of subsidiaries	\$ -	\$ (6,721,329)
Payments for property, plant and equipment	(2,995,914)	(2,726,976)
Proceeds from disposal of property, plant and equipment	41,826	98,761
Payments for intangible assets	(79,398)	(379,647)
Payments for investment properties	(568)	-
Decrease in long-term finance lease receivables	669,369	726,368
Decrease (increase) in other financial assets	1,225,039	(691,123)
Decrease (increase) in other non-current assets	(593,738)	208,091
Increase in prepayments for leases	(72,594)	(125,947)
Interest received	288,807	406,803
Dividends received	<u>1,856,760</u>	<u>1,357,381</u>
Net cash generated from (used in) investing activities	<u>54,767</u>	<u>(7,833,403)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	(1,480,747)	(3,539,971)
Increase in long-term loans	19,433,699	29,252,473
Repayment of long-term loans	(34,738,309)	(22,574,692)
Decrease in short-term bills payable	(238,262)	(210,728)
Decrease in other non-current liabilities	(209,314)	(324,608)
Cash dividends paid	(7,209,885)	(11,963,228)
Acquisition of additional interest in subsidiaries	(2,732,057)	-
Interest paid	(1,721,077)	(1,708,559)
Changes in non-controlling interests	<u>-</u>	<u>6,022,723</u>
Net cash used in financing activities	<u>(28,895,952)</u>	<u>(5,046,590)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>(706,572)</u>	<u>(420,081)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		
	(10,797,602)	8,463,318
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		
	<u>38,977,360</u>	<u>30,514,042</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
	<u>\$ 28,179,758</u>	<u>\$ 38,977,360</u>

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

(Concluded)

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on March 27, 2017.

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

- a. 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) endorsed by the Financial Supervisory Commission (FSC) for application starting from 2017

Rule No. 1050050021 and Rule No. 1050026834 issued by the FSC stipulated that, starting from January 1, 2017, the Group should apply the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC and SIC (collectively, the “IFRSs”) issued by the IASB and endorsed by the FSC for application starting from 2017.

New, Amended or Revised Standards and Interpretations (the “New IFRSs”)	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception”	January 1, 2016
Amendment to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants”	January 1, 2016

(Continued)

New, Amended or Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note 1)
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

(Concluded)

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 2 applies to share-based payment transactions with grant dates on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition dates on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in methods of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application in 2017 of the above New IFRSs and related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers would not have any material impact on the Group's accounting policies, except for the following:

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 by the FSC for application starting from 2017. 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.

The disclosures of related-party transactions and impairment of goodwill will be enhanced when the above amendments are retrospectively applied in 2017.

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Group continues assessing other possible impacts that the application of the aforementioned amendments and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers will have on the Group's financial position and financial performance and will disclose these other impacts when the assessment is completed.

b. New IFRSs in issue but not yet endorsed by the FSC

The Group has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC.

The FSC announced that IFRS 9 and IFRS 15 will take effect starting from January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other New IFRSs.

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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
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 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
IFRS 16 "Leases"	January 1, 2019
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.

1) IFRS 9 “Financial Instruments”

Recognition and measurement 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:

- a) 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;
- b) 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.

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.

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.

Transition

Financial instruments that have been derecognized prior to the effective date of IFRS 9 cannot be reversed to apply IFRS 9 when it becomes effective. Under IFRS 9, the requirements for classification, measurement and impairment of financial assets are applied retrospectively with the difference between the previous carrying amount and the carrying amount at the date of initial application recognized in the current period, and the restatement of prior periods is not required. The requirements for general hedge accounting shall be applied prospectively, and the accounting for hedging options shall be applied retrospectively.

2) 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 the low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed by using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities and cash payments for the relevant interest 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 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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 using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate and joint venture), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate and joint venture.

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

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

When a group entity transacts with its associate and joint venture, profits and losses resulting from the transactions with the associate and joint venture are recognized in the Group' 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 29.

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 29.

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.

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

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

3) Other long-term employee benefits

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

v. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the 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 year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Impairment loss of goodwill

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

b. Impairment loss of property, plant and equipment

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2016	2015
Cash on hand	\$ 9,245	\$ 9,726
Checking accounts and demand deposits	17,730,116	29,098,037
Cash equivalents		
Time deposits with original maturities of less than 3 months	9,634,877	9,099,749
Bonds with repurchase agreements	<u>805,520</u>	<u>769,848</u>
	<u>\$ 28,179,758</u>	<u>\$ 38,977,360</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:

	<u>December 31</u>	
	2016	2015
Cash in bank	0.01%-2.60%	0.01%-2.73%
Bonds with repurchase agreements	0.30%-1.08%	0.37%-0.58%

As of December 31, 2016 and 2015, time deposits with original maturities of more than 3 months were \$411,478 thousand and \$1,638,054 thousand, respectively, which were classified to other financial assets.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2016	2015
<u>Financial assets held for trading</u>		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	\$ 1,647	\$ -
Non-derivative financial assets		
Mutual funds	<u>146,841</u>	<u>147,113</u>
	<u>\$ 148,488</u>	<u>\$ 147,113</u>

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2016</u>			
Buy	USD/RMB	2017.1	USD115,000/RMB808,098

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

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>December 31</u>	
	2016	2015
Domestic investments		
Listed shares	\$ 7,338,337	\$ 6,460,049
Emerging market shares	536,211	546,719
Mutual funds	<u>19,395</u>	<u>14,353</u>
	7,893,943	7,021,121
Foreign investments		
Listed shares	<u>11,833,605</u>	<u>12,197,320</u>
	<u>\$ 19,727,548</u>	<u>\$ 19,218,441</u>

(Continued)

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Current	\$ 15,536,693	\$ 15,227,906
Non-current	<u>4,190,855</u>	<u>3,990,535</u>
	<u>\$ 19,727,548</u>	<u>\$ 19,218,441</u> (Concluded)

Refer to Note 31 for information relating to available-for-sale financial assets pledged as collateral for credit accommodations.

9. DERIVATIVE FINANCIAL INSTRUMENTS FOR HEDGING

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
<u>Derivative financial assets under hedge accounting</u>		
Cash flow hedges - foreign exchange forward contracts (included in other current assets)	<u>\$ 13,167</u>	<u>\$ 9,145</u>

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

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

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2016</u>			
Buy	NTD/USD	2017.1-2017.2	NTD527,666/USD16,800
<u>December 31, 2015</u>			
Buy	NTD/USD	2016.1-2016.4	NTD697,319/USD21,500

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

	<u>For the Year Ended December 31</u>	
	<u>2016</u>	<u>2015</u>
Operating revenue	\$ 2,533	\$ 433
Operating costs	<u>13,937</u>	<u>2,826</u>
	<u>\$ 16,470</u>	<u>\$ 3,259</u>

10. NOTES AND ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Notes receivable	\$ 12,612,965	\$ 12,388,583
Accounts receivable	6,905,743	7,062,444
Less: Allowance for impairment loss	<u>(136,005)</u>	<u>(223,334)</u>
	<u>\$ 19,382,703</u>	<u>\$ 19,227,693</u>
Receivables past due but not impaired	<u>\$ 76,558</u>	<u>\$ 71,632</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:

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Up to 90 days	\$ 13,460,527	\$ 14,479,679
91-180 days	5,801,948	4,647,089
181-365 days	64,135	27,440
Over 365 days	<u>56,093</u>	<u>73,485</u>
	<u>\$ 19,382,703</u>	<u>\$ 19,227,693</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, 2015	\$ 191,133	\$ 33,957	\$ 225,090
(Reversals of) provisions	(47)	3,856	3,809
Write-offs	(2,977)	-	(2,977)
Effects of exchange rate changes	<u>(2,588)</u>	<u>-</u>	<u>(2,588)</u>
Balance at December 31, 2015	<u>\$ 185,521</u>	<u>\$ 37,813</u>	<u>\$ 223,334</u>

(Continued)

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2016	\$ 185,521	\$ 37,813	\$ 223,334
(Reversals of) provisions	(59,435)	5,754	(53,681)
Write-offs	(5,997)	(6,818)	(12,815)
Effects of exchange rate changes	<u>(20,833)</u>	<u>-</u>	<u>(20,833)</u>
Balance at December 31, 2016	<u>\$ 99,256</u>	<u>\$ 36,749</u>	<u>\$ 136,005</u> (Concluded)

11. FINANCE LEASE RECEIVABLES

	December 31	
	2016	2015
Not later than 1 year	\$ 4,479,022	\$ 4,600,806
Later than 1 year and not later than 5 years	20,559,413	19,581,183
Later than 5 years	<u>38,552,728</u>	<u>44,066,915</u>
	63,591,163	68,248,904
Less: Unearned finance income	29,225,002	33,155,937
Less: Accumulated impairment	<u>47,878</u>	<u>47,878</u>
Present value of minimum lease payments	<u>\$ 34,318,283</u>	<u>\$ 35,045,089</u>
Current (included in accounts receivable)	\$ 652,243	\$ 709,680
Non-current	<u>33,666,040</u>	<u>34,335,409</u>
	<u>\$ 34,318,283</u>	<u>\$ 35,045,089</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%.

When the Group evaluated finance lease receivables and recognized related revenue in 2015, the present value of future cash flows was recalculated based on a modified assumption, and there was a reversal of impairment of \$186,035 thousand recognized (included in other income under non-operating income and expenses).

Refer to Note 31 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

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Finished goods	\$ 1,984,216	\$ 2,163,043
Work in process	1,474,511	1,605,119
Raw materials	5,290,667	5,028,394
Buildings and land held for sale	<u>144,571</u>	<u>144,571</u>
	<u>\$ 8,893,965</u>	<u>\$ 8,941,127</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2016 and 2015 was \$66,801,553 thousand and \$73,322,098 thousand, respectively.

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

	<u>For the Year Ended December 31</u>	
	<u>2016</u>	<u>2015</u>
Inventory write-downs (reversals of inventory write-downs)	<u>\$ 17,956</u>	<u>\$ (87,164)</u>

The recovery of net realizable values was mainly due to the sales of inventories.

Refer to Note 32 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	<u>Proportion of Ownership</u>		Remark	
			(%)			
			<u>December 31</u>			
			<u>2016</u>	<u>2015</u>		
Taiwan Cement Corporation	Taiwan Transport & Storage Corporation	Warehousing, transportation, and sale of sand and gravel		83.9	83.9	
	TCC Investment Corporation	Investment		100.0	100.0	
	Kuan-Ho Refractories Industry Corporation	Production and sale of refractory materials		95.3	95.3	
	Kuan-Ho Construction & Development Corporation	Construction and lease services		92.9	92.9	
	Hong Kong Cement Manufacturing Co., Ltd. ("HKCMCL")	Investment holding		84.7	84.7	
	Ta-Ho Maritime Corporation	Marine transportation		64.8	64.8	
	Taiwan Cement Engineering Corporation	Engineering services		99.0	99.0	
	Tunwoo Company Limited	Warehousing and sale of cement		100.0	100.0	
	TCC Chemical Corporation	Processing and sale of chemical material		100.0	100.0	
	TCC Information Systems Corporation	Information software design		99.4	99.4	
	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material		50.0	50.0	
	Tung Chen Mineral Corporation	Afforestation and sale of limestone		99.5	99.5	
	Jin Chang Minerals Corporation	Afforestation and sale of limestone		100.0	100.0	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)		Remark
			December 31		
			2016	2015	
	Hoping Industrial Port Corporation	Hoping Industrial Port management	100.0	100.0	
	TCC International Ltd. ("TCCP")	Investment holding	100.0	100.0	
	Ho-Ping Power Company	Thermal power generation	59.5	59.5	
	Ta-Ho Onyx Taitung Environment Co., Ltd.	Waste collection and treatment	100.0	100.0	
	HPC Power Service Corporation	Business consulting	60.0	60.0	
	E.G.C. Cement Corporation	Sale of cement	50.6	50.6	
	Feng Sheng Enterprise Company	Sale of ready-mixed concrete	45.4	45.4	
	Trans Philippines Mineral Corporation	Mining excavation	40.0	40.0	
	Taicorn Minerals Corporation	Mining excavation	72.7	72.7	
	Ta-Ho Onyx RSEA Environment Co., Ltd.	Waste collection and treatment	66.6	66.6	
	Ho Sheng Mining Co., Ltd.	Mining excavation	100.0	100.0	
Taiwan Transport & Storage Corporation	E.G.C. Cement Corporation	Sale of cement	44.4	44.4	
	Ho Swen Construction Material Co., Ltd.	Sand and gravel filtering and sale	51.0	51.0	
	Ta-Ho Maritime Corporation	Marine transportation	27.5	27.5	
TCC Investment Corporation	Union Cement Traders Inc.	Import and export trading	100.0	100.0	
	Ho-Ping Power Company	Thermal power generation	0.5	0.5	
	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	0.5	0.5	
	Ta-Ho Maritime Corporation	Marine transportation	-	-	
HKCMCL	TCC Development Ltd.	Property leasing	100.0	100.0	
Ta-Ho Maritime Corporation	Ta-Ho Maritime Holdings Ltd.	Investment	100.0	100.0	
Taiwan Cement Engineering Corporation	TCEC Corporation	Investment	100.0	100.0	
TCC Information Systems Corporation	Taicem Information (Samoa) Pte., Ltd.	Investment	100.0	100.0	
Hoping Industrial Port Corporation	Taiwan Prosperity Chemical Corporation	Processing and sale of chemical material	2.3	2.3	
TCCI	TCC International Holdings Ltd. ("TCCIH")	Investment holding	63.1	56.9	3)
Feng Sheng Enterprise Company	Ho Swen Construction Material Co., Ltd.	Sand and gravel filtering and sale	9.0	9.0	
TPMC	TMC	Mining excavation	18.2	18.2	
Union Cement Traders Inc.	Taiwan Transport & Storage Corporation	Warehousing, transportation, and sale of sand and gravel	0.7	0.7	
Ta-Ho Maritime Holdings Ltd.	Ta-Ho Maritime (Hong Kong) Limited.	Marine transportation	100.0	100.0	
	THC International S.A.	Marine transportation	100.0	100.0	
	Chi Ho Maritime S.A.	Marine transportation	100.0	100.0	
	Sheng Ho Maritime S.A.	Marine transportation	100.0	100.0	
	Ta-Ho Maritime (Singapore) Pte. Ltd.	Marine transportation	100.0	100.0	
TCEC Corporation	TCEC (Yingde) Machine Co., Ltd.	Production and sale of cement machinery and assembly work	100.0	100.0	
Taicem Information (Samoa) Pte., Ltd.	Fuzhou TCC Information Technology Co., Ltd.	Software product and equipment maintenance	100.0	100.0	
Ta-Ho Maritime (Hong Kong) Limited	Da Tong (Guigang) International Logistics Co., Ltd.	Logistics and transportation	100.0	100.0	
Da Tong (Guigang) International Logistics Co., Ltd.	Da Tong (Ying De) Logistics Co., Ltd.	Logistics and transportation	100.0	100.0	
	Guigang Da-Ho Shipping Co., Ltd.	Marine transportation	100.0	100.0	
TCCIH	Chia Hsin Cement Greater China Holding Corporation	Investment holding	100.0	100.0	
	Upper Value Investment Limited	Investment holding	100.0	100.0	
	Upper Value Investments Ltd. ("UPPV")	Investment holding	100.0	100.0	
	TCC Hong Kong Cement (BVI) Holdings Ltd.	Investment holding	100.0	100.0	
	Ulexite Investments Ltd.	Investment holding	100.0	100.0	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)		Remark
			December 31		
			2016	2015	
Upper Value Investment Limited	Prime York Ltd.	Investment holding	100.0	100.0	
	Prosperity Minerals (International) Ltd.	Investment holding	100.0	100.0	
TCC Hong Kong Cement (BVI) Holdings Ltd.	TCC Hong Kong Cement Development Limited	Investment holding	100.0	100.0	
	TCC Hong Kong Cement (QHC) Ltd.	Investment holding	100.0	100.0	
	TCC Hong Kong Cement (Yargoan) Ltd.	Investment holding	100.0	100.0	
	TCC Hong Kong Cement (HKC) Ltd.	Investment holding	100.0	100.0	
	TCC Hong Kong Cement Trading Ltd.	Investment holding	-	100.0	1)
	TCC Hong Kong Cement (Philippines) Ltd.	Investment holding	100.0	100.0	
	TCC Hong Kong Cement (International) Ltd.	Investment holding	100.0	100.0	
	Hong Kong Cement Company Limited ("HKCCL")	Sale of cement	100.0	100.0	
	Chieffolk Co., Ltd.	Investment holding	70.0	70.0	
	TCC Hong Kong Cement (QHC) Ltd.	TCC International (Liuzhou) Ltd.	Investment holding	100.0	100.0
Chieffolk Co., Ltd.	TCC Liuzhou Co., Ltd.	Investment holding	100.0	100.0	
TCC International (Liuzhou) Ltd.					
TCC Liuzhou Co., Ltd.	TCC Liuzhou Construction Materials Company Limited	Manufacturing and sale of slag powder	60.0	60.0	
TCC Hong Kong Cement (HKC) Ltd.	Koning Concrete Ltd.	Investment holding	100.0	100.0	
TCC Hong Kong Cement (Philippines) Ltd.	TCC Cement Corporation	Cement processing services	100.0	100.0	
TCC Hong Kong Cement (International) Ltd.	TCC International (Hong Kong) Co., Ltd. ("TCCI (HK)")	Investment holding	100.0	100.0	
TCCI (HK)	TCC Guigang Mining Industrial Company Limited	Mining excavation	52.5	52.5	
	Jiangsu TCC Investment Co., Ltd.	Investment holding	100.0	100.0	
	Jingyang Industrial Limited	Investment holding	100.0	100.0	
	TCC International (Guangxi) Ltd.	Investment holding	100.0	100.0	
	TCC Shaoguan Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	
	TCC Yingde Mining Industrial Company Limited	Mining excavation	48.9	48.9	
	TCC Yingde Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	
	TCC Jiangsu Mining Industrial Company Limited	Mining excavation	100.0	100.0	
	TCC Fuzhou Yangyu Port Co., Ltd.	Service of port facility	100.0	100.0	
	TCC (Dong Guan) Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	
	TCC Fuzhou Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	
	TCC Huaihua Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	2)
	Anhui King Bridge Cement Co., Ltd.	Manufacturing and sale of cement	60.0	60.0	
Jiangsu TCC Investment Co., Ltd.	Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	22.4	22.4	
Jingyang Industrial Limited	Jurong TCC Cement Co., Ltd.	Manufacturing and sale of cement	77.6	77.6	
TCC International (Guangxi) Ltd.	TCC (Gui Gang) Cement Ltd.	Manufacturing and sale of cement	100.0	100.0	
TCC (Gui Gang) Cement Ltd.	TCC Huaying Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	2)
	TCC Guigang Mining Industrial Company Limited	Mining excavation	47.5	47.5	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%)		Remark	
			December 31			
			2016	2015		
TCC Yingde Cement Co., Ltd.	TCC Yingde Mining Industrial Company Limited	Mining excavation	34.8	34.8		
	Scitus Luzhou Concrete Co., Ltd.	Sale of ready-mixed concrete	25.0	25.0		
	Scitus Luzhou Cement Co., Ltd.	Manufacturing and sale of cement	10.0	10.0		
	Scitus Naxi Cement Co., Ltd.	Manufacturing and sale of cement	10.0	10.0		
TCC Jiangsu Mining Industrial Company Limited	Scitus Hejiang Cement Co., Ltd.	Manufacturing and sale of cement	10.0	10.0		
	TCC Yingde Mining Industrial Company Limited	Mining excavation	16.3	16.3		
TCC Huaihua Cement Company Limited	TCC Jingzhou Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	2)	
	TCC Huaihua Concrete Company Limited	Sale of ready-mixed concrete	100.0	100.0	2)	
Ulexite Investments Ltd.	HKC Investments Limited	Investment holding	100.0	100.0		
UPPV	Wayly Holdings Ltd.	Investment holding	100.0	100.0		
	TCC International (China) Co., Ltd.	Investment holding	100.0	100.0		
	Kong On Cement Holdings Ltd.	Investment holding	65.0	65.0		
	Mega East Ltd.	Investment holding	100.0	100.0		
	Prosperity Minerals (China) Ltd.	Investment holding	100.0	100.0		
	Sure Kit Ltd.	Investment holding	100.0	100.0		
	Hensford Ltd.	Investment holding	100.0	100.0		
	Kiton Ltd.	Investment holding	100.0	100.0		
	Prosperity Cement Investment Ltd.	Investment holding	100.0	100.0		
	Scitus Cement (China) Holdings Ltd. ("Scitus Holdings")	Investment holding	100.0	100.0		
	Wayly Holdings Ltd.	Guizhou Kaili Rui An Jian Cai Co., Ltd.	Manufacturing and sale of cement	100.0	100.0	
	TCC International (China) Co., Ltd.	TCC New (Hangzhou) Management Company Limited	Operation management	100.0	100.0	
	Kong On Cement Holdings Ltd.	Guizhou Kong On Cement Company Limited	Manufacturing and sale of cement	100.0	100.0	
Mega East Ltd.	TCC Guangan Cement Company Limited	Manufacturing and sale of cement	100.0	100.0		
Sure Kit Ltd.	TCC Chongqing Cement Company Limited	Manufacturing and sale of cement	100.0	100.0		
Hensford Ltd.	TCC Anshun Cement Company Limited	Manufacturing and sale of cement	100.0	100.0		
Kiton Ltd.	TCC Liaoning Cement Company Limited	Manufacturing and sale of cement	100.0	100.0		
Prosperity Cement Investment Ltd.	Yingde Dragon Mountain Cement Co., Ltd.	Manufacturing and sale of cement	100.0	100.0		
TCC Anshun Cement Company Limited	Anshun Xin Tai Construction Materials Company Limited	Filtering of sand and gravel and sale of ready-mixed concrete	100.0	100.0		
Scitus Holdings	Scitus Cement (China) Operating Co., Ltd.	Investment holding	100.0	100.0		
	Hexagon XIV Holdings Ltd.	Investment holding	100.0	100.0		
	Hexagon XIII Holdings Ltd.	Investment holding	100.0	100.0		
	Hexagon IX Holdings Ltd.	Investment holding	100.0	100.0		
	Hexagon VIII Holdings Ltd.	Investment holding	100.0	100.0		
	Hexagon V Holdings Ltd.	Investment holding	100.0	100.0		
	Hexagon IV Holdings Ltd.	Investment holding	100.0	100.0		
	Hexagon III Holdings Ltd.	Investment holding	100.0	100.0		
	Hexagon II Holdings Ltd.	Investment holding	100.0	100.0		
	Hexagon Holdings Ltd.	Investment holding	100.0	100.0		
Hexagon IX Holdings Ltd.	Scitus Hejiang Cement Co., Ltd.	Manufacturing and sale of cement	90.0	90.0		
Hexagon IV Holdings Ltd.	Scitus Luzhou Cement Co., Ltd.	Manufacturing and sale of cement	90.0	90.0		
Hexagon III Holdings Ltd.	Scitus Naxi Cement Co., Ltd.	Manufacturing and sale of cement	90.0	90.0		
Hexagon XIV Holdings Ltd.	Scitus Luzhou Concrete Co., Ltd.	Sales of ready-mixed concrete	75.0	75.0		

(Concluded)

Remarks:

- 1) For the purpose of streamlining investment structure, TCC Hong Kong Cement Trading Ltd. decided to dissolve itself in 2016.
 - 2) The acquisition processes on interests in TCC Huaying Cement Company Limited and TCC Huaihua Cement Company Limited and its subsidiaries were completed in January and May 2015, respectively. See Note 26 for the information on the acquisitions.
 - 3) 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. See Note 27 for the information on the acquisition.
- b. Details of subsidiaries with material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	December 31	
	2016	2015
TCCIH	36.9%	43.1%
Taiwan Prosperity Chemical Corporation	47.2%	47.2%
Ho-Ping Power Company	40.0%	40.0%

See Table 7 following the Notes to Consolidated Financial Statements for the information on the places of incorporation and principal businesses.

The summarized financial information below represents amounts before intragroup eliminations.

TCCIH and TCCIH's subsidiaries

	December 31	
	2016	2015
Current assets	\$ 38,257,168	\$ 45,131,475
Non-current assets	90,416,308	102,351,224
Current liabilities	(20,655,454)	(36,253,694)
Non-current liabilities	<u>(33,476,383)</u>	<u>(29,580,393)</u>
Equity	<u>\$ 74,541,639</u>	<u>\$ 81,648,612</u>
Equity attributable to:		
Owners of TCCIH	\$ 50,106,259	\$ 50,294,953
Non-controlling interests of TCCIH	23,459,020	30,310,451
Non-controlling interests of TCCIH's subsidiaries	<u>976,360</u>	<u>1,043,208</u>
	<u>\$ 74,541,639</u>	<u>\$ 81,648,612</u>

	For the Year Ended December 31	
	2016	2015
Operating revenue	<u>\$ 47,431,654</u>	<u>\$ 44,669,914</u>
Profit (loss) for the year	\$ 960,897	\$ (955,013)
Other comprehensive loss for the year	<u>(7,468,674)</u>	<u>(1,601,697)</u>
Total comprehensive loss for the year	<u>\$ (6,507,777)</u>	<u>\$ (2,556,710)</u>
Profit (loss) attributable to:		
Owners of TCCIH	\$ 632,717	\$ (394,939)
Non-controlling interests of TCCIH	230,133	(573,295)
Non-controlling interests of TCCIH's subsidiaries	<u>98,047</u>	<u>13,221</u>
	<u>\$ 960,897</u>	<u>\$ (955,013)</u>
Total comprehensive loss attributable to:		
Owners of TCCIH	\$ (3,773,888)	\$ (1,123,386)
Non-controlling interests of TCCIH	(2,717,811)	(1,422,641)
Non-controlling interests of TCCIH's subsidiaries	<u>(16,078)</u>	<u>(10,683)</u>
	<u>\$ (6,507,777)</u>	<u>\$ (2,556,710)</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 7,257,589	\$ 6,146,402
Investing activities	392,538	(7,081,079)
Financing activities	<u>(12,463,447)</u>	<u>3,824,717</u>
Net cash inflow (outflow)	<u>\$ (4,813,320)</u>	<u>\$ 2,890,040</u>
Dividends paid to non-controlling interests of:		
TCCIH	<u>\$ 177,016</u>	<u>\$ 763,119</u>
TCCIH's subsidiaries	<u>\$ 50,770</u>	<u>\$ 67,232</u>

Taiwan Prosperity Chemical Corporation

	December 31	
	2016	2015
Current assets	\$ 3,216,697	\$ 3,098,972
Non-current assets	8,005,327	8,553,906
Current liabilities	(4,118,013)	(3,359,246)
Non-current liabilities	<u>(3,697,865)</u>	<u>(4,553,571)</u>
Equity	<u>\$ 3,406,146</u>	<u>\$ 3,740,061</u>
Equity attributable to:		
Owners of Taiwan Prosperity Chemical Corporation	\$ 1,798,448	\$ 1,974,658
Non-controlling interests of Taiwan Prosperity Chemical Corporation	<u>1,607,698</u>	<u>1,765,403</u>
	<u>\$ 3,406,146</u>	<u>\$ 3,740,061</u>

	For the Year Ended December 31	
	2016	2015
Operating revenue	<u>\$ 9,786,811</u>	<u>\$ 11,741,599</u>
Loss for the year	\$ (416,245)	\$ (1,862,972)
Other comprehensive income (loss) for the year	<u>82,330</u>	<u>(110,326)</u>
Total comprehensive loss for the year	<u>\$ (333,915)</u>	<u>\$ (1,973,298)</u>
Loss attributable to:		
Owners of Taiwan Prosperity Chemical Corporation	\$ (219,777)	\$ (983,642)
Non-controlling interests of Taiwan Prosperity Chemical Corporation	<u>(196,468)</u>	<u>(879,330)</u>
	<u>\$ (416,245)</u>	<u>\$ (1,862,972)</u>
Total comprehensive loss attributable to:		
Owners of Taiwan Prosperity Chemical Corporation	\$ (176,307)	\$ (1,041,893)
Non-controlling interests of Taiwan Prosperity Chemical Corporation	<u>(157,608)</u>	<u>(931,405)</u>
	<u>\$ (333,915)</u>	<u>\$ (1,973,298)</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 614,910	\$ 676,252
Investing activities	(116,626)	(369,752)
Financing activities	<u>(458,650)</u>	<u>(130,538)</u>
Net cash inflow	<u>\$ 39,634</u>	<u>\$ 175,962</u>

Ho-Ping Power Company

	December 31	
	2016	2015
Current assets	\$ 9,145,127	\$ 9,775,108
Non-current assets	34,029,740	34,605,610
Current liabilities	(3,975,527)	(3,830,137)
Non-current liabilities	<u>(5,880,207)</u>	<u>(7,905,824)</u>
Equity	<u>\$ 33,319,133</u>	<u>\$ 32,644,757</u>
Equity attributable to:		
Owners of Ho-Ping Power Company	\$ 19,988,013	\$ 19,583,389
Non-controlling interests of Ho-Ping Power Company	<u>13,331,120</u>	<u>13,061,368</u>
	<u>\$ 33,319,133</u>	<u>\$ 32,644,757</u>

	For the Year Ended December 31	
	2016	2015
Operating revenue	<u>\$ 11,752,037</u>	<u>\$ 12,645,730</u>
Profit for the year	\$ 5,553,536	\$ 6,147,579
Other comprehensive income (loss) for the year	<u>4,493</u>	<u>(11,594)</u>
Total comprehensive income for the year	<u>\$ 5,558,029</u>	<u>\$ 6,135,985</u>
Profit attributable to:		
Owners of Ho-Ping Power Company	\$ 3,332,122	\$ 3,688,549
Non-controlling interests of Ho-Ping Power Company	<u>2,221,414</u>	<u>2,459,030</u>
	<u>\$ 5,553,536</u>	<u>\$ 6,147,579</u>
Total comprehensive income attributable to:		
Owners of Ho-Ping Power Company	\$ 3,334,817	\$ 3,681,592
Non-controlling interests of Ho-Ping Power Company	<u>2,223,212</u>	<u>2,454,393</u>
	<u>\$ 5,558,029</u>	<u>\$ 6,135,985</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 6,130,880	\$ 6,809,480
Investing activities	(86,523)	7,980
Financing activities	<u>(6,828,999)</u>	<u>(6,419,908)</u>
Net cash inflow (outflow)	<u>\$ (784,642)</u>	<u>\$ 397,552</u>
Dividends paid to non-controlling interests of Ho-Ping Power Company	<u>\$ 1,953,460</u>	<u>\$ 1,774,472</u>

14. INVESTMENTS ACCOUNTED FOR BY USING EQUITY METHOD

	December 31	
	2016	2015
Investments in associates	\$ 7,444,947	\$ 7,968,261
Investments in joint ventures	<u>-</u>	<u>45,004</u>
	<u>\$ 7,444,947</u>	<u>\$ 8,013,265</u>

a. Investments in associates

	December 31	
	2016	2015
Material associates		
Prosperity Conch Cement Company Limited	\$ 3,103,826	\$ 3,489,126
Individually immaterial associates		
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	1,529,975	1,639,841
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	752,278	763,876
CCC USA Corporation	720,290	693,430
ONYX Ta-Ho Environmental Services Co., Ltd.	444,093	430,104
Quon Hing Concrete Co., Ltd.	292,066	367,114
Chia Huan Tung Cement Corporation	219,588	233,457
Hong Kong Concrete Co., Ltd.	211,779	162,077
Shih Hsin S&T Co., Ltd.	161,118	179,120
Synpac Ltd.	9,934	10,116
Sichuan Taichang Building Material Group Company Limited	-	-
	<u>\$ 7,444,947</u>	<u>\$ 7,968,261</u>

1) Material associates

	Proportion of Ownership	
	December 31	
	2016	2015
Prosperity Conch Cement Company Limited	25.0%	25.0%

Refer to Table 8 “Information on Investments in Mainland China” following the Notes to Consolidated Financial Statements for the nature of activities, principal place of business and country of incorporation of Prosperity Conch Cement Company Limited. The investment accounted for by using the equity method and the share of profit or loss and other comprehensive income of the investment for the years ended December 31, 2016 and 2015 was based on the associate’s financial statements audited by the auditors for the same years.

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

	December 31	
	2016	2015
Current assets	\$ 6,876,835	\$ 7,889,163
Non-current assets	7,823,814	8,228,713
Current liabilities	(1,586,799)	(1,405,425)
Non-current liabilities	<u>(698,544)</u>	<u>(755,948)</u>
Equity	<u>\$ 12,415,306</u>	<u>\$ 13,956,503</u>
Proportion of the Group’s ownership	25.0%	25.0%
Carrying amount	<u>\$ 3,103,826</u>	<u>\$ 3,489,126</u>

	For the Year Ended December 31	
	2016	2015
Operating revenue	<u>\$ 7,608,795</u>	<u>\$ 6,112,815</u>
Net income for the year	\$ 1,333,137	\$ 948,705
Other comprehensive loss	<u>(941,864)</u>	<u>(68,096)</u>
Total comprehensive income for the year	<u>\$ 391,273</u>	<u>\$ 880,609</u>
2) Aggregate information of individually immaterial associates		
	Proportion of Ownership	
	December 31	
	2016	2015
Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd.	30.0%	30.0%
Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd.	30.0%	30.0%
CCC USA Corporation	33.3%	33.3%
ONYX Ta-Ho Environmental Services Co., Ltd.	50.0%	50.0%
Quon Hing Concrete Co., Ltd.	50.0%	50.0%
Chia Huan Tung Cement Corporation	33.8%	33.8%
Hong Kong Concrete Co., Ltd.	31.5%	31.5%
Shih Hsin S&T Co., Ltd.	18.9%	18.9%
Synpac Ltd.	25.0%	25.0%
Sichuan Taichang Building Material Group Company Limited	30.0%	30.0%
	For the Year Ended December 31	
	2016	2015
The Group's share of:		
Net income for the year	\$ 689,837	\$ 505,403
Other comprehensive income (loss)	<u>(262,976)</u>	<u>22,141</u>
Total comprehensive income for the year	<u>\$ 426,861</u>	<u>\$ 527,544</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 investments accounted for by using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2016 and 2015 were based on the associates' audited financial statements for the same years except Yunnan Kungang & K. Wah Cement Construction Materials Co., Ltd. and Baoshan Kungang & K. Wah Cement Construction Materials Co., Ltd. The Group considered that there would be no significant adjustments if such financial statements were to be audited.

b. Investments in joint ventures

Investment in joint ventures of the Group were as follows:

	December 31	
	2016	2015
Unlisted shares		
Guangan Xin Tai Construction Materials Company Limited	<u>\$ -</u>	<u>\$ 45,004</u>

The Group holds 50% of the issued share capital of Guangan Xin Tai Construction Materials Company Limited and the voting rights.

	For the Year Ended December 31	
	2016	2015
The Group's share of:		
Net loss for the year	\$ (43,512)	\$ (5,418)
Other comprehensive loss	<u>(1,492)</u>	<u>(578)</u>
Total comprehensive loss for the year	<u>\$ (45,004)</u>	<u>\$ (5,996)</u>

The investment accounted for by using the equity method and the share of profit or loss and other comprehensive income of the investment for the years ended December 31, 2016 and 2015 were based on the joint ventures audited financial statements for the same years.

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Property in Construction	Total
<u>Cost</u>						
Balance at January 1, 2015	\$ 20,792,683	\$ 48,354,354	\$ 99,250,242	\$ 11,982,639	\$ 4,953,142	\$ 185,333,060
Additions	-	21,033	211,168	376,508	1,417,295	2,026,004
Disposals	(26,309)	(30,352)	(844,170)	(98,659)	(668)	(1,000,158)
Acquisitions through business combinations	-	5,545,981	4,560,306	192,994	319,168	10,618,449
Reclassification	-	683,862	1,422,358	(270,462)	(1,814,237)	21,521
Effects of exchange rate changes	-	(383,289)	(694,133)	74,472	(25,213)	(1,028,163)
Balance at December 31, 2015	<u>\$ 20,766,374</u>	<u>\$ 54,191,589</u>	<u>\$ 103,905,771</u>	<u>\$ 12,257,492</u>	<u>\$ 4,849,487</u>	<u>\$ 195,970,713</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2015	\$ 279,917	\$ 12,062,053	\$ 55,237,193	\$ 9,308,334	\$ -	\$ 76,887,497
Disposals	(5,729)	(9,212)	(759,073)	(93,076)	-	(867,090)
Depreciation expenses	-	1,494,052	4,816,175	685,908	-	6,996,135
Impairment losses	-	-	13,105	-	-	13,105
Reclassification	-	(134)	128,995	(128,861)	-	-
Effects of exchange rate changes	-	(106,108)	(308,092)	45,132	-	(369,068)
Balance at December 31, 2015	<u>\$ 274,188</u>	<u>\$ 13,440,651</u>	<u>\$ 59,128,303</u>	<u>\$ 9,817,437</u>	<u>\$ -</u>	<u>\$ 82,660,579</u>
Carrying amounts at December 31, 2015	<u>\$ 20,492,186</u>	<u>\$ 40,750,938</u>	<u>\$ 44,777,468</u>	<u>\$ 2,440,055</u>	<u>\$ 4,849,487</u>	<u>\$ 113,310,134</u>
<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	87,729	271,032	114,960	462,473	942,323
Disposals	-	(7,483)	(496,037)	(185,919)	-	(689,439)
Reclassification	(93,551)	138,676	51,412	13,276	(551,045)	(441,232)
Effects of exchange rate changes	-	(2,876,305)	(4,339,023)	(160,719)	(171,368)	(7,547,415)
Balance at December 31, 2016	<u>\$ 20,678,952</u>	<u>\$ 51,534,206</u>	<u>\$ 99,393,155</u>	<u>\$ 12,039,090</u>	<u>\$ 4,589,547</u>	<u>\$ 188,234,950</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Miscellaneous Equipment	Property in Construction	Total
<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)	(462,272)	(181,103)	-	(650,858)
Depreciation expenses	-	1,504,445	4,488,513	569,262	-	6,562,220
Impairment losses	-	293,586	180,622	1,983	31,951	508,142
Reclassification	-	(11,752)	-	-	-	(11,752)
Effects of exchange rate changes	-	(553,352)	(1,941,142)	(138,668)	15	(2,633,147)
Balance at December 31, 2016	<u>\$ 274,188</u>	<u>\$ 14,666,095</u>	<u>\$ 61,394,024</u>	<u>\$ 10,068,911</u>	<u>\$ 31,966</u>	<u>\$ 86,435,184</u>
Carrying amounts at December 31, 2016	<u>\$ 20,404,764</u>	<u>\$ 36,868,111</u>	<u>\$ 37,999,131</u>	<u>\$ 1,970,179</u>	<u>\$ 4,557,581</u>	<u>\$ 101,799,766</u>

(Concluded)

For the years ended December 31, 2016 and 2015, the Group recognized impairment losses of \$508,142 thousand and \$13,105 thousand, respectively, based on the future recoverable amounts of property, plant and equipment.

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

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

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 31.

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

	<u>For the Year Ended December 31</u>	
	2016	2015
Acquisitions of property, plant and equipment	\$ 942,323	\$ 2,026,004
Increase in prepayments for equipment	425,001	1,490,333
Decrease (increase) in payables for equipment	<u>1,628,590</u>	<u>(789,361)</u>
	<u>\$ 2,995,914</u>	<u>\$ 2,726,976</u>

16. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2015	\$ 6,362,434	\$ 1,399,067	\$ 7,761,501
Reclassification	(25,478)	-	(25,478)
Effects of exchange rate changes	-	1,057	1,057
Balance at December 31, 2015	<u>\$ 6,336,956</u>	<u>\$ 1,400,124</u>	<u>\$ 7,737,080</u>

(Continued)

	Land	Buildings	Total
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2015	\$ 1,066,380	\$ 673,825	\$ 1,740,205
Depreciation expenses	-	25,543	25,543
Reclassification	(25,478)	-	(25,478)
Effects of exchange rate changes	<u>-</u>	<u>274</u>	<u>274</u>
Balance at December 31, 2015	<u>\$ 1,040,902</u>	<u>\$ 699,642</u>	<u>\$ 1,740,544</u>
Carrying amounts at December 31, 2015	<u>\$ 5,296,054</u>	<u>\$ 700,482</u>	<u>\$ 5,996,536</u>
<u>Cost</u>			
Balance at January 1, 2016	\$ 6,336,956	\$ 1,400,124	\$ 7,737,080
Additions	-	568	568
Reclassification	93,551	19,948	113,499
Effects of exchange rate changes	<u>-</u>	<u>(525)</u>	<u>(525)</u>
Balance at December 31, 2016	<u>\$ 6,430,507</u>	<u>\$ 1,420,115</u>	<u>\$ 7,850,622</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2016	\$ 1,040,902	\$ 699,642	\$ 1,740,544
Depreciation expenses	-	25,406	25,406
Reclassification	-	11,752	11,752
Effects of exchange rate changes	<u>-</u>	<u>(136)</u>	<u>(136)</u>
Balance at December 31, 2016	<u>\$ 1,040,902</u>	<u>\$ 736,664</u>	<u>\$ 1,777,566</u>
Carrying amounts at December 31, 2016	<u>\$ 5,389,605</u>	<u>\$ 683,451</u>	<u>\$ 6,073,056</u> (Concluded)

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. Except for the fair values determined by independent qualified professional valuers, the remaining fair values were determined by the Group's management using market prices of similar properties.

The investment properties pledged as collateral for bank borrowings are set out in Note 31.

17. INTANGIBLE ASSETS

	Goodwill	Operational Concession	Mining Rights	Others	Total
<u>Cost</u>					
Balance at January 1, 2015	\$ 10,533,126	\$ 7,683,851	\$ 2,433,336	\$ 876,463	\$ 21,526,776
Additions	-	-	375,872	3,775	379,647
Acquisitions through business combinations	2,705,060	-	39,033	335,472	3,079,565
Reclassification	-	-	171,856	-	171,856
Effects of exchange rate changes	(103,250)	-	(28,095)	14,294	(117,051)
Balance at December 31, 2015	<u>\$ 13,134,936</u>	<u>\$ 7,683,851</u>	<u>\$ 2,992,002</u>	<u>\$ 1,230,004</u>	<u>\$ 25,040,793</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2015	\$ -	\$ 453,474	\$ 786,387	\$ 744,278	\$ 1,984,139
Amortization expenses	-	151,157	168,875	77,448	397,480
Reclassification	-	-	51,645	-	51,645
Effects of exchange rate changes	-	-	(7,910)	7,887	(23)
Balance at December 31, 2015	<u>\$ -</u>	<u>\$ 604,631</u>	<u>\$ 998,997</u>	<u>\$ 829,613</u>	<u>\$ 2,433,241</u>
Carrying amounts at December 31, 2015	<u>\$ 13,134,936</u>	<u>\$ 7,079,220</u>	<u>\$ 1,993,005</u>	<u>\$ 400,391</u>	<u>\$ 22,607,552</u>
<u>Cost</u>					
Balance at January 1, 2016	\$ 13,134,936	\$ 7,683,851	\$ 2,992,002	\$ 1,230,004	\$ 25,040,793
Additions	-	-	75,680	3,718	79,398
Decreases	-	(2,375)	-	-	(2,375)
Effects of exchange rate changes	(943,003)	-	(208,631)	(30,003)	(1,181,637)
Balance at December 31, 2016	<u>\$ 12,191,933</u>	<u>\$ 7,681,476</u>	<u>\$ 2,859,051</u>	<u>\$ 1,203,719</u>	<u>\$ 23,936,179</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2016	\$ -	\$ 604,631	\$ 998,997	\$ 829,613	\$ 2,433,241
Amortization expenses	-	151,145	153,150	98,626	402,921
Decreases	-	(221)	-	-	(221)
Effects of exchange rate changes	-	-	(66,012)	(9,032)	(75,044)
Balance at December 31, 2016	<u>\$ -</u>	<u>\$ 755,555</u>	<u>\$ 1,086,135</u>	<u>\$ 919,207</u>	<u>\$ 2,760,897</u>
Carrying amounts at December 31, 2016	<u>\$ 12,191,933</u>	<u>\$ 6,925,921</u>	<u>\$ 1,772,916</u>	<u>\$ 284,512</u>	<u>\$ 21,175,282</u>

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

Intangible assets pledged as collaterals for bank borrowings are set out in Note 31.

18. PREPAYMENTS FOR LEASES

	December 31	
	2016	2015
Current (included in prepayments)	\$ 217,214	\$ 238,871
Non-current	<u>6,934,059</u>	<u>7,698,950</u>
	<u>\$ 7,151,273</u>	<u>\$ 7,937,821</u>

The above prepayments for leases are land use rights in China. Prepayments for leases pledged as collateral for bank borrowings are set out in Note 31.

19. BORROWINGS

a. Short-term loans

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Secured borrowings		
Bank loans	\$ 8,326,464	\$ 12,295,167
Unsecured borrowings		
Bank loans - unsecured	12,069,303	9,897,573
Bank loans - letters of credit	<u>239,557</u>	<u>132,649</u>
	<u>12,308,860</u>	<u>10,030,222</u>
	<u>\$ 20,635,324</u>	<u>\$ 22,325,389</u>
Interest rate	0.82%-4.35%	0.74%-8.10%

b. Short-term bills payable

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Commercial paper	\$ 5,930,000	\$ 6,167,000
Less: Unamortized discount on bills payable	<u>8,482</u>	<u>7,220</u>
	<u>\$ 5,921,518</u>	<u>\$ 6,159,780</u>
Interest rate	0.63%-1.27%	1.06%-1.50%

c. Long-term loans

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Secured borrowings	\$ 32,068,202	\$ 59,604,442
Unsecured borrowings	<u>29,437,807</u>	<u>17,515,368</u>
	61,506,009	77,119,810
Less: Current portions	<u>8,163,950</u>	<u>19,133,616</u>
	<u>\$ 53,342,059</u>	<u>\$ 57,986,194</u>
Interest rate	1.18%-2.90%	1.23%-2.71%

Long-term loans consist of unsecured borrowings, secured borrowings and earmarked loans. The principals of long-term unsecured and secured borrowings are due in June 2020, 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

	December 31	
	2016	2015
Payables for equipment	\$ 1,432,129	\$ 3,105,593
Salaries and bonuses payable	1,134,697	1,096,562
Taxes payable	748,023	450,604
Deposits and retention money	745,642	742,946
Payables for electricity	374,268	381,238
Fines payable	264,000	264,000
Freight payables	195,128	324,360
Others	<u>3,067,007</u>	<u>2,570,357</u>
	<u>\$ 7,960,894</u>	<u>\$ 8,935,660</u>

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

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

b. Defined benefit plan

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

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

	December 31	
	2016	2015
Present value of defined benefit obligation	\$ (1,229,261)	\$ (1,383,405)
Fair value of plan assets	<u>1,872,548</u>	<u>1,547,715</u>
	<u>\$ 643,287</u>	<u>\$ 164,310</u>
Net defined benefit asset	<u>\$ 827,402</u>	<u>\$ 451,548</u>
Net defined benefit liability	<u>\$ 184,115</u>	<u>\$ 287,238</u>

Movements in net defined benefit asset were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Asset
Balance at January 1, 2015	<u>\$ (1,487,223)</u>	<u>\$ 2,267,589</u>	<u>\$ 780,366</u>
Service costs			
Current service costs	(17,091)	-	(17,091)
Net interest income (expense)	<u>(26,301)</u>	<u>40,347</u>	<u>14,046</u>
Recognized in profit or loss	<u>(43,392)</u>	<u>40,347</u>	<u>(3,045)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(588,635)	(588,635)
Actuarial loss - changes in demographic assumptions	(11,635)	-	(11,635)
Actuarial loss - changes in financial assumptions	(42,337)	-	(42,337)
Actuarial loss - experience adjustments	<u>(10,225)</u>	<u>-</u>	<u>(10,225)</u>
Recognized in other comprehensive income	<u>(64,197)</u>	<u>(588,635)</u>	<u>(652,832)</u>
Contributions from the employer	-	30,034	30,034
Benefits paid	<u>211,407</u>	<u>(201,620)</u>	<u>9,787</u>
Balance at December 31, 2015	<u>(1,383,405)</u>	<u>1,547,715</u>	<u>164,310</u>
Service costs			
Current service costs	(14,824)	-	(14,824)
Net interest income (expense)	<u>(19,416)</u>	<u>21,463</u>	<u>2,047</u>
Recognized in profit or loss	<u>(34,240)</u>	<u>21,463</u>	<u>(12,777)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	373,790	373,790
Actuarial loss - changes in demographic assumptions	(3,181)	-	(3,181)
Actuarial loss - changes in financial assumptions	(17,691)	-	(17,691)
Actuarial gain - experience adjustments	<u>32,451</u>	<u>-</u>	<u>32,451</u>
Recognized in other comprehensive income	<u>11,579</u>	<u>373,790</u>	<u>385,369</u>
Contributions from the employer	-	100,550	100,550
Benefits paid	<u>176,805</u>	<u>(170,970)</u>	<u>5,835</u>
Balance at December 31, 2016	<u>\$ (1,229,261)</u>	<u>\$ 1,872,548</u>	<u>\$ 643,287</u>

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

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

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

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Discount rates	1.13%-1.38%	1.25%-2.00%
Long-term average rates of salary increase	1.50%-2.25%	1.50%-2.25%

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

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Discount rates		
0.25% increase	<u>\$ (26,836)</u>	<u>\$ (28,946)</u>
0.25% decrease	<u>\$ 27,754</u>	<u>\$ 30,007</u>
Expected rates of salary increase		
0.25% increase	<u>\$ 26,738</u>	<u>\$ 29,229</u>
0.25% decrease	<u>\$ (25,988)</u>	<u>\$ (28,340)</u>

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

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
The expected contributions to the plan for the next year	<u>\$ 46,345</u>	<u>\$ 19,090</u>
The average duration of the defined benefit obligation	7-18 years	7.2-18 years

22. EQUITY

- a. Ordinary shares

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
Number of shares authorized (in thousands)	<u>6,000,000</u>	<u>6,000,000</u>
Shares authorized	<u>\$ 60,000,000</u>	<u>\$ 60,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>3,692,176</u>	<u>3,692,176</u>
Shares issued	<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

	<u>December 31</u>	
	<u>2016</u>	<u>2015</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of shares	\$ 10,435,775	\$ 10,435,775
Conversion of bonds	1,520,632	1,520,632
Difference between consideration received and the carrying amount of subsidiaries' net assets during actual acquisitions	1,224,547	-
Treasury share transactions	194,598	194,598
Donations	31,537	31,537
<u>May only be used to offset a deficit (2)</u>		
Changes in percentage of ownership interests in subsidiaries	116,238	116,238
Forfeited share options	10,315	10,315
<u>May not be used for any purpose</u>		
Changes in interests in associates accounted for by using the equity method	<u>520</u>	<u>520</u>
	<u>\$ 13,534,162</u>	<u>\$ 12,309,615</u>

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

c. Retained earnings and dividend policy

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

Under the dividend policy as set forth in the amended Articles, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' general meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors 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 2015 and 2014 approved in the shareholders' general meetings in June 2016 and June 2015, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share	
	For the Year Ended		(NT\$)	
	December 31		For the Year Ended	
	2015	2014	2015	2014
Legal reserve	\$ 577,599	\$ 1,082,887		
Cash dividends	4,910,594	9,193,518	<u>\$ 1.33</u>	<u>\$ 2.49</u>

The appropriation of earnings for 2016 were proposed by the Corporation's board of directors on March 27, 2017. The appropriations and dividends per share were as follows:

	Appropriation	Dividends Per
	of Earnings	Share (NT\$)
Legal reserve	\$ 635,845	
Cash dividends	5,353,655	<u>\$1.45</u>

The appropriation of earnings for 2016 is subject to the resolution of the shareholders' general meeting to be held in June 2017.

d. Special reserve

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

The special reserve appropriated at the first-time adoption of IFRSs relating to investment in properties other than land may be reversed according to the period of use. The special reserve relating to land may be reversed upon disposal or reclassification, and such special reserve of \$11 thousand and \$159 thousand were reversed for the years ended December 31, 2016 and 2015, respectively. The special reserve appropriated, due to currency translation adjustments for financial statements of foreign operations (including subsidiaries), shall be reversed based on the Corporation's disposal percentage, and all of the special reserve shall be reversed when the Corporation loses significant influence. There was no such reversal during the years ended December 31, 2016 and 2015.

e. Other equity items

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

	For the Year Ended December 31	
	2016	2015
Balance at January 1	\$ 2,239,093	\$ 3,226,509
Exchange differences on translating foreign operations	(4,177,791)	(1,002,059)
Share of exchange differences of associates and joint ventures accounted for by using the equity method	<u>(294,919)</u>	<u>14,643</u>
Balance at December 31	<u>\$ (2,233,617)</u>	<u>\$ 2,239,093</u>

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

	For the Year Ended December 31	
	2016	2015
Balance at January 1	\$ 10,993,974	\$ 16,042,717
Unrealized gain (loss) arising on revaluation of available-for-sale financial assets	206,776	(5,099,994)
Reclassification of impairment arising from available-for-sale financial assets	-	51,296
Cumulative gain reclassified to profit on disposal of available-for-sale financial assets	(382)	(137)
Share of unrealized gain (loss) on revaluation of available-for-sale financial assets of associates accounted for by using the equity method	<u>(45)</u>	<u>92</u>
Balance at December 31	<u>\$ 11,200,323</u>	<u>\$ 10,993,974</u>

3) Cash flow hedges

	For the Year Ended December 31	
	2016	2015
Balance at January 1	\$ 5,487	\$ 12,130
Changes in fair value of hedging instruments - foreign exchange forward contracts	(7,469)	(8,598)
Reclassified loss from expiration of hedging instruments - foreign exchange forward contracts	<u>9,882</u>	<u>1,955</u>
Balance at December 31	<u>\$ 7,900</u>	<u>\$ 5,487</u>

f. Non-controlling interests

	For the Year Ended December 31	
	2016	2015
Balance at January 1	\$ 47,441,267	\$ 44,058,811
Attributable to non-controlling interests:		
Share of profit for the year	2,483,623	1,149,637
Exchange differences arising on translation of foreign operations	(2,877,249)	(826,218)
Unrealized gain (loss) on available-for-sale financial assets	37,007	(92,506)
Changes in cash flow hedges	1,609	(4,428)
Share of other comprehensive loss of associates and joint ventures accounted for by using the equity method	(198,777)	(8,720)
Adjustments relating to changes in capital surplus of associates and joint ventures accounted for by using the equity method	-	(586)
Cumulative gain reclassified to profit or loss on disposal of available-for-sale financial assets	(20)	-
Remeasurement of defined benefit plan	(2,945)	(3,729)
Acquisition of non-controlling interests in subsidiaries	(2,732,057)	-
Dividends paid by subsidiaries	(2,299,291)	(2,769,710)
Capital increase in cash to subsidiaries	-	6,022,723
Changes in proportionate ownership in subsidiaries	<u>(1,224,547)</u>	<u>(84,007)</u>
Balance at December 31	<u>\$ 40,628,620</u>	<u>\$ 47,441,267</u>

23. NET INCOME

Net income includes the following items:

a. Depreciation and amortization

	For the Year Ended December 31	
	2016	2015
Property, plant and equipment	\$ 6,562,220	\$ 6,996,135
Investment properties	25,406	25,543
Intangible assets	<u>402,921</u>	<u>397,480</u>
	<u>\$ 6,990,547</u>	<u>\$ 7,419,158</u>
An analysis of depreciation by function		
Operating costs	\$ 6,161,338	\$ 6,610,339
Operating expenses	422,373	405,207
Non-operating expenses	<u>3,915</u>	<u>6,132</u>
	<u>\$ 6,587,626</u>	<u>\$ 7,021,678</u>
An analysis of amortization by function		
Operating costs	\$ 347,442	\$ 363,831
Operating expenses	<u>55,479</u>	<u>33,649</u>
	<u>\$ 402,921</u>	<u>\$ 397,480</u>

b. Employee benefits expense

	For the Year Ended December 31	
	2016	2015
Retirement benefit plans		
Defined contribution plans	\$ 397,109	\$ 368,117
Defined benefit plan	<u>12,777</u>	<u>3,045</u>
	409,886	371,162
Other employee benefits	<u>4,840,105</u>	<u>4,861,982</u>
	<u>\$ 5,249,991</u>	<u>\$ 5,233,144</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 3,669,757	\$ 3,629,326
Operating expenses	<u>1,580,234</u>	<u>1,603,818</u>
	<u>\$ 5,249,991</u>	<u>\$ 5,233,144</u>

1) Employees' compensation and remuneration of directors for 2016 and 2015

In compliance with the Company Act as amended in May 2015 and the proposed amended Articles of Incorporation of the Corporation, which was approved by the shareholders in their meeting in June 2016, the Corporation accrued employees' compensation and remuneration of directors at the rates of 0.01%-3% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2016 and 2015, which have been approved by the Corporation's board of directors in March 2017 and in March 2016 respectively, were as follows:

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

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

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

2) Bonus to employees and remuneration of directors and supervisors for 2014

The bonus to employees and remuneration of directors and supervisors for 2014, which have been approved in the shareholders' general meeting in June 2015, were as follows:

	For the Year Ended December 31, 2014
Bonus to employees	\$ 58,612
Remuneration of directors and supervisors	93,456

There was no difference between the amounts of the bonus to employees and the remuneration of directors and supervisors approved in the shareholders' meeting in June 2015 and the amounts recognized in the consolidated financial statements for the year ended December 31, 2014.

c. Finance costs

	For the Year Ended December 31	
	2016	2015
Interest on bank borrowings	\$ 1,749,047	\$ 1,710,690
Other finance costs	<u>167,790</u>	<u>163,049</u>
	<u>\$ 1,916,837</u>	<u>\$ 1,873,739</u>

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2016	2015
Capitalization amount of interest	<u>\$ 7,543</u>	<u>\$ 12,255</u>
Capitalization rate of interest	1.58%-1.66%	1.58%-1.97%

d. Other income

	For the Year Ended December 31	
	2016	2015
Net gain of financial asset or financial liability at fair value through profit or loss	\$ 367,641	\$ -
Government grants	217,788	233,545
Reversal of impairment loss on financial assets	-	186,035
Others	<u>342,997</u>	<u>402,582</u>
	<u>\$ 928,426</u>	<u>\$ 822,162</u>

24. INCOME TAX

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

	For the Year Ended December 31	
	2016	2015
Current tax		
In respect of the current year	\$ 2,513,061	\$ 2,150,308
Income tax on unappropriated earnings	4,138	52,956
Adjustments for prior years	<u>(21,198)</u>	<u>(186,367)</u>
	2,496,001	2,016,897
Deferred tax	<u>177,259</u>	<u>(276,508)</u>
Income tax expense recognized in profit or loss	<u>\$ 2,673,260</u>	<u>\$ 1,740,389</u>

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

	For the Year Ended December 31	
	2016	2015
Income before tax	<u>\$ 11,515,335</u>	<u>\$ 8,666,015</u>
Income tax expense at the statutory rate	\$ 1,957,607	\$ 1,473,222
Non-deductible expenses in determining taxable income	555,512	239,538
Tax-exempt income	(550,505)	(523,097)
Unrecognized loss carryforwards and deductible temporary differences	444,695	508,821
Loss carryforwards utilized in the current year	(6,139)	(28,203)
Effects of different tax rate of subsidiaries operating in other jurisdictions	18,404	31,785
Land value increment tax	-	(118,566)
Income tax on unappropriated earnings	4,138	52,956
Adjustments for prior years	(21,198)	(186,367)
Others	<u>270,746</u>	<u>290,300</u>
Income tax expense recognized in profit or loss	<u>\$ 2,673,260</u>	<u>\$ 1,740,389</u>

- b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2016	2015
Deferred tax in the current year		
Remeasurement on defined benefit plan	<u>\$ 65,512</u>	<u>\$ (110,938)</u>

- c. Current tax assets and liabilities

	December 31	
	2016	2015
Current tax assets		
Tax refund receivable (included in other receivables)	<u>\$ 97,822</u>	<u>\$ 235,090</u>
Current tax liabilities		
Current income tax liabilities	<u>\$ 1,324,329</u>	<u>\$ 1,214,642</u>

d. Deferred income tax assets and liabilities

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

For the year ended December 31, 2016

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Exchange Differences	Closing Balance
<u>Deferred income tax assets</u>						
Loss carryforwards	\$ 696,684	\$ (114,624)	\$ -	\$ -	\$ (26,426)	\$ 555,634
Allowance for impaired receivables	168,058	8,622	-	-	(13,127)	163,553
Defined benefit plan	63,195	(28,850)	(943)	-	-	33,402
Inventories	67,721	(450)	-	-	-	67,271
Others	88,116	10,129	-	-	(2,603)	95,642
	<u>\$ 1,083,774</u>	<u>\$ (125,173)</u>	<u>\$ (943)</u>	<u>\$ -</u>	<u>\$ (42,156)</u>	<u>\$ 915,502</u>
<u>Deferred income tax liabilities</u>						
Land value increment tax	\$ 5,092,973	\$ -	\$ -	\$ -	\$ -	\$ 5,092,973
Finance leases	2,565,657	93,732	-	-	-	2,659,389
Property, plant and equipment	1,559,111	(143,181)	-	-	(90,189)	1,325,741
Retained earnings from foreign subsidiaries	983,557	104,453	-	(76,559)	(4,499)	1,006,952
Defined benefit plan	57,256	(1,050)	64,569	-	-	120,775
Others	10,006	(1,868)	-	-	(1)	8,137
	<u>\$ 10,268,560</u>	<u>\$ 52,086</u>	<u>\$ 64,569</u>	<u>\$ (76,559)</u>	<u>\$ (94,689)</u>	<u>\$ 10,213,967</u>

For the year ended December 31, 2015

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Exchange Differences	Closing Balance
<u>Deferred income tax assets</u>						
Loss carryforwards	\$ 301,878	\$ 396,776	\$ -	\$ -	\$ (1,970)	\$ 696,684
Allowance for impaired receivables	153,579	(13,017)	-	28,807	(1,311)	168,058
Defined benefit plan	63,081	(3,476)	3,590	-	-	63,195
Inventories	36,801	30,920	-	-	-	67,721
Others	140,997	(52,435)	-	-	(446)	88,116
	<u>\$ 696,336</u>	<u>\$ 358,768</u>	<u>\$ 3,590</u>	<u>\$ 28,807</u>	<u>\$ (3,727)</u>	<u>\$ 1,083,774</u>
<u>Deferred income tax liabilities</u>						
Land value increment tax	\$ 5,223,856	\$ (118,566)	\$ -	\$ (12,317)	\$ -	\$ 5,092,973
Finance leases	2,418,074	147,583	-	-	-	2,565,657
Property, plant and equipment	1,226,835	(34,555)	-	364,713	2,118	1,559,111
Retained earnings from foreign subsidiaries	1,037,543	85,441	-	(139,604)	177	983,557
Defined benefit plan	163,221	1,383	(107,348)	-	-	57,256
Others	9,116	974	-	-	(84)	10,006
	<u>\$ 10,078,645</u>	<u>\$ 82,260</u>	<u>\$ (107,348)</u>	<u>\$ 212,792</u>	<u>\$ 2,211</u>	<u>\$ 10,268,560</u>

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

	December 31	
	2016	2015
Loss carryforwards		
Expire in 2016	\$ -	\$ 110,010
Expire in 2017	211,686	212,143
Expire in 2018	625,564	621,564
Expire in 2019	1,531,826	1,642,094
Expire in 2020	3,041,368	2,875,648
Expire in 2021	1,315,285	253,691
Expire in 2022	720,688	720,345
Expire in 2023	914,780	915,452
Expire in 2024	567,440	567,441
Expire in 2025	1,047,558	613,229
Expire in 2026	<u>71,572</u>	<u>-</u>
	<u>\$ 10,047,767</u>	<u>\$ 8,531,617</u>

f. Unused loss carryforwards information

Loss carryforwards as of December 31, 2016 were comprised of:

Unused Amount	Expiry Year
\$ 211,686	2017
741,518	2018
1,578,512	2019
4,276,632	2020
1,342,928	2021
733,137	2022
914,780	2023
567,440	2024
2,023,187	2025
<u>464,332</u>	2026
<u>\$ 12,854,152</u>	

g. Unrecognized deferred income tax liabilities in respect of investments

As of December 31, 2016 and 2015, the taxable temporary differences in respect of investments in subsidiaries and associates for which no deferred income tax liabilities have been recognized were \$50,296,499 thousand and \$48,943,047 thousand, respectively.

h. Integrated income tax information

	December 31	
	2016	2015
Unappropriated earnings		
Generated before January 1, 1998	\$ 38,366	\$ 38,366
Generated on and after January 1, 1998	<u>20,859,410</u>	<u>19,672,531</u>
	<u>\$ 20,897,776</u>	<u>\$ 19,710,897</u>
Shareholder-imputed credit accounts	<u>\$ 1,702,678</u>	<u>\$ 1,396,681</u>

The estimated and actual creditable ratio for the distributions of 2016 and 2015 were 8.16% and 10.57%, respectively.

i. Income tax assessments

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

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

25. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2016	2015
Basic earnings per share	<u>\$ 1.72</u>	<u>\$ 1.56</u>
Diluted earnings per share	<u>\$ 1.72</u>	<u>\$ 1.56</u>

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

	For the Year Ended December 31	
	2016	2015
Profit for the period attributable to owners of the Corporation	<u>\$ 6,358,452</u>	<u>\$ 5,775,989</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
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>1,291</u>	<u>1,829</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u><u>3,693,467</u></u>	<u><u>3,694,005</u></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. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Principle Activity	Date of Acquisition	Proportion of Interest Acquired (%)	Consideration Transferred
TCC Huaying Cement Company Limited	Cement manufacture and sale	2015.1	100	\$ 3,266,627
TCC Huaihua Cement Company Limited and its subsidiaries	Cement manufacture and sale of ready-mixed concrete	2015.5	100	5,801,051
				<u>\$ 9,067,678</u>

In order to expand the cement and clinker business in China, the Group acquired the interests of TCC Huaying Cement Company Limited and TCC Huaihua Cement Company Limited and its subsidiaries (TCC Jingzhou Cement Company Limited and TCC Huaihua Concrete Company Limited) and completed the acquisition in January and May 2015, respectively.

b. Consideration transferred

	TCC Huaying Cement Company Limited	TCC Huaihua Cement Company Limited and Subsidiaries	Total
Cash	<u>\$ 3,266,627</u>	<u>\$ 5,801,051</u>	<u>\$ 9,067,678</u>

c. Assets acquired and liabilities assumed at the dates of acquisitions

	TCC Huaying Cement Company Limited	TCC Huaihua Cement Company Limited and Subsidiaries	Total
Current assets			
Cash and cash equivalents	\$ 69,289	\$ 178,019	\$ 247,308
Inventories	171,582	536,445	708,027
Accounts and other receivables	112,099	284,995	397,094
Prepayments	194,773	196,066	390,839
Other financial assets	-	544,777	544,777
Non-current assets			
Property, plant and equipment	3,981,022	6,637,427	10,618,449
Mining rights	5,122	33,911	39,033
Intangible assets	-	335,472	335,472
Long-term prepayments for leases	236,762	822,094	1,058,856
Deferred income tax assets	-	28,807	28,807
Other non-current assets	1,774	8,186	9,960
Current liabilities			
Bank borrowings	(1,453,397)	(984,058)	(2,437,455)
Accounts payable	(131,785)	(2,241,335)	(2,373,120)
Other payables	(119,344)	(2,356,686)	(2,476,030)
Other current liabilities	(22,699)	(159,824)	(182,523)
Non-current liabilities			
Long-term loans	-	(98,950)	(98,950)
Deferred income tax liabilities	(44,501)	(320,212)	(364,713)
Other non-current liabilities	-	(83,213)	(83,213)
	<u>\$ 3,000,697</u>	<u>\$ 3,361,921</u>	<u>\$ 6,362,618</u>

d. Goodwill arising on acquisitions

	TCC Huaying Cement Company Limited	TCC Huaihua Cement Company Limited and Subsidiaries	Total
Consideration transferred	\$ 3,266,627	\$ 5,801,051	\$ 9,067,678
Less: Fair value of identifiable net assets acquired	<u>(3,000,697)</u>	<u>(3,361,921)</u>	<u>(6,362,618)</u>
Goodwill recognized on acquisition	<u>\$ 265,930</u>	<u>\$ 2,439,130</u>	<u>\$ 2,705,060</u>

Goodwill arose on the acquisition of the aforementioned entities because the cost of the combinations included a control premium. In addition, the consideration paid for the combinations effectively included amounts in relation to the benefits of expected synergies, revenue growth and future market development. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. The total amount of acquisition goodwill was not deductible for tax purposes.

e. Net cash outflow on acquisitions of subsidiaries

	TCC Huaying Cement Company Limited	TCC Huaihua Cement Company Limited and Subsidiaries	Total
Cash consideration	\$ 3,266,627	\$ 5,801,051	\$ 9,067,678
Less: Cash and cash equivalent balances acquired	(69,289)	(178,019)	(247,308)
Prepayments for investments	(1,406,757)	(713,623)	(2,120,380)
Add: Effects of exchange rate changes	<u>-</u>	<u>21,339</u>	<u>21,339</u>
	<u>\$ 1,790,581</u>	<u>\$ 4,930,748</u>	<u>\$ 6,721,329</u>

f. Impact of acquisitions on the results of the Group

The results of the acquirees since the acquisition dates included in the consolidated statements of comprehensive income were as follows:

	TCC Huaying Cement Company Limited	TCC Huaihua Cement Company Limited and Subsidiaries	Total
Operating revenue	<u>\$ 1,226,741</u>	<u>\$ 1,923,767</u>	<u>\$ 3,150,508</u>
Loss for the period	<u>\$ (251,951)</u>	<u>\$ (183,386)</u>	<u>\$ (435,337)</u>

27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In September 2016, the Group acquired shares of TCCIH with an increase in its proportionate interest from 56.9% to 63.1%.

The transaction was accounted for as an equity transaction, since the Group did not lose control over this subsidiary.

	TCCIH
Cash consideration	\$ (2,732,057)
The proportionate share of the subsidiary's net assets' carrying amount transferred from non-controlling interests	<u>3,956,604</u>
Differences arising from equity transaction	<u>\$ 1,224,547</u>

(Continued)

TCCIH

Line items adjusted for equity transactions

Difference between consideration received and the carrying amount of subsidiaries' net assets during actual acquisitions	\$ <u>1,224,547</u> (Concluded)
--	------------------------------------

28. CAPITAL MANAGEMENT

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

29. 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 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

December 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 146,841	\$ -	\$ -	\$ 146,841
Derivative instrument - foreign exchange forward contracts	-	<u>1,647</u>	-	<u>1,647</u>
	<u>\$ 146,841</u>	<u>\$ 1,647</u>	<u>\$ -</u>	<u>\$ 148,488</u>
Available-for-sale financial assets				
Domestic listed shares	\$ 7,338,337	\$ -	\$ -	\$ 7,338,337
Foreign listed shares	11,833,605	-	-	11,833,605
Domestic emerging market shares	536,211	-	-	536,211
Mutual funds	<u>19,395</u>	-	-	<u>19,395</u>
	<u>\$ 19,277,548</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,277,548</u>
Derivative financial assets for hedging				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 13,167</u>	<u>\$ -</u>	<u>\$ 13,167</u>

December 31, 2015

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	\$ 147,113	\$ -	\$ -	\$ 147,113
Available-for-sale financial assets				
Domestic listed shares	\$ 6,460,049	\$ -	\$ -	\$ 6,460,049
Foreign listed shares	12,197,320	-	-	12,197,320
Domestic emerging market shares	546,719	-	-	546,719
Mutual funds	14,353	-	-	14,353
	<u>\$ 19,218,441</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,218,441</u>
Derivative financial assets for hedging				
Foreign exchange forward contracts	\$ -	\$ 9,145	\$ -	\$ 9,145

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

	December 31	
	2016	2015
<u>Financial assets</u>		
FVTPL	\$ 148,488	\$ 147,113
Derivative financial instruments in designated hedge accounting relationships	13,167	9,145
Loans and receivables (1)	83,540,447	96,901,417
Available-for-sale (2)	20,317,284	20,041,050
<u>Financial liabilities</u>		
Amortized cost (3)	103,695,385	121,621,692

1) The balances include loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivables, 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 payables, other payables and long-term loans (including current portion).

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

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

The carrying amounts of the significant monetary assets and liabilities not denominated in functional currency (including those eliminated on consolidation) at the end of the reporting period are set out in Note 33.

The Group was mainly exposed to the USD.

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

	USD Impact		HKD Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2016	2015	2016	2015
NTD	\$ (2,068)	\$ (3,106)	\$ -	\$ -
RMB	\$ (19,098)	\$ 204,774	\$ 7,931	\$ 5,708
HKD	\$ 348,772	\$ 204,754		

b) Interest rate risk

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

	<u>December 31</u>	
	2016	2015
Cash flow interest rate risk		
Financial assets	\$ 17,730,116	\$ 29,098,037
Financial liabilities	82,141,333	99,445,199

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

For the Group's position of floating interest rate financial assets, if interest rates had been 50 basis points higher/lower, the cash inflows from floating interest rate financial assets for the years ended December 31, 2016 and 2015 would increase/decrease by \$73,580 thousand and \$120,757 thousand, respectively.

For the Group's position of floating interest rate financial liabilities, if interest rates had been 50 basis points higher/lower, the cash outflows from floating interest rate financial liabilities for the years ended December 31, 2016 and 2015 would increase/decrease by \$340,887 thousand and \$412,698 thousand, respectively.

c) Other price risk

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

The sensitivity analyses were based on the exposure of listed shares and emerging market shares at the end of the reporting period. If equity prices had been 5% higher/lower, other comprehensive income for the years ended December 31, 2016 and 2015 would increase/decrease by \$985,408 thousand and \$960,204 thousand, respectively.

2) Credit risk

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

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

The Group transacted with a large number of customers from various industries and geographical locations.

The Group continuously assesses the operations and financial positions of customers and monitors the collectability of accounts receivable. The Group also required credit enhancements by bank guarantees or collateral for certain customers or in certain geographical locations.

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

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank facilities and ensures compliance with loan covenants. As of December 31, 2016 and 2015, the amount of unused financing facilities was \$66,943,374 thousand and \$71,492,660 thousand, respectively.

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

December 31, 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>

December 31, 2015

	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	\$ 361,770	\$ 13,983,943	\$ 4,250,939	\$ 698,348	\$ 41,141
Variable interest rate liabilities	2,472,751	15,344,623	24,947,039	59,954,978	-
Fixed interest rate liabilities	<u>100,000</u>	<u>5,887,000</u>	<u>180,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,934,521</u>	<u>\$ 35,215,566</u>	<u>\$ 29,377,978</u>	<u>\$ 60,653,326</u>	<u>\$ 41,141</u>

30. 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. Operating transactions

	For the Year Ended December 31	
	2016	2015
<u>Sales</u>		
Associates	\$ 683,613	\$ 710,313
Management personnel in substance	575,606	1,332,490
Investors with significant influence over the Group	282,017	309,909
Entities over which the Group has significant influence	186,206	176,066
Entities with same key management personnel	<u>157,774</u>	<u>165,842</u>
	<u>\$ 1,885,216</u>	<u>\$ 2,694,620</u>
<u>Purchases of goods and operating expenses</u>		
Entities over which the Group has significant influence	\$ 476,049	\$ 703,366
Entities with same key management personnel	107,514	184,975
Associates	100,410	119,866
Management personnel in substance	12,800	61,643
Investors with significant influence over the Group	<u>120</u>	<u>51,244</u>
	<u>\$ 696,893</u>	<u>\$ 1,121,094</u>

Notes receivable and accounts receivable from related parties as of December 31, 2016 and 2015 were as follows:

	December 31	
	2016	2015
Management personnel in substance	\$ 344,078	\$ 759,002
Associates	96,633	136,232
Investors with significant influence over the Group	53,788	36,997
Entities over which the Group has significant influence	43,552	41,240
Entities with same key management personnel	<u>8,933</u>	<u>11,788</u>
	<u>\$ 546,984</u>	<u>\$ 985,259</u>

Accounts payables from related parties (included in notes and accounts payable) as of December 31, 2016 and 2015 were as follows:

	December 31	
	2016	2015
Entities over which the Group has significant influence	\$ 134,365	\$ 119,855
Associates	5,056	7,515
Entities with same key management personnel	4,188	9,813
Others	<u>49</u>	<u>16</u>
	<u>\$ 143,658</u>	<u>\$ 137,199</u>

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

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

	<u>December 31</u>	
	2016	2015
Management personnel in substance	\$ 113,565	\$ 524,475
Joint ventures	<u>24,701</u>	<u>26,723</u>
	<u>\$ 138,266</u>	<u>\$ 551,198</u>
	For the Year Ended December 31	
	2016	2015
Interest income	<u>\$ 2,621</u>	<u>\$ 47,154</u>

c. Other receivables from related parties

	<u>December 31</u>	
	2016	2015
Associates	\$ 33,570	\$ 86,742
Management personnel in substance	934	21,411
Joint ventures	7,530	7,921
Others	<u>1,697</u>	<u>1,570</u>
	<u>\$ 43,731</u>	<u>\$ 117,644</u>

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

d. Compensation of key management personnel

The compensation of directors and other key management personnel for the years ended December 31, 2016 and 2015 were as follows:

	For the Year Ended December 31	
	2016	2015
Short-term employee benefits	\$ 284,837	\$ 331,057
Post-employment benefits	<u>20,325</u>	<u>3,188</u>
	<u>\$ 305,162</u>	<u>\$ 334,245</u>

e. Endorsements and guarantees

Endorsements and guarantees provided by the Group to related parties and actually drawn as of December 31, 2016 and 2015 were as follows:

	<u>December 31</u>	
	2016	2015
Associates	<u>\$ 415,530</u>	<u>\$ 524,475</u>

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2016	2015
Available-for-sale financial assets (including current and non-current portion)	\$ 292,098	\$ 274,487
Property, plant and equipment	2,763,898	5,273,320
Investment properties	1,227,927	1,235,263
Finance lease receivables (including current and non-current portion)	17,642,251	18,924,695
Prepayments for leases (including current and non-current portion)	-	266,219
Pledged bank deposits		
- current (included in other financial assets)	400,649	405,199
- non-current (included in other non-current assets)	<u>266,010</u>	<u>266,854</u>
	<u>\$ 22,592,833</u>	<u>\$ 26,646,037</u>

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

Name	December 31	
	2016	2015
The Corporation	\$ 418,428	\$ 111,054
Taiwan Prosperity Chemical Corporation	954,111	902,819
Ho-Ping Power Company	340,613	467,759

b. As of December 31, 2015 and 2016, the Corporation has issued bills of lading for finished goods in the amount of 286,000 tons as collateral for its credit facilities with financial institutions.

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

Name	December 31	
	2016	2015
The Corporation	\$ 39,870	\$ 43,747
Ho-Ping Power Company	1,148,000	1,148,000
Taiwan Prosperity Chemical Corporation	52,400	103,000
TCCI (Group)	358,025	89,924
Feng Sheng Enterprise Company	52,566	53,414
Taiwan Transport & Storage Corporation	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 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 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 full payment of the principal and the interest in the amount of \$1,702,326 thousand (after tax). For the Phase II payment of \$1,387,052 thousand, US\$1,706 thousand and JPY307 thousand (around \$1,440,016 thousand in total), Ta-Ho RSEA also applied to the Civil Execution Department of Taiwan Yunlin District Court for compulsory enforcement. As of the date of issuing this report, 14 parcels of land owned by the YCG were sold by auction and the proceeds derived therefrom were used to settle the interest of \$483,583 thousand (after tax); another 4 parcels of land owned by the YCG were sold by auction in the aggregate amount of \$351,121 thousand, of which the proceeds are pending distribution of the proceeds by the Court; another 5 parcels of land are to be sold by auction, and Ta-Ho RSEA shall be entitled to the proceeds derived therefrom.

However, the YCG disagreed with the Phase II payment under the arbitration award and filed an objection suit protesting the compulsory enforcement and petitioned for suspension of such enforcement on the ground that Ta-Ho RSEA had not performed its obligations under the BOO Agreement. The objection suit for protesting the compulsory enforcement is pending in the Taiwan High Court Tainan Branch Court. Whilst the petition for suspension of such enforcement has been granted by the Court, the enforcement shall be suspended until the final judgment of said suit on the condition that the YCG provides a bond of \$216,281 thousand.

- 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.

- 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. In August 2015, Ho-Ping Power Company received an order from the Taipei High Administrative Court requesting Ho-Ping Power Company to file a supplementary statement based on the remand of the Supreme Administrative Court's judgment (Ref. No. 104-Pan-Zi-339 and Ref. No. 104-Su-Gan-Yi-Zi-68). The case is currently under review by the Taipei High 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 has paid a fine of \$660,000 thousand as of December 31, 2016. The outstanding fine was recorded by Ho-Ping Power Company under (i) other payables of \$264,000 thousand and other non-current liabilities of \$396,000 thousand as of December 31, 2016, (ii) other payables of \$264,000 thousand and other non-current liabilities of \$660,000 thousand as of December 31, 2015, and (iii) other payables of \$264,000 thousand and other non-current liabilities of \$924,000 thousand as of January 1, 2015.

- 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 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, among which US\$43,072 thousand was paid as of the date of this report's issue.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2016

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 50,436	32.25 (USD:NTD)	\$ 1,626,561
USD	71,313	6.929 (USD:RMB)	2,300,991
USD	17,682	7.760 (USD:HKD)	<u>570,529</u>
			<u>\$ 4,498,081</u>
<u>Financial liabilities</u>			
Monetary items			
USD	42,711	32.25 (USD:NTD)	\$ 1,377,441
USD	1,320,000	7.760 (USD:HKD)	42,591,226
HKD	229,815	0.893 (HKD:RMB)	<u>955,571</u>
			<u>\$ 44,924,238</u>

December 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 50,766	32.825(USD:NTD)	\$ 1,666,394
USD	26,691	6.513 (USD:RMB)	876,032
USD	163,106	7.75 (USD:HKD)	<u>5,353,343</u>
			<u>\$ 7,895,769</u>
<u>Financial liabilities</u>			
Monetary items			
USD	39,366	32.825(USD:NTD)	\$ 1,292,186
USD	778,385	6.513 (USD:RMB)	25,547,584
USD	914,728	7.75 (USD:HKD)	30,022,516
HKD	162,389	0.84 (HKD:RMB)	<u>687,718</u>
			<u>\$ 57,550,004</u>

The realized and unrealized foreign exchange gains and losses were net losses of \$985,562 thousand and \$1,570,026 thousand for the years ended December 31, 2016 and 2015, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of foreign currency transactions and functional currencies of the group entities.

34. SEPARATELY DISCLOSED ITEMS

- a. Information about significant transactions and investees
 - 1) Financing provided to others (Table 1)
 - 2) Endorsements/guarantees provided (Table 2)
 - 3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures) (Table 3)
 - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the share capital (Table 4)
 - 5) 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 5)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the share capital (Table 6)
 - 9) Trading in derivative instruments (Notes 7 and 9)
 - 10) Intercompany relationships and significant intercompany transactions (Table 9)
 - 11) Information on investees (Table 7)
- b. Information on investments in mainland China (Table 8)
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the 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

35. SEGMENT INFORMATION

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

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

The 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.

- a. Segments revenue and results

	Segment Revenue		Segment Income	
	For the Year Ended December 31		For the Year Ended December 31	
	2016	2015	2016	2015
Cement segment	\$ 65,373,914	\$ 66,015,946	\$ 5,104,355	\$ 2,487,671
Chemical engineering segment	9,786,812	11,741,599	(212,321)	(1,620,047)
Electricity segment	11,752,037	12,645,730	7,895,737	8,468,844
Other segments	<u>2,651,543</u>	<u>3,275,801</u>	<u>302,045</u>	<u>387,748</u>
	<u>\$ 89,564,306</u>	<u>\$ 93,679,076</u>	13,089,816	9,724,216
Share of profits of associates and joint ventures			979,609	737,161
Dividend income			808,767	958,117
Other income			455,195	374,447

(Continued)

	<u>Segment Revenue</u>		<u>Segment Income</u>	
	<u>For the Year Ended December 31</u>		<u>For the Year Ended December 31</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Interest income			\$ 267,182	\$ 430,757
Impairment loss recognized on financial assets			(619,013)	(51,296)
Impairment loss recognized on property, plant and equipment			(508,142)	(13,105)
Administrative costs and director's remuneration			(55,680)	(50,517)
Finance costs			(1,916,837)	(1,873,739)
Foreign exchange losses, net			<u>(985,562)</u>	<u>(1,570,026)</u>
Income before income tax			<u>\$ 11,515,335</u>	<u>\$ 8,666,015</u> (Concluded)

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

b. Geographical information

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

	<u>Revenue from External Customers</u>		<u>Non-current Assets</u>	
	<u>For the Year Ended December 31</u>		<u>December 31</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Taiwan	\$ 42,075,081	\$ 48,986,363	\$ 57,614,200	\$ 58,805,082
Asia	<u>47,489,225</u>	<u>44,692,713</u>	<u>83,856,002</u>	<u>94,970,757</u>
	<u>\$ 89,564,306</u>	<u>\$ 93,679,076</u>	<u>\$ 141,470,202</u>	<u>\$ 153,775,839</u>

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

c. Information about major customers

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

	<u>For the Year Ended December 31</u>	
	<u>2016</u>	<u>2015</u>
Taiwan Power Company	<u>\$ 11,752,037</u>	<u>\$ 12,645,730</u>

TABLE I

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED TO OTHERS
FOR THE PERIOD FROM JANUARY 1, 2016
TO DECEMBER 31, 2016
(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 Showing Short-term Financing	Allowance for Impairment Loss	Collateral	Financing Limit for Each Borrower (Note 1)	Agreement Financing Limit (Note 1)	Note
													Item	Value		
0	Taiwan Cement Corporation	Ta-Ho Ohyx RSEA Environment Co., Ltd. (Note 2)	Other receivables - related parties	Yes	\$ 310,000	\$ 40,000	\$ 20,000	1.40	The need for short-term financing	\$ -	Operating capital	\$ -		\$ 21,353,610	\$ 42,707,220	
1	Taiwan Transport & Storage Corporation	Ta-Ho Ohyx RSEA Environment Co., Ltd. (Note 2) Ho-Swan Construction Material Co., Ltd. (Note 2)	Other receivables - related parties Other receivables - related parties	Yes Yes	340,000 2,497	340,000	340,000	1.54	The need for short-term financing	-	Operating capital	-		799,678	799,678	
2	Ta-Ho Ohyx Tailung Environment Co., Ltd.	Ta-Ho Ohyx RSEA Environment Co., Ltd. (Note 2)	Other receivables - related parties	Yes	100,000	100,000	100,000	1.54	The need for short-term financing	-	Operating capital	-		118,043	118,043	
3	Taiwan Cement Engineering Corporation	Ta-Ho Ohyx RSEA Environment Co., Ltd. (Note 2)	Other receivables - related parties	Yes	250,000	250,000	250,000	1.54	The need for short-term financing	-	Operating capital	-		291,481	291,481	
4	Ho Sheng Mining Co., Ltd.	Ta-Ho Ohyx RSEA Environment Co., Ltd. (Note 2)	Other receivables - related parties	Yes	80,000	-	-	-	The need for short-term financing	-	Operating capital	-		49,589	49,589	
5	TCCI	TCCI (Note 2)	Other receivables - related parties	Yes	3,998,070	3,870,000	2,580,000	2.30	The need for short-term financing	-	Operating capital	-		20,160,706	20,160,706	
6	TCC (Guang) Cement Limited	TCC Huaying Cement Company Limited (Note 2) TCC Huahua Cement Company Limited (Note 2) TCC Huashan Cement Company Limited (Note 2) Seius Luzhou Cement Co., Ltd. (Note 2) TCC Anshan Cement Co., Ltd. (Note 2) Seius Luzhou Cement Co., Ltd. (Note 2) TCC Yangde Cement Co., Ltd. (Note 2)	Other receivables - related parties Other receivables - related parties Other receivables - related parties Other receivables - related parties Other receivables - related parties Other receivables - related parties Other receivables - related parties	Yes Yes Yes Yes Yes Yes Yes	1,464,192 1,016,800 762,600 1,423,520 474,200 508,400 508,400 101,680	1,329,696 923,400 692,550 1,292,760 461,700 461,700 461,700 92,540	1,327,126 806,128 692,550 - - 323,190 - -	3.48 3.48 3.48 - - 3.48 - -	The need for short-term financing The need for short-term financing The need for short-term financing The need for short-term financing The need for short-term financing The need for short-term financing The need for short-term financing The need for short-term financing	- - - - - - - -	Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital	- - - - - - - -		73,549,850 73,549,850 73,549,850 73,549,850 73,549,850 73,549,850 73,549,850 73,549,850	147,099,700 147,099,700 147,099,700 147,099,700 147,099,700 147,099,700 147,099,700 147,099,700	
7	Yangde Dragon Mountain Cement Co., Ltd.	TCC Yangde Cement Co., Ltd. (Note 2) TCC Liaoning Cement Co., Ltd. (Note 2)	Other receivables - related parties Other receivables - related parties	Yes Yes	1,016,800 479,200	923,400 461,700	- 461,700	- 3.05	The need for short-term financing The need for short-term financing	- -	Operating capital Operating capital	- -		73,549,850 73,549,850	147,099,700 147,099,700	
8	TCC Yangde Cement Co., Ltd.	TCC Guangxi Cement Co., Ltd. (Note 2) TCC Huahua Cement Company Limited (Note 2) Seius Naxi Cement Co., Ltd. (Note 2) TCC Shuangnan Cement Co., Ltd. (Note 2) TCC Jingzhou Cement Company Limited (Note 2) TCC Anshan Cement Co., Ltd. (Note 2) TCC (Dong Guan) Cement Co., Ltd. (Note 2)	Other receivables - related parties Other receivables - related parties Other receivables - related parties Other receivables - related parties Other receivables - related parties Other receivables - related parties Other receivables - related parties	Yes Yes Yes Yes Yes Yes Yes	1,016,800 762,600 237,100 398,969 254,200 1,016,800 508,400	923,400 692,550 230,850 363,683 230,850 923,400 461,700	369,360 681,008 207,765 363,683 216,999 207,765 -	3.48 3.48 3.48 3.68 3.48 3.48 -	The need for short-term financing The need for short-term financing The need for short-term financing The need for short-term financing The need for short-term financing The need for short-term financing The need for short-term financing	- - - - - - -	Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital	- - - - - - -		73,549,850 73,549,850 73,549,850 73,549,850 73,549,850 73,549,850 73,549,850	147,099,700 147,099,700 147,099,700 147,099,700 147,099,700 147,099,700 147,099,700	

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 1)	Note
													Item	Value			
		TCC Chongqing Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	\$ 497,200	\$ 461,700	\$ 461,700	3.48	The need for short-term financing	\$ -	- Operating capital	\$ -	\$ -	\$ 73,549,850	\$ 147,099,700		
		Guizhou Kaili Rui Ai Jian Cai Co., Ltd. (Note 2)	Other receivables - related parties	Yes	497,200	461,700	230,850	3.48	The need for short-term financing	-	- Operating capital	-	-	73,549,850	147,099,700		
		Shenhuo Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	853,560	831,060	807,975	3.48	The need for short-term financing	-	- Operating capital	-	-	73,549,850	147,099,700		
		Guizhou Kong On Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	230,850	230,850	106,191	3.48	The need for short-term financing	-	- Operating capital	-	-	73,549,850	147,099,700		
9	TCC Fuzhou Cement Co., Ltd.	TCC New Hangzhou Management Co., Ltd. (Note 2)	Other receivables - related parties	Yes	508,400	461,700	92,340	3.48	The need for short-term financing	-	- Operating capital	-	-	73,549,850	147,099,700		
		TCC Fuzhou Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	355,880	323,190	161,595	3.48	The need for short-term financing	-	- Operating capital	-	-	73,549,850	147,099,700		
		Guizhou Kaili Rui Ai Jian Cai Co., Ltd. (Note 2)	Other receivables - related parties	Yes	254,200	230,850	-	-	The need for short-term financing	-	- Operating capital	-	-	73,549,850	147,099,700		
		TCC Yingde Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	254,200	-	-	-	The need for short-term financing	-	- Operating capital	-	-	73,549,850	147,099,700		
10	TCCCH	TCC Yingde Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	265,999	241,565	241,565	-	The need for short-term financing	-	- Operating capital	-	-	29,419,940	29,419,940		
11	Prime York Ltd.	Upper Value Investment Limited (Note 2)	Other receivables - related parties	Yes	219,249	212,058	212,058	-	The need for short-term financing	-	- Operating capital	-	-	73,549,850	147,099,700		
12	Jiangxi TCC Cement Co., Ltd.	TCC Huahua Cement Company Limited (Note 2)	Other receivables - related parties	Yes	1,271,000	1,154,250	1,154,250	3.48	The need for short-term financing	-	- Operating capital	-	-	73,549,850	147,099,700		
		Dongguan Jini Cement Company Limited	Other receivables - related parties	Yes	533,820	113,565	113,565	-	The need for short-term financing	-	- Operating capital	-	-	4,268,843	4,268,843		
		TCC Liaoning Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	328,510	323,190	300,105	3.48	The need for short-term financing	-	- Operating capital	-	-	73,549,850	147,099,700		
		Shenhuo Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	762,600	692,250	577,125	3.48	The need for short-term financing	-	- Operating capital	-	-	73,549,850	147,099,700		
		TCC New Hangzhou Management Co., Ltd. (Note 2)	Other receivables - related parties	Yes	152,160	-	-	-	The need for short-term financing	-	- Operating capital	-	-	73,549,850	147,099,700		
		TCC Huahua Concrete Company Limited (Note 2)	Other receivables - related parties	Yes	152,220	138,510	55,404	3.48	The need for short-term financing	-	- Operating capital	-	-	73,549,850	147,099,700		
		TCC Chongqing Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	1,016,800	923,400	-	-	The need for short-term financing	-	- Operating capital	-	-	73,549,850	147,099,700		
		TCC Anshun Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	1,016,800	923,400	-	-	The need for short-term financing	-	- Operating capital	-	-	73,549,850	147,099,700		
		TCC Yingde Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	508,400	461,700	-	-	The need for short-term financing	-	- Operating capital	-	-	73,549,850	147,099,700		
		TCC Dongguan Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	508,400	461,700	-	-	The need for short-term financing	-	- Operating capital	-	-	73,549,850	147,099,700		
		Guizhou Kong On Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	355,880	323,190	161,595	3.70	The need for short-term financing	-	- Operating capital	-	-	73,549,850	147,099,700		
13	TCC Anshun Cement Co., Ltd.	Anshun Xin Tai Construction Materials Company Limited (Note 2)	Other receivables - related parties	Yes	101,680	92,340	-	-	The need for short-term financing	-	- Operating capital	-	-	73,549,850	147,099,700		
		Guizhou Kong On Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	254,200	230,850	216,999	4.35	The need for short-term financing	-	- Operating capital	-	-	73,549,850	147,099,700		
		Seinus Luzhou Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	143,760	138,510	-	-	The need for short-term financing	-	- Operating capital	-	-	73,549,850	147,099,700		
		Guizhou Kaili Rui Ai Jian Cai Co., Ltd. (Note 2)	Other receivables - related parties	Yes	152,220	138,510	-	-	The need for short-term financing	-	- Operating capital	-	-	73,549,850	147,099,700		
		Seinus Luzhou Concrete Co., Ltd. (Note 2)	Other receivables - related parties	Yes	152,220	138,510	-	-	The need for short-term financing	-	- Operating capital	-	-	73,549,850	147,099,700		
		TCC Chongqing Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	484,500	461,700	230,850	3.48	The need for short-term financing	-	- Operating capital	-	-	73,549,850	147,099,700		
14	TCC Guangan Cement Co., Ltd.	Guangan Xin Tai Construction Materials Company Limited (Note 2)	Other receivables - related parties	Yes	27,199	24,701	24,701	-	The need for short-term financing	-	- Operating capital	-	-	1,139,329	1,139,329		
		Seinus Luzhou Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	152,220	138,510	-	-	The need for short-term financing	-	- Operating capital	-	-	73,549,850	147,099,700		
		Guizhou Kaili Rui Ai Jian Cai Co., Ltd. (Note 2)	Other receivables - related parties	Yes	99,440	92,340	-	-	The need for short-term financing	-	- Operating capital	-	-	73,549,850	147,099,700		

(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 (HK)	Jiang TCC Cement Co., Ltd. (Note 2) TCC Yingde Cement Co., Ltd. (Note 2)	Other receivables - related parties Other receivables - related parties	Yes Yes	\$ 418,125 1,115,450	\$ - -	\$ - -	- -	The need for short-term financing The need for short-term financing	- -	Operating capital Operating capital	\$ - -	\$ -	\$ 73,549,850 73,549,850	\$ 147,099,700 147,099,700		
16	Wayby Holdings Ltd.	Garibou Kaiti Rui An Jian Cai Co., Ltd. (Note 2)	Other receivables - related parties	Yes	555,787	536,056	536,056	1.24	The need for short-term financing	-	Operating capital	-	-	-	73,549,850	147,099,700	
17	TCC Chongqing Cement Co., Ltd.	Garibou Kaiti Rui An Jian Cai Co., Ltd. (Note 2) Seinus Sixi Cement Co., Ltd. TCC Huaihua Cement Company Limited (Note 2) TCC Huaying Cement Company Limited (Note 2) TCC Guangmin Cement Co., Ltd. Seinus Luzhou Cement Co., Ltd. (Note 2) TCC Jingzhou Cement Company Limited (Note 2)	Other receivables - related parties Other receivables - related parties Other receivables - related parties Other receivables - related parties Other receivables - related parties Other receivables - related parties Other receivables - related parties	Yes Yes Yes Yes Yes Yes Yes	254,200 152,520 745,800 127,100 508,400 254,200 92,340	230,650 138,510 692,550 115,425 461,700 230,650 92,340	- 138,510 613,599 73,284 - - 46,170	- 3.48 3.48 3.48 - - 3.48	The need for short-term financing The need for short-term financing The need for short-term financing The need for short-term financing The need for short-term financing The need for short-term financing The need for short-term financing	- - - - - - -	Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital Operating capital	- - - - - - -	- - - - - - -	73,549,850 73,549,850 73,549,850 73,549,850 73,549,850 73,549,850 73,549,850	147,099,700 147,099,700 147,099,700 147,099,700 147,099,700 147,099,700 147,099,700		
18	TCC New (Hangzhou) Management Co., Ltd.	Seinus Luzhou Cement Co., Ltd. (Note 2) Seinus Sixi Cement Co., Ltd. (Note 2) Seinus Luzhou Concrete Co., Ltd. (Note 2)	Other receivables - related parties Other receivables - related parties Other receivables - related parties	Yes Yes Yes	315,208 279,620 40,672	286,254 253,935 36,936	286,254 203,148 -	3.48 3.48 -	The need for short-term financing The need for short-term financing The need for short-term financing	- - -	Operating capital Operating capital Operating capital	- - -	- - -	- -	73,549,850 73,549,850 73,549,850	147,099,700 147,099,700 147,099,700	
19	Prosperity Minerals (China) Ltd.	TCC New (Hangzhou) Management Co., Ltd. (Note 2)	Other receivables - related parties	Yes	405,539	368,191	368,191	-	The need for short-term financing	-	Operating capital	-	-	-	73,549,850	147,099,700	
20	Da Tong (Guangdong) International Logistics Co., Ltd.	Guangdong Da-Ho Shipping Co., Ltd. (Note 2)	Other receivables - related parties	Yes	152,520	138,510	-	-	The need for short-term financing	-	Operating capital	-	-	-	3,199,924	6,399,848	
21	Hexagon III Holdings Ltd.	Seinus Sixi Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	207,427	-	-	-	The need for short-term financing	-	Operating capital	-	-	-	73,549,850	147,099,700	
22	Hexagon IV Holdings Ltd.	Seinus Luzhou Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	397,658	-	-	-	The need for short-term financing	-	Operating capital	-	-	-	73,549,850	147,099,700	
23	Garibou Kaiti Rui An Jian Cai Co., Ltd.	Seinus Sixi Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	152,520	138,510	-	-	The need for short-term financing	-	Operating capital	-	-	-	73,549,850	147,099,700	
24	TCC Investment Corporation	Ta-Ho Oxyx RSEA Environment Co., Ltd. (Note 2) Jin Chang Minerals Corporation (Note 2)	Other receivables - related parties Other receivables - related parties	Yes Yes	290,000 9,000	- -	- -	- -	The need for short-term financing The need for short-term financing	- -	Operating capital Operating capital	- -	- -	- -	455,308 455,308	455,308 455,308	
25	Union Cement Traders Inc.	Ta-Ho Oxyx RSEA Environment Co., Ltd. (Note 2)	Other receivables - related parties	Yes	90,000	-	-	-	The need for short-term financing	-	Operating capital	-	-	-	194,630	194,630	
26	TCC International (Guangxi) Ltd.	TCC (Guangdong) Cement Limited (Note 2)	Other receivables - related parties	Yes	3,708,750	3,708,750	3,708,750	2.03	The need for short-term financing	-	Operating capital	-	-	-	73,549,850	147,099,700	
27	Hensford Ltd.	TCC Anshan Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	1,657,240	-	-	-	The need for short-term financing	-	Operating capital	-	-	-	73,549,850	147,099,700	
28	TCC Investment Corporation	TCC Jingzhou Cement Company Limited (Note 2)	Other receivables - related parties	Yes	93,080	92,340	92,340	-	The need for short-term financing	-	Operating capital	-	-	-	73,549,850	147,099,700	
29	Jiangxi Industrial Limited	Jiangxi TCC Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	318,700	-	-	-	The need for short-term financing	-	Operating capital	-	-	-	73,549,850	147,099,700	

(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			
30	Sure Khl Ltd.	TCC Chongqing Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	\$ 573,660	\$ -	\$ -	-	The need for short-term financing	\$ -	- Operating capital	\$ -	\$ -	\$ -	\$ 73,549,850	\$ 147,099,700	
31	Mega East Ltd.	TCC Guangan Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	637,400	-	-	-	The need for short-term financing	-	- Operating capital	-	-	-	73,549,850	147,099,700	
32	Setius Luzhou Cement Co., Ltd.	Guizhou Kaili Rui An Cement Co., Ltd. (Note 2)	Other receivables - related parties	Yes	92,360	92,340	-	-	The need for short-term financing	-	- Operating capital	-	-	-	73,549,850	147,099,700	

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

- a. 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.
- b. The individual and aggregate financing limits of the foreign subsidiaries whose voting rights are 100% directly or indirectly owned by TCCCH or Ta-Ho Maritime Corporation were 100% and 200% of the net equity of TCCCH and Ta-Ho Maritime Corporation, respectively.
- c. 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.

(Continued)

TABLE 2

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guaranteee		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 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	\$ 53,384,026	\$ 34,319,700	\$ 32,282,250	\$ 12,577,500	-	30.24	\$ 106,768,051	Y	N	N			
		TCC Investment Corporation	b	53,384,026	3,400,000	2,510,000	1,347,000	-	2.35	106,768,051	Y	N	N			
		TCC Cement Corporation	b	53,384,026	1,660,000	1,660,000	1,660,000	-	1.55	106,768,051	Y	N	N			
		Kuan-Ho Construction & Development Corporation	b	53,384,026	750,000	670,000	540,000	-	0.63	106,768,051	Y	N	N			
1	TCCIH	Jun Chang Minerals Corporation	b	53,384,026	68,848	68,848	39,814	39,814	0.06	106,768,051	Y	N	N	N		
		Feng Sheng Enterprise Company	a	476,131	88,145	88,145	88,145	-	0.08	106,768,051	Y	N	N	N		
		TCC (Guigang) Cement Limited	c	36,774,925	10,010,590	4,944,525	2,543,067	-	6.72	73,549,850	Y	N	N	Y		
		TCC Yingde Cement Co., Ltd.	c	36,774,925	4,086,850	2,245,650	785,858	-	3.05	73,549,850	Y	N	N	Y		
		Junong TCC Cement Co., Ltd.	c	36,774,925	3,512,275	2,076,060	1,565,163	-	2.82	73,549,850	Y	N	N	Y		
		TCC Chongqing Cement Co., Ltd.	c	36,774,925	2,860,040	1,544,625	577,125	-	2.10	73,549,850	Y	N	N	Y		
		TCC Anshan Cement Co., Ltd.	c	36,774,925	2,718,630	-	-	-	-	-	73,549,850	Y	N	N	Y	
		TCC Fuzhou Cement Co., Ltd.	c	36,774,925	2,073,599	1,536,176	175,446	-	2.09	73,549,850	Y	N	N	Y		
		Seius Luzhou Cement Co., Ltd.	c	36,774,925	2,007,000	967,500	967,500	-	1.32	73,549,850	Y	N	N	Y		
		TCC Liaoning Cement Co., Ltd.	c	36,774,925	1,898,100	1,789,050	990,976	-	2.43	73,549,850	Y	N	N	Y		
		Guizhou Kaili Rui An Jian Cai Co., Ltd.	c	36,774,925	1,672,500	967,500	761,805	-	1.32	73,549,850	Y	N	N	Y		
		TCC Gnanigan Cement Co., Ltd.	c	36,774,925	920,420	-	-	-	-	-	73,549,850	Y	N	N	Y	
		Guibou Kong On Cement Co., Ltd.	c	36,774,925	878,063	733,688	420,147	-	1.00	73,549,850	Y	N	N	Y		
Boshan Kangang & K. Wah Cement Construction Materials Co., Ltd.	c	36,774,925	532,560	415,530	415,530	-	0.56	73,549,850	N	N	N	Y				
Seius Naxi Cement Co., Ltd.	c	36,774,925	334,500	-	-	-	-	-	73,549,850	Y	N	N	Y			
2	TCC (Guigang) Cement Limited	TCCI (HK)	d	6,538,893	762,600	692,550	692,550	-	5.30	13,077,786	N	Y	N	N		
		Taiwan Cement Corporation	d	123,972	30,283	30,283	30,283	-	24.43	123,972	N	Y	N	N		
3	Ho Sheng Mining Co., Ltd.	Taiwan Cement Corporation	d	123,972	30,283	30,283	30,283	-	24.43	123,972	N	Y	N	N		
		Taiwan Cement Corporation	d	123,972	30,283	30,283	30,283	-	24.43	123,972	N	Y	N	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/guaranteee is classified as follows:

- Having a business relationship.
- The endorser/guarantor owns directly more than 50% of the ordinary shares of the endorsee/guaranteee.
- The endorser/guarantor and its subsidiaries jointly own more than 50% of the ordinary shares of the endorsee/guaranteee.
- The endorsee/guaranteee 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/guaranteee in proportion to its ownership.

TABLE 3

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2016			Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)	
Taiwan Cement Corporation	Shares	-	Available-for-sale financial assets - current	56,141	\$ 662,459	-	
	Taihsin Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	9,054	440,947	-	
	CTCI Corporation	Directors	Available-for-sale financial assets - current	27,419	239,371	-	
	Chia Hsin Cement Corporation	The Corporation serves as director	Available-for-sale financial assets - non-current	27,451	1,452,161	-	
	China Hi-Ment Corporation	The same chairman	Available-for-sale financial assets - non-current	52,552	1,500,375	-	
	O-Bank	The Corporation serves as director	Available-for-sale financial assets - non-current	30,000	251,100	-	
	Taiwan Television Enterprise, Ltd.	The Corporation serves as supervisor	Available-for-sale financial assets - non-current	13,573	101,524	-	
	Chien Kuo Construction Co., Ltd.	-	Available-for-sale financial assets - non-current	9,403	81,710	-	
	Chinatrust Financial Holding Co., Ltd.	-	Available-for-sale financial assets - non-current	3,575	63,110	-	
	IBT III Venture Capital Corporation	The Corporation serves as director	Financial assets carried at cost - non-current	2,626	26,259	8.30	
	Rong Gong Enterprise Co.	The Corporation serves as supervisor	Financial assets carried at cost - non-current	3,390	33,900	4.00	
	Chinatrust Investment Co., Ltd.	The same chairman	Financial assets carried at cost - non-current	27,361	121,56	8.70	
	Pan Asia Corporation	The Corporation serves as supervisor	Financial assets carried at cost - non-current	6,204	8,996	5.40	
Taiwan Stock Exchange Corporation	The Corporation serves as director	Financial assets carried at cost - non-current	44,861	8,011	6.60		
Taiwan Transport & Storage Corporation	E-ONE Moh Energy Corporation	The same chairman	Financial assets carried at cost - non-current	983	1,670	0.40	
	Excel Corporation	-	Financial assets carried at cost - non-current	600	-	9.50	
TCC Investment Corporation	Shares	Director of parent company	Available-for-sale financial assets - current	8,632	75,353	-	
	China Conch Venture Holdings Limited	-	Available-for-sale financial assets - current	28,000	1,606,651	-	
Chia Hsin Cement Corporation	Taihsin Financial Holding Co., Ltd.	Director of parent company	Available-for-sale financial assets - current	10,739	126,723	-	7,000 thousand shares were pledged
	China Hi-Ment Corporation	The same chairman	Available-for-sale financial assets - non-current	8,334	72,755	-	1,934 thousand shares were pledged
Ta-Ho Maritime Corporation	O-Bank	The Corporation serves as director	Available-for-sale financial assets - non-current	11,922	340,364	-	
	Chinatrust Investment Co., Ltd.	The same chairman	Available-for-sale financial assets - non-current	21,934	183,587	-	
Taiwan Cement Engineering Corporation	E-ONE Moh Energy Corporation	The same chairman	Financial assets carried at cost - non-current	10,884	136,378	3.50	
	Pan Asia Corporation	The Corporation serves as supervisor	Financial assets carried at cost - non-current	13,839	293,345	6.30	
Taiwan Cement Engineering Corporation	Beneficiary certificates	Director of parent company	Available-for-sale financial assets - current	25,761	224,896	-	
	Capital Money Market Fund	The same chairman	Available-for-sale financial assets - non-current	1,024	15,765	-	
			Financial assets carried at cost - non-current	6,612	76,034	2.10	
			Financial assets at fair value through profit or loss	2,930	46,827	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2016			Fair Value	Note
				Shares/Units (In Thousands)	Carrying Amount	Percentage of Ownership (%)		
TCC Chemical Corporation	Shares Taiwan Stock Exchange Corporation	The Corporation serves as director	Financial assets carried at cost - non-current	2,562	\$ 44,820	-	\$ -	
TCC Information Systems Corporation	Beneficiary certificates Yuanta De-Bao Money Market Fund Puh Hwa You Li Money Market	- -	Financial assets at fair value through profit or loss Financial assets at fair value through profit or loss	2,575 2,288	30,659 30,568	- -	30,659 30,568	
Taiwan Prosperity Chemical Corporation	Shares China Synthetic Rubber Corporation	The same chairman	Available-for-sale financial assets - non-current	1,303	37,213	-	37,213	
Hoping Industrial Port Corporation	Shares Taislin Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	70,568	832,703	-	832,703	
E.G.C. Cement Corporation	Shares Chinamust Investment Co., Ltd. E-ONE Moli Energy Corporation	The same chairman 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	3.30 3.90	- -	
Union Cement Traders Inc.	Beneficiary certificates Nomura Taiwan Money Market	-	Available-for-sale financial assets - current	1,907	19,395	-	19,395	
	Shares Der Pao Construction Co., Ltd.	-	Financial assets carried at cost - non-current	17	-	0.10	-	
	Shares TCCI Corporation	-	Financial assets carried at cost - non-current	24,800 13,365	202,635 650,891	- -	202,635 650,891	
	Shares Chia Hsin Cement Corporation	Director of parent company	Available-for-sale financial assets - current	7,441	64,960	-	64,960	
	Shares China Synthetic Rubber Corporation	The same chairman	Available-for-sale financial assets - current	5,742	163,946	-	163,946	
	Shares E-ONE Moli Energy Corporation	The same chairman	Financial assets carried at cost - non-current	15,283	23,598	6.10	-	
	Shares Videoland Inc.	-	Financial assets carried at cost - non-current	6,437	89,990	5.60	-	
TCCI (Group)	Beneficiary certificates Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss	3,130	38,787	-	38,787	
	Shares Anhui Conch Cement Co., Ltd. Yargoon Co., Ltd.	- -	Available-for-sale financial assets - current Financial assets carried at cost - non-current	116,568 -	10,226,954 12,841	- 24.20	10,226,954 -	

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

Note 2: See Tables 7 and 8 for the information of investments in subsidiaries, associates and joint ventures.

(Concluded)

TABLE 4

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE SHARE CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal		Other Adjustment (Note)	Ending Balance	
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount		Shares/Units (In Thousands)	Amount
TCCL	Shares TCCCH	Investments accounted for using the equity method	Chia Hsin Cement Group	Substantive related-party relationship	2,814,016	\$ 40,050,594	303,000	\$ 2,732,057	-	\$ -	\$ (2,749,918)	3,117,016	\$ 40,032,733

Note: Including share of profit or loss of subsidiaries, cash dividends, equity adjustments, etc.

TABLE 5

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE SHARE CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Purchases/Sales	Transaction Details		Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
				Amount	% of Total	Unit Price	Payment Terms	Ending Balance	% of Total (Note 1)	
Taiwan Cement Corporation	China Hsin Cement Corporation	Director of the Corporation	Sales	\$ (472,675)	(3)	-	65 days after the day delivery was made	\$ 103,221	21	Note 2
	Feng Shang Enterprise Company	Subsidiary	Sales	(299,596)	(2)	-	30 days	79,974	16	Note 2
	TCCIH	Subsidiary	Purchases	652,666	4	-	30 days	(92,836)	(16)	Note 2
	HKCCCL	Subsidiary	Service revenue	(499,954)	(3)	-	By contract	45,366	9	Note 2
	Taiwan Transport & Storage Corporation	Subsidiary	Sales	(108,342)	(1)	-	65 days after shipping	66,559	14	Note 2
	China Hi-Ment Corporation	The Corporation serves as director	Purchases	945,313	6	-	30 days	(131,266)	(22)	Note 2
	Hoping Industrial Port Corporation	Subsidiary	Purchases	476,049	3	-	60 days	(134,365)	(23)	Note 2
	Ta-Ho Maritime Corporation	Subsidiary	Sales	(135,662)	(1)	-	30 days	31,370	6	Note 2
	Shih Hsin Storage & Transportation Co., Ltd.	Associates	Purchases	499,005	3	-	20 days	(9,620)	(2)	Note 2
	Kuan-Ho Refractories Industry Corporation	Subsidiary	Purchases	756,694	5	-	30 days	(152,496)	(26)	Note 2
	E.G.C. Cement Corporation	Subsidiary	Sales	(258,700)	(2)	-	60 days	20,895	4	Note 2
	Taiwan Cement Corporation	Parent company	Purchases	255,300	2	-	By contract	(102,878)	(18)	Note 2
	Taiwan Cement Corporation	Parent company	Sales	(454,772)	(3)	-	50 days after the day delivery was made	134,640	28	Note 2
	Taiwan Cement Corporation	Parent company	Sales	(255,300)	(23)	-	By contract	102,878	77	Note 2
	Hoping Industrial Port Corporation	Parent company	Purchases	454,772	100	-	50 days after the day delivery was made	(134,640)	(100)	Note 2
	HPC Power Service Corporation	The same parent company	Purchases	1,146,658	24	-	20 days	(79,566)	(49)	Note 2
	Ho-Ping Power Company	The same parent company	Purchases	398,224	8	-	By contract	(66,303)	(41)	Note 2
	Taiwan Cement Corporation	The same parent company	Sales	(1,146,658)	(69)	-	20 days	79,566	87	Note 2
	Taiwan Transport & Storage Corporation	The same parent company	Purchases	(499,005)	(30)	-	30 days	9,620	11	Note 2
	Taiwan Cement Corporation	Parent company	Purchases	192,301	68	-	30 days	(18,024)	(65)	Note 2
	Taiwan Cement Corporation	Parent company	Sales	(652,666)	(28)	-	30 days	92,836	100	Note 2
	Taiwan Cement Corporation	Parent company	Purchases	299,596	13	-	30 days	(79,974)	(100)	Note 2
	Taiwan Prosperity Chemical Corporation	Parent company	Sales	(945,313)	(61)	-	30 days	131,266	70	Note 2
	Hoping Industrial Port Corporation	The same parent company	Sales	(167,639)	(11)	-	By contract	22,951	12	Note 2
	China Synthetic Rubber Corporation	The same parent company	Sales	(192,301)	(12)	-	30 days	18,024	10	Note 2
	Taiwan Transport & Storage Corporation	The same parent company	Purchases	(102,240)	(7)	-	30 days	7,973	4	Note 2
	Ho-Ping Power Company	The same parent company	Sales	167,639	2	-	By contract	(22,951)	(6)	Note 2
	THC International S.A.	Parent company	Sales	(398,224)	(100)	-	By contract	66,303	100	Note 2
	Sheng Ho Maritime S.A.	Subsidiary	Rental expense	(756,694)	(24)	-	30 days	152,496	99	Note 2
	Sheng Ho Maritime S.A.	Subsidiary	Rental expense	210,736	7	-	By negotiation	(33,767)	(57)	Note 2
	Sheng Ho Maritime S.A.	Subsidiary	Rental expense	104,241	4	-	By negotiation	(14,171)	(24)	Note 2

(Continued)

Buyer	Related Party	Relationship	Transaction Details		Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note	
			Purchases/Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms		Ending Balance
THC International S.A.	Ta-Ho Maritime Corporation	Parent company	Rental revenue	\$ (210,736)	(100)	By negotiation	\$ -	\$ 33,767	100	Note 2
Sheng Ho Maritime S.A.	Ta-Ho Maritime Corporation	Parent company	Rental revenue	(104,241)	(100)	By negotiation	-	14,171	100	Note 2
HKCCCL	Taiwan Cement Corporation Quon Hing Concrete, Ltd. Top Form Construction Ltd.	Parent company Associates Investors with significant influence over the Group	Purchases Sales	108,342 (313,649)	10 (21)	65 days after shipping By negotiation	-	(66,559) 60,656	(92) 21	Note 2
	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	(186,566)	(12)	By negotiation	-	33,779	13	
TCC (Guigang) Cement Limited	Guigang Da-Ho Shipping Co., Ltd. Da Tong (Guigang) International Logistics Co., Ltd.	The same ultimate parent company The same ultimate parent company	Purchases	117,784	11	By negotiation	-	(6,032)	(8)	Note 2
	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	195,663	3	By negotiation	-	(60,867)	(25)	Note 2
	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	268,469	4	By negotiation	-	(91,808)	(37)	Note 2
TCC Yingde Cement Co., Ltd.	Guigang Da-Ho Shipping Co., Ltd.	The same ultimate parent company	Purchases	237,576	4	By negotiation	-	(42,053)	(13)	Note 2
Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Guigang) Cement Limited	The same ultimate parent company	Freight revenue	(268,469)	(96)	By negotiation	-	91,808	100	Note 2
Guigang Da-Ho Shipping Co., Ltd.	TCC (Guigang) Cement Limited	The same ultimate parent company	Freight revenue	(195,663)	(25)	By negotiation	-	60,867	30	Note 2
	TCC Yingde Cement Co., Ltd.	The same ultimate parent company	Freight revenue	(237,576)	(31)	By negotiation	-	42,053	21	Note 2
	HKCCCL	The same ultimate parent company	Freight revenue	(117,784)	(15)	By negotiation	-	6,032	3	Note 2
TCCIH	Taiwan Cement Corporation	Parent company	Service expense	499,954	100	By contract	-	(45,366)	(99)	Note 2
Yingde Dragon Mountain Cement Co., Ltd.	Prosperity Conch Cement Company Limited	Associates	Purchases	100,100	3	By negotiation	-	(5,021)	(1)	Note 2

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

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

(Continued)

TABLE 6

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE SHARE CAPITAL
 DECEMBER 31, 2016
 (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		
Taiwan Cement Corporation	Chia Hsin Cement Corporation E.G.C. Cement Corporation (Note)	Directors Subsidiary	\$ 103,221 134,640	4.8 4.0	- -	- -	\$ 103,221 26,763	- -
Ta-Ho Maritime Corporation	Taiwan Cement Corporation (Note)	Parent company	152,496	5.4	-	-	136,334	-
Taiwan Transport & Storage Corporation	Taiwan Cement Corporation (Note)	Parent company	131,266	6.9	-	-	131,266	-
Kuan-Ho Refractories Industry Corporation	Taiwan Cement Corporation (Note)	Parent company	102,878	3.2	-	-	89,374	-
TCC Yingle Cement Co., Ltd.	Dongguan Jimli Cement Company Limited	Substantive related party	221,660	-	-	Collecting	-	-

Note: All intercompany transactions have been eliminated upon consolidation.

TABLE 7

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2016		Carrying Amount	Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2016	December 31, 2015	Shares/Units (In Thousands)	%				
Taiwan Cement Corporation	TCCI	British Virgin Islands	Investment holding	\$ 18,344,635	\$ 18,344,635	600,876	100.00	\$ 50,405,311	\$ 539,915	\$ 539,915	Note
	Ho-Ping Power Company	Taiwan	Thermal power generation	6,037,720	6,037,720	602,973	59.50	19,824,884	5,553,536	3,304,354	Note
	Hoping Industrial Port Corporation	Taiwan	Hoping Industrial Port management	3,198,500	3,198,500	319,990	100.00	5,458,638	827,452	827,426	Note
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	528,506	528,506	118,649	64.79	2,073,147	162,718	105,421	Note
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	1,284,143	1,284,143	145,988	50.00	1,703,079	(416,245)	(208,123)	Note
	Taiwan Transport & Storage Corporation	Taiwan	Warehousing, transportation and sale of sand and gravel	90,862	90,862	32,668	83.85	1,676,242	114,750	96,213	Note
	TCC Corporation	Taiwan	Investment holding	190,000	190,000	54,150	100.00	1,138,271	(79,263)	(79,263)	Note
	Ho Sheng Mining Co., Ltd.	Taiwan	Investment holding	1,414,358	1,414,358	30,100	100.00	1,224,272	(47,511)	(47,511)	Note
	TCC USA Corporation	U.S.A.	Rubber raw materials	481,983	481,983	39	33.33	720,290	122,200	40,733	Note
	Taiwan Cement Engineering Corporation	Taiwan	Engineering services	319,439	319,439	59,593	99.05	706,761	50,291	51,191	Note
	Kuan-Ho Construction & Development Corporation	Taiwan	Construction and lease services	248,963	248,963	35,959	92.87	473,638	56,064	52,067	Note
	ONYX Ta-Ho Environmental Services Co., Ltd.	Taiwan	Waste collection and treatment	72,000	72,000	8,000	50.00	444,093	574,519	287,260	
	Kuan-Ho Refractories Industry Corporation	Taiwan	Production and sale of refractory materials	181,050	181,050	18,105	95.29	360,862	43,874	41,807	Note
	Feng Sheng Enterprise Company	Taiwan	Sale of ready-mixed concrete	250,000	250,000	27,261	45.43	347,821	36,004	16,338	Note
	TCC Chemical Corporation	Taiwan	Processing and sale of chemical material	334,350	334,350	118,393	100.00	351,508	43,975	56,680	Note
	Ta-Ho Onyx Taining Environment Co., Ltd.	Taiwan	Waste collection and treatment	313,187	313,187	37,100	100.00	295,109	1,699	1,699	Note
	TCC Information Systems Corporation	Taiwan	Information software design	71,000	71,000	14,904	99.36	249,975	30,035	29,842	Note
	Ta-Ho Onyx RSEA Environment Co., Ltd.	Taiwan	Waste collection and treatment	666,000	666,000	66,600	66.60	218,314	(24,008)	(15,990)	Note
	HKCMCI	Hong Kong	Investment holding	72,005	72,005	38	84.65	252,503	58,917	49,875	Note
	Tunwoo Company Limited	Taiwan	Warehousing and sale of cement	59,880	59,880	75,499	100.00	128,235	13,437	13,437	Note
	Jin Chang Minerals Corporation	Taiwan	Afforestation and sale of limestone	18,282	20,282	1,800	100.00	119,043	(6,972)	(6,972)	Note
	HPC Power Service Corporation	Taiwan	Business consulting	1,861	1,861	6	60.00	99,711	181,605	108,963	Note
	E.G.C. Cement Corporation	Taiwan	Sale of cement	184,359	184,359	8,063	50.64	95,648	1,820	922	Note
	Synpac Ltd.	British Virgin Islands	Investment	70,367	70,367	2,700	25.00	9,934	(22)	(5)	Note
	Tung Chen Mineral Corporation	Taiwan	Afforestation and sale of limestone	1,989	1,989	20	99.45	1,435	(42)	(41)	Note
	TMC	Philippines	Mining excavation	11,880	11,880	120	72.70	1,435	(42)	(41)	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	879,080	162,718	44,701	Note
	E.G.C. Cement Corporation	Taiwan	Sale of cement	126,518	126,518	7,061	44.36	113,152	1,820	807	Note
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	138,830	138,830	13,883	12.74	82,900	(41,095)	(52,235)	Note
	Ho Swan 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	486,575	(64,185)	(64,185)	Note
	Ho-Ping Power Company	Taiwan	Thermal power generation	68,911	68,911	5,067	0.50	163,129	5,553,536	277,688	Note
	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	24,000	24,000	1,500	0.51	17,599	(416,245)	(2,138)	Note
	Ta-Ho Maritime Corporation	Taiwan	Marine transportation	343	343	34	0.02	600	162,718	30	Note

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2016		Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2016	December 31, 2015	Shares/Units (In Thousands)	%			
Ta-Ho Maritime Corporation	Ta-Ho Maritime Holdings Ltd.	Samoa	Investment	\$ 325,995	\$ 325,995	10,300	100.00	\$ 138,781	\$ 138,781	Note
	Shih Hsin Storage & Transportation Co., Ltd.	Taiwan	Warehousing, transportation, and sale of cement	49,689	49,689	4,449	3.34	(95,203)	(3,180)	
Taiwan Cement Engineering Corporation	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	12,608	12,608	1,261	1.16	(41,095)	(476)	
	TCEC Corporation	Brunei Darussalam	Investment	16,295	16,295	-	100.00	379	379	Note
TCC Information Systems Corporation	Taiwan Prosperity Chemical Corporation	Samoa	Investment	3,042	3,042	2,128	100.00	5,424	5,424	Note
Hoping Industrial Port Corporation	Taiwan Prosperity Chemical Corporation	Taiwan	Processing and sale of chemical material	104,929	104,929	6,675	2.29	(416,245)	(9,516)	Note
E.G.C. Cement Corporation	Shih Hsin Storage & Transportation Co., Ltd.	Taiwan	Warehousing, transportation, and sale of cement	176,786	176,786	15,831	11.87	(95,203)	(11,312)	
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	54,901	54,901	4,917	3.69	(95,203)	(3,510)	
	Taiwan Transport & Storage Corporation	Taiwan	Warehousing, transportation, and sale of sand and gravel	2,612	2,612	261	0.67	114,750	769	Note
Ta-Ho Maritime Holdings Ltd.	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	4,050	4,050	405	0.37	(41,095)	(153)	
	THC International S.A.	Panama	Marine transportation	64,823	65,978	2	100.00	2,670,429	31,876	Note
	Sheng Ho Maritime S.A.	Panama	Marine transportation	64,823	65,978	2	100.00	496,457	18,325	Note
	Ta-Ho Maritime (Hong Kong) Limited	Hong Kong	Marine transportation	164,475	167,408	5,100	100.00	500,036	84,303	Note
	Chi Ho Maritime S.A.	Panama	Marine transportation	209,948	213,691	7	100.00	387,129	3,388	Note
	Ta-Ho Maritime (Singapore) Pte. Ltd.	Singapore	Marine transportation	3,225	3,283	100	100.00	78,464	1,194	Note
TEC International Ltd. (Group)	Quon Hing Concrete Co., Ltd.	Hong Kong	Investment holding	184,994	188,419	100	50.00	292,066	111,187	Note
	Chia Huan Tung Cement Corporation	Taiwan	Manufacturing and sale of cement-related products	212,220	212,220	21,222	19.48	(41,095)	(8,005)	
	Hong Kong Concrete Co., Ltd.	Hong Kong	Cement processing services	28,366	28,891	129	31.50	211,779	144,263	

Note: All intercompany transactions have been eliminated upon consolidation

(Continued)

TABLE 8

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND AND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Share Capital	Method of Investment (Note 1)	Accumulated Outward Investment from Taiwan as of January 1, 2016 (Note 2)	Investment Flow (Note 2)	Accumulated Outward Investment from Taiwan as of December 31, 2016 (Note 2)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2016 (Note 3)	Accumulated Impairment of Investment Income as of December 31, 2016	Note
Ahui King Bridges Cement Co., Ltd.	Manufacturing and sale of cement	\$ 483,750	(d)	\$ 164,475	\$ -	\$ 164,475	\$ (23,147)	38.00	\$ (8,127)	\$ 176,208	\$ -	Note 7
TCC Fuzhou Cement Co., Ltd.	Manufacturing and sale of cement	524,063	(d)	296,095	-	296,095	(54,620)	63.05	(31,468)	631,494	-	Note 7
TCC Fuzhou Yangpu Port Co., Ltd.	Port for cement transportation	161,250	(d)	91,106	-	91,106	13,742	63.05	8,131	187,277	-	Note 7
TCC Luzhou Construction Materials Co., Ltd.	Sale of building material	435,375	(d)	104,490	-	104,490	86,062	26.00	21,625	238,559	-	Note 7
TCC Yingde Cement Co., Ltd.	Manufacturing and sale of cement	8,204,400	(d)	3,997,742	1,128,750	5,126,492	464,469	63.05	275,597	10,774,086	-	Note 7
Jiangsu TCC Cement Co., Ltd.	Manufacturing and sale of cement	7,024,208	(d)	3,069,971	322,500	3,392,471	(62,429)	63.05	(32,007)	8,228,478	-	Note 7
TCC Changshu Cement Co., Ltd.	Manufacturing and sale of cement	1,612,500	(d)	911,063	-	911,063	(64,209)	63.05	(29,589)	1,581,474	-	Note 7
Jiangsu TCC Investment Co., Ltd.	Investment	1,976,584	(d)	3,503,418	-	3,503,418	(51,540)	63.05	(29,560)	1,565,249	-	Note 7
Yingde Dragon Mountain Cement Co., Ltd.	Manufacturing and sale of cement	1,712,907	(d)	1,437,753	-	1,437,753	(209,974)	63.05	366,262	6,415,730	-	Note 7
TCC Liaoning Cement Co., Ltd.	Manufacturing and sale of cement	4,950,053	(d)	1,929,388	1,677,000	3,606,388	(25,375)	63.05	(25,375)	1,296,431	-	Note 7
TCC Anshan Cement Co., Ltd.	Manufacturing and sale of cement	2,885,200	(d)	2,111,114	580,500	2,691,614	361,135	63.05	222,124	3,798,659	-	Note 7
TCC Changning Cement Co., Ltd.	Manufacturing and sale of cement	2,885,200	(d)	1,551,219	643,000	2,194,219	91,219	63.05	55,008	1,192,263	-	Note 7
TCC Dongguan Cement Co., Ltd.	Manufacturing and sale of cement	645,000	(d)	364,425	-	364,425	(19,460)	63.05	(12,283)	357,458	-	Note 7
Guizhou Kong On Cement Co., Ltd.	Manufacturing and sale of cement	654,675	(d)	295,093	-	295,093	(15,281)	41.00	(4,435)	237,667	-	Note 7
TCC New (Hangzhou) Management Co., Ltd.	Operation management	258,000	(d)	145,770	-	145,770	61,024	63.05	36,249	91,249	-	Note 7
Guizhou Kai Rui An Jian Cai Co., Ltd.	Manufacturing and sale of cement	1,799,063	(d)	1,153,724	1,905,975	1,153,724	168,192	63.05	105,639	1,586,073	-	Note 7
TCC Shaoguan Cement Co., Ltd.	Manufacturing and sale of cement	2,228,475	(d)	3,324,213	-	3,324,213	(37,404)	63.05	(3,095)	1,795,553	-	Note 7
TCC Huzhou Cement Co., Ltd.	Manufacturing and sale of cement	4,229,381	(d)	6,094,182	-	6,094,182	(270,210)	63.05	(151,368)	1,274,013	-	Note 7
TCC Huzhou Cement Company Limited (Note 4)	Manufacturing and sale of cement	46,170	(d)	-	-	-	(2,765)	63.05	(13,077)	682,027	-	Note 7
TCC Jingzhou Cement Company Limited (Note 4)	Manufacturing and sale of cement	46,170	(d)	-	-	-	(18,239)	63.05	(10,607)	49,182	-	Note 7
TCC Jiangsu Mining Industrial Company Limited	Mining of limestone	129,000	(d)	403,347	-	403,347	8,414	63.05	4,838	199,974	-	Note 7
TCC Yingde Mining Industrial Company Limited	Mining of limestone	370,875	(d)	291,787	-	291,787	25,600	63.05	14,622	284,452	-	Note 7
TCC Yungkuang Cement Co., Ltd. (Note 5)	Manufacturing and sale of cement	676,437	(d)	139,276	-	139,276	(114,433)	63.05	(64,707)	23,200	-	Note 7
Seius Luzhou Cement Co., Ltd. (Note 5)	Manufacturing and sale of cement	1,823,715	(d)	-	-	-	(51,208)	63.05	(29,236)	1,774,509	-	Note 7
Seius Hejiang Cement Co., Ltd. (Note 5)	Manufacturing and sale of cement	107,345	(d)	-	-	-	(128,746)	63.05	(80,694)	8,156	-	Note 7
Seius Luzhou Concrete Co., Ltd. (Note 5)	Manufacturing and sale of cement	115,425	(d)	-	-	-	(17,232)	63.05	(10,297)	81,175	-	Note 7
Anshan Xin Tai Construction Materials Company	Manufacturing and sale of concrete aggregate	69,255	(d)	99,085	-	99,085	824	63.05	464	40,828	-	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	379	100.00	379	71,255	-	Note 7
Fuzhou TCC Information Technology Co., Ltd. (Note 6)	Software product and equipment maintenance	3,225	(c)	3,225	-	3,225	5,461	100.00	5,461	38,143	-	Note 7
Da Tong (Guangxi) International Logistics Co., Ltd. (Note 6)	Logistics and transportation	161,250	(d)	161,250	-	161,250	85,626	100.00	85,626	480,944	-	Note 7
Da Tong (Ying De) Logistics Co., Ltd. (Note 6)	Logistics and transportation	23,085	(d)	23,085	-	23,085	13,713	100.00	13,713	72,225	-	Note 7
Guangxi Da-Ho Shipping Co., Ltd. (Note 6)	Marine transportation	18,468	(d)	18,468	-	18,468	65,486	100.00	65,486	219,077	-	Note 7
Prosperity Conch Cement Co., Ltd. (Note 6)	Manufacturing and sale of cement	2,677,860	(d)	2,373,747	-	2,373,747	1,333,137	25.00	333,284	3,103,826	-	Note 7
Yunnan Kunming & K. Wah Cement Construction Materials Co., Ltd. (Note 6)	Manufacturing and sale of cement	3,809,025	(d)	1,547,579	-	1,547,579	309,089	30.00	92,727	1,529,975	-	Note 7
Baotou Yungkuang & K. Wah Cement Construction Materials Co., Ltd. (Note 6)	Manufacturing and sale of cement	1,994,882	(d)	749,408	-	749,408	151,810	30.00	45,543	752,278	-	Note 7
Sichuan Teichang Building Material Group Company Limited (Note 6)	Manufacturing and sale of cement	923,400	(d)	374,623	-	374,623	(66,404)	30.00	-	-	-	Note 7
Guangxi Xin Tai Construction Materials Company Limited (Note 6)	Manufacturing and sale of concrete aggregate	71,564	(d)	51,143	-	51,143	(124,655)	50.00	(43,512)	-	-	Note 7

Accumulated Investment in Mainland China as of December 31, 2016	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 8)
\$41,812,077	\$47,946,256	

(Continued)

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

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

Note 2: Including outward remittance from offshore subsidiaries.

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

Note 4: As of December 31, 2016, the accumulated outward remittance for investments was a total of those from TCC Hualhua Cement Company Limited, TCC Jingzhou Cement Company Limited and TCC Huahua Concrete Company Limited.

Note 5: As of December 31, 2016, accumulated outward remittances for investments was a total of \$2,980,506 thousand from 10 companies, including Zunyi Scius Cement Co., Ltd., Scius Bijie Cement Co., Ltd., Scius Naxi Cement Co., Ltd., Scius Luzhou Cement Co., Ltd., Scius Xukui Cement Co., Ltd., Scius Hejiang Cement Co., Ltd., Guizhou Zunyi Ken On Concrete Co., Ltd., Scius Luzhou Concrete Co., Ltd., Scius Bijie Concrete Co., Ltd., Scius Naxi Concrete Co., Ltd., Scius Luzhou Cement Co., Ltd., Scius Hejiang Cement Co., Ltd. and Scius Luzhou Concrete Co., Ltd., the other companies were disposed of in March 2013. The investment amounts authorized to be withdrawn are currently being processed by the Investment Commission, MOEA.

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

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

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

B. See Tables 1, 2, 4, 5, 6 and 9 for the information about significant transactions with investees in the mainland China, either directly or indirectly through a third area.

(Concluded)

TABLE 9

TAIWAN CEMENT CORPORATION AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2016
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transactions Details			% of Total Sales or Assets
				Financial Statement Account	Amount	Payment Terms	
0	Taiwan Cement Corporation	E.G.C. Cement Corporation HKCCI Feng Sheng Enterprise Company Ta-Ho Maritime Corporation Taiwan Transport & Storage Corporation Hopong Industrial Port Corporation Kuan-Ho Refractories Industry Corporation TCCIH	1 1 1 1 1 1 1 1	Operating revenue Receivables from related parties Operating revenue Operating revenue Operating costs and expenses Operating costs and expenses Payables to related parties Operating costs and expenses Payables to related parties Operating costs and expenses	\$ 454,772 134,640 108,342 299,596 652,666 756,694 152,496 945,313 131,266 499,005 255,300	50 days after the day delivery was made 50 days after the day delivery was made 65 days after shipping 30 days 30 days 30 days 30 days 30 days 30 days 20 days By contract	0.5 0.1 0.1 0.3 0.7 0.8 0.1 1.1 - 0.6 0.3
1	Ho-Ping Power Company	Hopong Industrial Port Corporation HPC Power Service Corporation	3 3	Payables to related parties Operating revenue	102,878 499,954	By contract By contract	- 0.6
2	THC International S.A.	Ta-Ho Maritime Corporation	3	Operating costs and expenses Operating costs and expenses	1,146,658 398,224	20 days By contract	1.3 0.4
3	Sheng Ho Maritime S.A.	Ta-Ho Maritime Corporation	3	Operating revenue	210,736	By negotiation	0.2
4	TCC Chemical Corporation	Taiwan Prosperity Chemical Corporation	3	Operating revenue	104,241	By negotiation	0.1
5	Taiwan Transport & Storage Corporation	Taiwan Prosperity Chemical Corporation Hopong Industrial Port Corporation	3 3	Finance lease receivables Interest income Long-term finance lease receivables Operating revenue	250,423 122,929 1,858,437 167,639 192,301	By contract By contract By contract 30 days 30 days	0.1 0.1 0.7 0.2 0.2
6	Ta-Ho Onyx RSEA Environment Co., Ltd.	Taiwan Transport & Storage Corporation Ta-Ho Onyx Taitung Environment Co., Ltd. Taiwan Cement Engineering Corporation	3 3 3	Other payables to related parties Other payables to related parties Other payables to related parties	340,000 100,000 250,000	By contract By contract By contract	0.1 - 0.1

(Continued)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transactions Details			% of Total Sales or Assets
				Financial Statement Account	Amount	Payment Terms	
7	Da Tong (Guigang) International Logistics Co., Ltd.	TCC (Guigang) Cement Limited	3	Operating revenue	\$ 268,469	By negotiation	0.3
8	Guigang Da-Ho Shipping Co., Ltd.	TCC (Guigang) Cement Limited TCC Yingde Cement Co., Ltd. HKCCL	3	Operating revenue	195,663	By negotiation	0.2
				Operating revenue	237,576	By negotiation	
				Operating revenue	117,784	By negotiation	
			3				0.1

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

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

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

(Concluded)