

Lucky Cement Corporation and Subsidiaries

Consolidated Financial Statements for the
Three Months Ended March 31, 2017 and 2016 and
Independent Accountants' Review Report

Notice to readers

This English-version report is a summary translation of the Chinese version. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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Independent Accountants' Review Report

The Board of Directors and Shareholders
Lucky Cement Corporation

We have reviewed the accompanying consolidated balance sheets of Lucky Cement Corporation and subsidiaries as of March 31, 2017 and 2016 and the related consolidated statement of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2017 and 2016. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

We conducted our reviews in accordance with Statement of Auditing Standards No.36, "Review of Financial Statements." As the accountant only the implementation of analysis, comparison and query, not in accordance with generally accepted auditing standards, Accordingly, we do not express the financial report on the overall auditing opinion.

As stated in Note 10 to the consolidated financial statements, the financial statements of some of the non-significant subsidiaries of the consolidated financial statements are based on the statements in the same period without accounts' reviews. At the period three months ended March 31, 2017 and 2016, total assets of the non-significant subsidiaries are NT\$177,998,000 and NT\$223,501,000, which are 2.34% and 2.89% of consolidated assets; total liabilities are NT\$66,809,000 and NT\$72,621,000, which are 2.39% and 2.60% of consolidated liabilities. The comprehensive loss is NT\$3,793,000 and the comprehensive income is NT\$1,720,000 for the three months ended March 31, 2017 and 2016.

Based on our reviews, excluding the financial statements of some of the non-significant subsidiaries of the consolidated financial statements are based on the statements in the same period without our reviews. If there are any modifications after our reviews, the consolidated financial statements for the three months ended March 31, 2017 may affect. We are not aware any material modifications that should be made to the consolidated financial statements International Accounting Standards No. 34, "Interim Financial Reporting", which came into effect, to be amended.

Deloitte & Touche

Accountants Huang, Hai-Yue

Accountants Liu, Yong-Fu

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Futures Commission
No. 0920131587
of Taiwan-Finance-Securities

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May 10, 2017

Lucky Cement Corporation and Subsidiaries

Consolidated Balance Sheets

March 31, 2017 and 2016

In Thousands of New Taiwan Dollars

C o d e	A s s e t s	March 31, 2017 (Reviewed)		December 31, 2016 (Audited)		March 31, 2016 (Reviewed)	
		A m o u n t	%	A m o u n t	%	A m o u n t	%
	Current Assets						
1100	Cash (Note 6)	\$ 179,826	3	\$ 213,090	3	\$ 178,494	2
1125	Available-for-sale financial assets (Note 7)	160,831	2	169,905	2	197,943	3
1150	Notes receivable, net (Note 8 & 29)	361,716	5	440,532	6	359,495	5
1160	Notes receivable due from related parties, net (Note 8 & 28)	24,149	-	12,050	-	-	-
1170	Accounts receivable, net (Note 8)	286,437	4	303,758	4	373,753	5
1180	Accounts receivable due from related parties, net (Note 8 & 28)	20,866	-	23,360	-	324	-
1200	Other receivable (Note 28)	4,336	-	1,927	-	36,928	-
1220	Current tax assets	15,650	-	15,663	-	14	-
130X	Inventories (Note 9 & 29)	3,667,754	48	3,624,700	47	3,598,001	47
1410	Prepayments (Note 11)	230,703	3	168,666	2	265,386	3
1470	Other current assets (Note 12 & 29)	<u>336,541</u>	<u>5</u>	<u>387,111</u>	<u>5</u>	<u>189,358</u>	<u>2</u>
11XX	Total Current Assets	<u>5,288,809</u>	<u>70</u>	<u>5,360,762</u>	<u>69</u>	<u>5,199,696</u>	<u>67</u>
	Non-Current Assets						
1523	Non-current available-for-sale financial assets (Note 7)	18,061	-	16,480	-	-	-
1543	Non-current financial assets at cost (Note 13)	37,666	-	37,666	-	42,766	1
1600	Property, plant, and equipment (Note 14 & 29)	1,829,796	24	1,899,736	25	2,092,281	27
1840	Deferred tax assets (Note 4)	123,629	2	122,317	2	127,713	2
1920	Guarantee deposits paid	88,844	1	88,752	1	93,695	1
1990	Other non-current assets (Note 15 & 29)	<u>217,228</u>	<u>3</u>	<u>226,931</u>	<u>3</u>	<u>184,961</u>	<u>2</u>
15XX	Total Non-Current Assets	<u>2,315,224</u>	<u>30</u>	<u>2,391,882</u>	<u>31</u>	<u>2,541,416</u>	<u>33</u>
1XXX	Total Assets	<u>\$ 7,604,033</u>	<u>100</u>	<u>\$ 7,752,644</u>	<u>100</u>	<u>\$ 7,741,112</u>	<u>100</u>
C o d e	L i a b i l i t i e s a n d E q u i t y						
	Current Liabilities						
2100	Short-term borrowings (Note 16 & 29)	\$ 993,000	13	\$ 1,185,829	16	\$ 522,446	7
2110	Short-term notes and bills payable (Note 16 & 29)	229,732	3	229,443	3	49,875	1
2150	Notes payable (Note 17)	121,687	2	155,842	2	155,564	2
2160	Notes payable to related parties (Note 17 & 28)	91,102	1	91,186	1	61	-
2170	Accounts payable (Note 17)	130,584	2	172,446	2	310,498	4
2180	Accounts payable to related parties (Note 17 & 28)	79,357	1	90,433	1	11,141	-
2219	Other payables (Note 18 & 28)	191,374	2	192,032	3	193,429	2
2230	Current tax liabilities	11,900	-	4,128	-	137,399	2
2310	Advance receipts (Note 28)	177,972	2	157,345	2	185,544	2
2320	Long-term liabilities, current portion (Note 16 & 29)	201,200	3	314,700	4	458,000	6
2399	Other current liabilities	<u>2,949</u>	<u>-</u>	<u>11,513</u>	<u>-</u>	<u>10,790</u>	<u>-</u>
21XX	Total Current Liabilities	<u>2,230,857</u>	<u>29</u>	<u>2,604,897</u>	<u>34</u>	<u>2,034,747</u>	<u>26</u>
	Non-Current Liabilities						
2540	Long-term borrowings (Note 16 & 29)	360,038	5	135,338	2	556,538	7
2570	Deferred tax liabilities (Note 4)	54,880	1	59,604	1	65,012	1
2640	Net defined benefit liability (Note 4)	72,397	1	72,236	1	61,360	1
2645	Guarantee deposits received	32,198	-	32,933	-	32,275	-
2655	Shareholder accounts (Note 28)	<u>45,800</u>	<u>1</u>	<u>45,800</u>	<u>-</u>	<u>45,800</u>	<u>1</u>
25XX	Total Non-Current Liabilities	<u>565,313</u>	<u>8</u>	<u>345,911</u>	<u>4</u>	<u>760,985</u>	<u>10</u>
2XXX	Total Liabilities	<u>2,796,170</u>	<u>37</u>	<u>2,950,808</u>	<u>38</u>	<u>2,795,732</u>	<u>36</u>
	Equity Attributable to the Owner Company (Note 20)						
3110	Ordinary share	<u>4,047,380</u>	<u>53</u>	<u>4,047,380</u>	<u>52</u>	<u>4,047,380</u>	<u>52</u>
3200	Capital surplus	<u>8</u>	<u>-</u>	<u>8</u>	<u>-</u>	<u>8</u>	<u>-</u>
	Retained earnings						
3310	Legal reserve	134,776	2	134,776	2	87,760	1
3320	Special reserve	14,135	-	14,135	-	14,135	-
3350	Unappropriated retained earnings	<u>566,762</u>	<u>8</u>	<u>547,996</u>	<u>7</u>	<u>729,603</u>	<u>10</u>
3300	Total Retained Earnings	<u>715,673</u>	<u>10</u>	<u>696,907</u>	<u>9</u>	<u>831,498</u>	<u>11</u>
3400	Other Equity	<u>14,786</u>	<u>-</u>	<u>27,400</u>	<u>1</u>	<u>31,701</u>	<u>-</u>
31XX	Total Equity Attributable to Owners of Parent	<u>4,777,847</u>	<u>63</u>	<u>4,771,695</u>	<u>62</u>	<u>4,910,587</u>	<u>63</u>
36XX	Non-Controlling Interests (Note 20)	<u>30,016</u>	<u>-</u>	<u>30,141</u>	<u>-</u>	<u>34,793</u>	<u>1</u>
3XXX	Total Equity	<u>4,807,863</u>	<u>63</u>	<u>4,801,836</u>	<u>62</u>	<u>4,945,380</u>	<u>64</u>
	Total Liabilities and Equity	<u>\$ 7,604,033</u>	<u>100</u>	<u>\$ 7,752,644</u>	<u>100</u>	<u>\$ 7,741,112</u>	<u>100</u>

The accompanying notes are an integral of the consolidated financial statements
(Please refer to the May 10, 2017 Deloitte Taiwan Reviewed Report)

Lucky Cement Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Three Months Ended March 31, 2017 and 2016
(Reviewed , Not Audited)

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

C o d e		For the Three Months Ended March 31, 2017		For the Three Months Ended March 31, 2016	
		Amount	%	Amount	%
	Operating Revenue (Note 28)				
4110	Sales revenue	\$ 896,066	100	\$ 997,131	100
4190	Less : Sales discounts and allowances	<u>1,163</u>	<u>-</u>	<u>1,495</u>	<u>-</u>
	Net sales revenue	894,903	100	995,636	100
5000	Operating costs(Note 9, 21 & 28)	<u>814,049</u>	<u>91</u>	<u>804,827</u>	<u>81</u>
5900	Gross Profit from operations	<u>80,854</u>	<u>9</u>	<u>190,809</u>	<u>19</u>
	Operating expenses (Note 21 & 28)				
6100	Selling expense	25,439	3	26,009	3
6200	Administrative expenses	<u>27,446</u>	<u>3</u>	<u>31,781</u>	<u>3</u>
6000	Total Operating Expenses	<u>52,885</u>	<u>6</u>	<u>57,790</u>	<u>6</u>
6500	Net other income(expenses) (Note 21)	<u>220</u>	<u>-</u>	<u>-</u>	<u>-</u>
6900	Net operating income	<u>28,189</u>	<u>3</u>	<u>133,019</u>	<u>13</u>
	Non-Operating Income and Expense (Note 21 & 28)				
7100	Interest income	563	-	419	-
7110	Rent income	2,335	1	2,463	-
7190	Other income	2,018	-	1,410	-
7225	Gain or loss on disposals of investments	-	-	1,343	-
7230	Foreign exchange gains or loss	1,032	-	(851)	-
7590	Miscellaneous disbursements	(3,453)	-	(3,498)	-
7510	Interest Expense	(<u>7,718</u>)	(<u>1</u>)	(<u>7,511</u>)	(<u>1</u>)
7000	Total Non-Operating Income and Expenses	(<u>5,223</u>)	<u>-</u>	(<u>6,225</u>)	(<u>1</u>)
7900	Profit from continuing operations before tax	22,966	3	126,794	12
7950	Tax expense (Note 4 & 22)	<u>3,999</u>	<u>1</u>	<u>21,416</u>	<u>2</u>

(To be continued)

(Continued)

C o d e		For the Three Months Ended March 31, 2017		For the Three Months Ended March 31, 2016	
		Amount	%	Amount	%
8000	Profit from continuing operations	\$ 18,967	2	\$ 105,378	10
8100	Profit (loss) from discontinued operations (Note 23)	(322)	-	(1,007)	-
8200	Profit	<u>18,645</u>	<u>2</u>	<u>104,371</u>	<u>10</u>
	Other comprehensive income				
8360	Components of other comprehensive income that will be reclassified to profit or loss :				
8361	Exchange differences on translation	(440)	-	1,157	-
8362	Unrealised gains (losses) on valuation of available-for-sale financial assets	(12,178)	(1)	(5,812)	-
8300	Other comprehensive income or loss, net	(12,618)	(1)	(4,655)	-
8500	Total comprehensive income	<u>\$ 6,027</u>	<u>1</u>	<u>\$ 99,716</u>	<u>10</u>
	Profit attributable to:				
8610	Attributable to owner of parent	\$ 18,766	2	\$ 103,392	10
8620	Attributable to non-controlling interestst	(121)	-	979	-
8600		<u>\$ 18,645</u>	<u>2</u>	<u>\$ 104,371</u>	<u>10</u>
	Comprehensive income attributable to:				
8710	Attributable to owner of parent	\$ 6,152	1	\$ 98,737	10
8720	Attributable to non-controlling intereststs	(125)	-	979	-
8700		<u>\$ 6,027</u>	<u>1</u>	<u>\$ 99,716</u>	<u>10</u>
	Earnings per share (Note 24)				
	From continuing operations and discontinuing operations				
9750	Basic	<u>\$ 0.05</u>		<u>\$ 0.26</u>	
9850	Diluted	<u>\$ 0.05</u>		<u>\$ 0.25</u>	
	From continuing operations				
9710	Basic	<u>\$ 0.05</u>		<u>\$ 0.26</u>	
9810	Diluted	<u>\$ 0.05</u>		<u>\$ 0.26</u>	

The accompanying notes are an integral of the consolidated financial statements
(Please refer to the May 10, 2017 Deloitte Taiwan Reviewed Report)

Lucky Cement Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the Three Months Ended March 31, 2017 and 2016
(Reviewed , Not Audited)

In Thousands of New Taiwan Dollars

		E q u i t y A t t r i b u t a b l e t o S h a r e h o l d e r s o f t h e P a r e n t									
		R e t a i n e d E a r n i n g s					O t h e r s		Total	Non-controlling Interestests	Total Equity
Code		Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Ex c h a n g e differences on translation of foreign financial s t a t e m e n t s	Unrealized gains (l o s s e s) o n available-for-sale financial assets			
A1	Balance, January 1, 2016	\$ 4,047,380	\$ 8	\$ 87,760	\$ 14,135	\$ 626,211	(\$ 6,793)	\$ 43,149	\$ 4,811,850	\$ 33,814	\$ 4,845,664
D1	Net income for the three months ended March 31, 2016	-	-	-	-	103,392	-	-	103,392	979	104,371
D3	Other comprehensive income (loss) for the three months ended March 31, 2016	-	-	-	-	-	1,157	(5,812)	(4,655)	-	(4,655)
D5	Total comprehensive income (loss) for the three months ended March 31, 2016	-	-	-	-	103,392	1,157	(5,812)	98,737	979	99,716
Z1	Balance, March 31, 2016	\$ 4,047,380	\$ 8	\$ 87,760	\$ 14,135	\$ 729,603	(\$ 5,636)	\$ 37,337	\$ 4,910,587	\$ 34,793	\$ 4,945,380
A1	Balance, January 1, 2017	\$ 4,047,380	\$ 8	\$ 134,776	\$ 14,135	\$ 547,996	(\$ 6,840)	\$ 34,240	\$ 4,771,695	\$ 30,141	\$ 4,801,836
D1	Net income for the three months ended March 31, 2017	-	-	-	-	18,766	-	-	18,766	(121)	18,645
D3	Other comprehensive income (loss) for the three months ended March 31, 2017	-	-	-	-	-	(436)	(12,178)	(12,614)	(4)	(12,618)
D5	Total comprehensive income (loss) for the three months ended March 31, 2017	-	-	-	-	18,766	(436)	(12,178)	6,152	(125)	6,027
Z1	Balance, March 31, 2017	\$ 4,047,380	\$ 8	\$ 134,776	\$ 14,135	\$ 566,762	(\$ 7,276)	\$ 22,062	\$ 4,777,847	\$ 30,016	\$ 4,807,863

The accompanying notes are an integral of the consolidated financial statements
(Please refer to the May 10, 2017 Deloitte Taiwan Reviewed Report)

Lucky Cement Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2017 and 2016
(Reviewed , Not Audited)

In Thousands of New Taiwan Dollars

<u>C o d e</u>		<u>Three months ended March 31, 2017</u>	<u>Three months ended March 31, 2016</u>
	Cash Flow from Operating Activities		
	Profit from continuing operations		
A00010	before tax	\$ 22,966	\$ 126,794
	loss from discontinued operations		
A00020	before tax	(322)	(1,007)
A10000	Profit before Tax	22,644	125,787
A20000	Adjustments:		
A20300	Provision for bad debt expense	(42)	(9)
A20100	Depreciation expense	68,523	77,782
A20200	Amortization expense	2,464	1,760
A20900	Interest expense	7,718	7,511
A21200	Interest income	(563)	(419)
	Loss (gain) on disposal of		
A22500	property, plan and equipment	(220)	-
	Loss (gain) on disposal of		
A23100	investments	-	(1,343)
	Changes in operating assets and		
A30000	liabilities		
A31130	Notes receivable	78,816	82,846
	Notes receivable due from		
A31140	related parties	(12,099)	199
A31150	Accounts receivable	17,363	86,552
	Accounts receivable due from		
A31160	related parties	2,494	(324)
A31180	Other receivable	(2,436)	(31,869)
A31200	Inventories	(43,054)	(89,726)
A31230	Prepayments	(62,037)	(55,477)
A31240	Other current assets	(2,241)	(45)
A32130	Notes payable	(34,155)	(34,815)
	Notes payable to related		
A32140	parties	(84)	61
A32150	Accounts payable	(41,862)	104,951
	Accounts payable to related		
A32160	parties	(11,076)	1,129
A32180	Other payable	(684)	(57,252)

(To be continued)

(Continued)

		Three months ended March 31, 2017	Three months ended March 31, 2016
<u>C o d e</u>			
A32210	Receipts in advance	\$ 20,627	(\$ 9,271)
A32230	Other current liabilities	(8,564)	(5,375)
A32240	Net defined benefit liability	<u>161</u>	(<u>286,864</u>)
A33000	Cash inflow (outflow) generated from operations	1,693	(84,211)
A33100	Interest received	566	447
A33300	Interest paid	(7,403)	(7,733)
A33500	Income taxes paid	(<u>2,263</u>)	(<u>41</u>)
AAAA	Net cash flows from (used in) operating activities	(<u>7,407</u>)	(<u>91,538</u>)
Cash Flow from Investing Activities			
B00300	Acquisition of available-for-sale financial assets	(5,000)	(56,684)
B00400	Proceeds from disposal of available-for-sale financial asset	-	31,116
B02700	Acquisition of property, plant and equipment	(1,276)	(12,191)
B02800	Proceeds from disposal of property, plant and equipment	2,768	-
B03700	Increase in refundable deposits	(92)	-
B06600	Decrease (increase) in other financial assets	52,824	148
B06800	Decrease (increase) in other non-current assets	<u>7,239</u>	<u>11,186</u>
BBBB	Net cash flows from (used in) investing activities	<u>56,463</u>	(<u>26,425</u>)
Cash flows from (used in) financing activities			
C00100	Increase (decrease) in short-term loans	(192,829)	157,725
C01600	Proceeds from long-term debt	250,000	102,888
C01700	Repayments of long-term debt t	(138,800)	(189,450)
C03000	Increase in guarantee deposits received	(<u>735</u>)	<u>4,324</u>
CCCC	Net cash flows from (used in) financing activities	(<u>82,364</u>)	<u>75,487</u>
DDDD	Effect of exchange rate changes on cash	<u>44</u>	<u>841</u>
EEEE	Net increase (decrease) in cash	(33,264)	(41,635)

(To be continued)

(Continued)

<u>C o d e</u>		Three months ended March 31, 2017	Three months ended March 31, 2016
E00100	Cash at beginning of period	<u>\$ 213,090</u>	<u>\$ 220,129</u>
E00200	Cash at end of period	<u>\$ 179,826</u>	<u>\$ 178,494</u>

The accompanying notes are an integral of the consolidated financial statements
(Please refer to the May 10, 2017 Deloitte Taiwan Reviewed Report)

Lucky Cement Corporation Limited and Subsidiaries

Notes to Consolidated Financial Statements

For the three months ended March 31, 2017 and 2016

(Reviewed , Not Audited)

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. Company History

Lucky Cement Corporation (hereinafter referred to as the “Company”, the Company and its subsidiaries hereinafter referred to as the “Group”) established in 1974. The stocks of which are listed on the Taiwan Stock Exchange started from June, 1990, to produce and sell Portland cement as the main business.

The accompanying consolidated financial statements used New Taiwan Dollars (NT\$) as the functional currency of the Company.

2. The Date and Procudure of Financial Report

The accompanying consolidated financial statements were reported to the Board of Directors and issued on May 10, 2017.

3. To Be Applicable for New Release, Revised Regulations, and Interpretation

- (1) Criteria Governing the Preparation of Financial Reports by securities issuer but not yet effective and Financial Supervisory Commision (hereinafter referred to as “FSC”) accepted the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standing Interpretation Committee (SIC) (hereinafter referred to as “IFRSs”)

Except for the following explanations, it applied the amendments to Criteria Governing the Preparation of Financial Reports by securities

issuer and the IFRSs regulations will not effect the Group's accounting policy.

Amendment to Criteria Governing the Preparation of Financial Reports by securities issuer

The amendments comply not only with the IFRSs that added a few accounting items and the regulation of non-financial assets Impairment disclosure, but also the implementation of IFRSs that emphasize the regulations of recognition and measurement and added related party transaction and goodwill.

The amendments to the regulations, that other companies or constitutions has the same chairman or general manager as the Group or has a relationship of spouse or has a second degree of kinship, as substance-related parties except can prove that does not controlled or significant effect. In addition, the amendments to the regulations should disclose names and relationships of a significant trade with the Group. If the transaction amount or balance reached 10% of each trade of single related parties, the names of related parties should use separate column style.

Moreover, if the actual running and acquisition that has a disparity in forecast benefit of acquired company after consolidated reporting, the amendments to the regulations should note the disclosure.

The disclosure of trade of related parties will increase when in retrospect the previous applied amendments in 2017 (Note 28).

- (2) The IFRSs issued by IASB but not yet endorsed and issued into effect by FSC

The Group did not apply the following the IFRSs which issued by IASB but not yet endorsed and issued into effect by FSC. As of the date of this consolidated financial report has passed, except for IFRS 9 and

IFRS 15, which have been in force since fiscal year 2018, the FSC has not released any other effective date of the standards.

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note2
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendment to "under the IFRS 4 (Insurance Contract" that applied of the IFRS 9 (Financial Instruments) of IFRS 4	January 1, 2018
IFRS 9 "Financial Instruments	January 1, 2018
Amendments to "Mandatory Date and Transition Disclosures" of IFRS 9 and IFRS 7	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 The Income of Customer Contract	January 1, 2018
Amendments to "Explanation of IFRS 15"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendments to "Disclosure Initiative" of IAS 7	January 1, 2017
Amendments to "Recognition of Deferred Tax Assets of Unrealized Loss" of IAS 12	January 1, 2017
Amendments to "Conversion of Investment Property" of IAS 40	January 1, 2018
IFRIC 22 Foreign Currency Transaction and Advance Consideration	January 1, 2018

Note 1 : Except the notes, the above New Release / Amendments / Amendments Regulations or Explains will start from the year of the effective date.

Note 2 : Amendments to IFRS 12 applied the period of the year beginning since January 1, 2017. Amendments to IAS 28 applied the period of the year beginning since January 1, 2018.

I. IFRS 9 "Financial Instruments"

Recognition and measurement of financial asset

All recognized financial assets currently in the scope of IAS 39, “Financial Instruments: Recognition and Measurement,” will be subsequently measured at either the amortized cost or the fair value. The classification and measurement requirements in IFRS 9 are stated as follows:

For the debt instruments invested by the Group, if the contractual cash flows that are solely for payments of principal and interest on the principal amount outstanding, the classification and measurement requirements are stated as follows:

- A. If the objective of the Group’s business model is to hold the financial asset to collect the contractual cash flows such assets are measured at the amortized cost. Interest revenue should be recognized in profit or loss by using the effective interest method, continuously assessed for impairment and the impairment loss or reversal of impairment loss should be recognized in profit and loss.
- B. If the objective of the Group’s business model is to hold the financial asset both to collect the contractual cash flows and to sell the financial assets such assets are measured at fair value through other comprehensive income and are continuously assessed for impairment. Interest revenue should be recognized in profit or loss by using the effective interest method. A gain or loss on a financial asset measured at fair value through other comprehensive income should be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When such financial asset is derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

The other financial assets which do not meet the aforementioned criteria should be measured at the fair value through profit or loss. However, the Group may irrevocably designate an investment in equity instruments that is not held for trading as measured at fair value through other comprehensive income. All relevant gains and losses shall be recognized in other comprehensive income, except for dividends which are recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

The Impairment of Financial Asset

The IFRS 9 switch to use “Expected Credit Losses, ECL” to recognize the impairment of financial asset that financial assets of amortized cost measurement, fair value through other comprehensive income (FVTOCI), rents receivable, and IFRS 15 “the income of customer contract.” That is produced the contract asset or loan commitment and financial guarantee contract that recognize as allowance account for credit losses. If the credit risk of previous financial asset did not increase obviously after recognized, the allowance account for credit losses will measure the ECL the next 12 months. If the credit risk of previous financial asset did increase obviously and non-low credit risk after recognized, the allowance account for credit losses will measure the ECL of remaining duration. However, the accounts receivable that did not include a major financial that ECL must by the duration to measure the allowance account for credit losses.

In addition, it has financial assets of credit impairment while initial recognition. The Group considered the ECL of

initial recognition that counted as effective rate after credit adjustment. The subsequent allowance account for credit losses will measure as subsequent ECL accumulated changes in equity.

Transitional Provisions

When IFRS 9 comes into effect, items already excluded for the first time applicable to IFRS 9 shall not apply. The classification, measurement and impairment of financial assets should be applied retrospectively, except that the Group need not reshuffle the comparative period, and recognize the cumulative effect of the initial application as of the first applicable date. Generally, hedging accounting should be deferred until the recognition of the profit or loss of the hedging option has to be applied retrospectively.

II. 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 lease 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 the right-of-use asset separately from interest expense accrued on the lease liability; interest is computed by using effective interest method. On the consolidated statements of cash flows, cash payments for both the principal and interest portion of the lease liability are classified within financing activities.

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.

There is no significant impact on the accounting treatment of the Group for the lessor.

Except for the aforementioned impact, as of the date the accompanying consolidated financial statements were issued, the Group continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the other standards or interpretations. The related impact will be disclosed when the Group completes the evaluation.

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting,” endorsed and issued into effect by the FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements prepared under the IFRSs endorsed and issued into effect by the FSC (collectively, “Taiwan-IFRSs”).

(2) Basis of Consolidation

I. Principles for the preparation of Consolidated Financial Statements

The consolidated financial statements are prepared in the same way as the consolidated financial statements for the year 2016.

III. Subsidiary details, shareholding ratio and operating items, please refer to Note10 & Schedule 5.

(3) Other significant accounting policies

In addition to the following instructions, please refer to the summary statement of the major accounting policies for the consolidated financial statements for the year 2016.

I. To determine welfare postprandial benefits

The pension costs during the interim period are based on the pension cost rate determined at the end of the previous year and are calculated on the basis of the beginning of the year to the end of the period and are subject to significant market volatility, major plan revision, pay off or other significant One-time matters to be adjusted.

II. Income tax

Income tax is the sum of current income tax and deferred income tax. The income tax for the interim period is assessed on an annual basis and is calculated at the rate applicable to the expected total annual surplus.

5. Significant Accounting Judgment, Estimation and Assumption of the Main Source of Uncertainty

The major accounting judgments, estimates and assumptions used in the consolidated financial statements are as same as those of the consolidated financial statements for the year 2016

6. Cash

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Cash on hand and revolving funds	\$ 1,542	\$ 1,544	\$ 1,445
Checking and demand deposits	172,174	201,323	158,153
Bank foreign currency demand deposits	<u>6,110</u>	<u>10,223</u>	<u>18,896</u>
	<u>\$ 179,826</u>	<u>\$ 213,090</u>	<u>\$ 178,494</u>

Market interest rate range for Cash in banks on the Date of the Balance Sheet is as follows:

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Cash in banks	0.05%~0.08%	0.12%~0.20%	0.05%~0.17%

For the period ended March 31, 2017, December 31, 2016 and March 31, 2016, the certificate of deposit with original maturity over 3 months were NT \$ 0, NT \$ 0 and NT \$ 1,500,000 respectively, which categorized as Other current assets - Other financial assets (Note 12).

7. Available-for-Sale Financial Assets

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
<u>Current</u>			
Listed and OTC stocks	\$ 87,181	\$ 100,715	\$ 111,250
Domestic mutual funds	61,764	56,758	80,200
Foreign mutual funds	6,106	6,454	6,493
Foreign corporate bonds	<u>5,780</u>	<u>5,978</u>	<u>-</u>
	<u>\$ 160,831</u>	<u>\$ 169,905</u>	<u>\$ 197,943</u>
<u>Non-current</u>			
Foreign mutual funds	<u>\$ 18,061</u>	<u>\$ 16,480</u>	<u>\$ -</u>

The Group invested the private fund – TSG Phnom Penh Real Estate Development Fund in \$505,000 USA dollars in July 2016 and a 3-year lock-up period without redemption, as Available-for-Sale Financial Assets- Non-current.

8. Notes receivable and accounts receivable

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
<u>Notes receivable</u>			
From operating activities			
Non-related parties	<u>\$ 361,716</u>	<u>\$ 440,532</u>	<u>\$ 359,495</u>
Related parties	<u>\$ 24,149</u>	<u>\$ 12,050</u>	<u>\$ -</u>

(To be continued)

(Continued)

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
<u>Accounts receivable</u>			
From operating activities			
Non-related parties	\$ 321,430	\$ 340,847	\$ 416,263
Less: allowance for uncollectible accounts	(<u>34,993</u>)	(<u>37,089</u>)	(<u>42,510</u>)
	<u>\$ 286,437</u>	<u>\$ 303,758</u>	<u>\$ 373,753</u>
Related parties	<u>\$ 20,866</u>	<u>\$ 23,360</u>	<u>\$ 324</u>

The Group to the average credit period of sales goods is 90-150 days. When determined the notes receivable and accounts receivable recoverability, the Group considered any changes of notes receivable and accounts receivable from the original credit to the credit quality of balance sheet day. If the credit quality has been changed, credit judged in accordance with the change reason. When the Group assess the accounts receivable has an objective diminish evidence, separate assess the impairment amount. If there is no accounts receivable of objective diminish evidence, assess the overall impairment. The Group may assess the accounts receivable that the ratio for non-return recognize as allowance for bad debts in accordance with the experiences.

(1) Notes receivable

None of notes receivable was dued on March 31, 2017, December 31, 2016 and March 31, 2016.

The mortgage information of notes receivable, please see the Note 29 for reference.

(2) Accounts receivable

The analysis of accounts receivable is as below:

	March 31, 2017	December 31, 2016	March 31, 2016
30 days or less	\$ 178,948	\$ 148,900	\$ 216,585
31 to 60 days	84,711	91,990	87,970
61 to 90 days	11,984	48,319	42,558
91 to 120 days	6,657	6,364	13,754
121 to 150 days	479	3,200	5,913
Above 151 days	<u>38,651</u>	<u>42,074</u>	<u>49,483</u>
Total	<u>\$ 321,430</u>	<u>\$ 340,847</u>	<u>\$ 416,263</u>

The above may base on the open amount day for aging.

For some Accounts Receivable that were past due at the end of the reporting period in the consolidated balance sheets, the Group did not recognize an allowance for impairment loss because there was no significant change in credit quality and the amounts were considered recoverable from the managers' opinions in the Group. The Group to the accounts receivable did not hold any collateral or other credit enhancement.

The aging of overdue but not impairment accounts receivable is as the following:

	March 31, 2017	December 31, 2016	March 31, 2016
Above 151 days	<u>\$ 7,692</u>	<u>\$ 9,018</u>	<u>\$ 6,973</u>

The aging will based on the days of overdue.

The changed information in allowance for the uncollectible accounts-accounts receivable is as below:

	Individual impairment loss	Group impairment loss	Total
Balance on January 1, 2016	\$ 40,384	\$ 2,135	\$ 42,519
Less: reversal	<u>-</u>	<u>(9)</u>	<u>(9)</u>
Balance on March 31, 2016	<u>\$ 40,384</u>	<u>\$ 2,126</u>	<u>\$ 42,510</u>
Balance on January 1, 2017	\$ 35,025	\$ 2,064	\$ 37,089
Less: reversal	-	(42)	(42)
Less: write-off	<u>(2,054)</u>	<u>-</u>	<u>(2,054)</u>
Balance on March 31, 2017	<u>\$ 32,971</u>	<u>\$ 2,022</u>	<u>\$ 34,993</u>

9. Inventories

	March 31, 2017	December 31, 2016	March 31, 2016
Developing property and property to be developed	\$ 3,192,283	\$ 3,178,244	\$ 3,204,280
Raw materials	223,371	244,850	205,431
Finished goods	137,133	113,491	104,746
Work in progress	67,541	40,680	40,126
Repaired part and materials	40,287	39,611	33,472
Merchandise	<u>7,139</u>	<u>7,824</u>	<u>9,946</u>
	<u>\$ 3,667,754</u>	<u>\$ 3,624,700</u>	<u>\$ 3,598,001</u>

The related cost of sales in three months ended March 31, 2017 was NT\$814,049,000 which included inventory valuation losses NT\$159,000. The related cost of sales in three months ended March 31, 2016 was NT\$804,827,000 which included inventory valuation losses NT\$1,201,000.

As at March 31, 2017, December 31, 2016 and March 31, 2016, estimated retrieved inventories over 12 months were NT\$3,192,283,000, NT\$3,178,244,000 and NT\$3,204,280,000 respectively, most of them are developing property and property to be developed.

See the Note 29 for the information of inventory pledge.

10. Subsidiaries

The subsidiaries in the consolidated financial statements:

Investment Business	Subsidiary Title	Business Type	Percentage of held stock			Description
			March 31, 2017	December 31, 2016	March 31, 2016	
Lucky Cement Corp.	Dasheng Enterprise Co., Ltd.	Sale and rental national residential, commercial buildings, parking lots and industrial areas	99.99	99.99	99.99	1.
	Luckicon Ready-mixed Concrete Factory Co.,	Production and sell concrete	99.99	99.99	99.99	1.
	Lucky Cement Corp., Japan	Buy and sell cement	100.00	100.00	100.00	
	Luckyship Marine Co., Ltd	Shipping agent	99.99	99.99	99.99	
	Just Bright Ltd.	Investment Business	100.00	100.00	100.00	
	ELUMINA Technology Inc.	Manufacture and sale light-emitting diode products	70.59	70.59	70.59	2.
	Hojen Harbor Company	Invest and build up public construction	-	-	50.00	3.
Luckicon Ready-mixed Concrete Factory Co., Ltd	Fuyu Development Company	Mine gravel	75.00	75.00	75.00	
ELUMINA Technology Inc.	Elumina Holding Limited	Holding company	100.00	100.00	100.00	2.
Elumina Holding Limited	ELUMINA (Xiamen) Technology Inc.	Manufacture and sale light-emitting diode products	100.00	100.00	100.00	2.

Note :

1. Important subsidiaries are Luckicon Ready-mixed Concrete Factory Co., Ltd. and Dasheng Enterprise Co., Ltd.
2. The board of directors of the Company passed a resolution that was dissolution of Elumina Technology Inc. and its subsidiary in August 11, 2015. Please see Note 23 discounting operation.
3. Hojen Harbor Company was determined to be dissolution and liquidation by the company board meeting in June 2016 and it had to complete it before September 2016.

The financial statements of Dasheng Enterprise Co., Ltd. and Luckicon Ready-mixed Concrete Factory Co., Ltd. for the three months ended March 31, 2017 and 2016 have reviewed by accountants. The consolidated financial statements of other subsidiaries have not reviewed by accountants. Total assets of the non-significant subsidiaries are NT\$177,998,000 and NT\$223,501,000, which are 2.34% and 2.89% of consolidated assets; total liabilities are NT\$66,809,000 and NT\$72,621,000, which are 2.39% and 2.60% of consolidated liabilities. The comprehensive loss is NT\$3,793,000 and the comprehensive income is NT\$1,720,000 for the three months ended March 31, 2017 and 2016.

11. Prepayments

	March 31, 2017	December 31, 2016	March 31, 2016
Prepaid expenses	\$ 131,880	\$ 67,809	\$ 162,557
Office supplies	94,222	95,269	90,946
Advanced payment for material	4,058	5,504	11,251
Others	<u>543</u>	<u>84</u>	<u>632</u>
	<u>\$ 230,703</u>	<u>\$ 168,666</u>	<u>\$ 265,386</u>

12. Other current assets

	March 31, 2017	December 31, 2016	March 31, 2016
Other financial assets			
Restricted assets	\$ 311,874	\$ 304,677	\$ 169,931
Bond investment under repurchase agreement	-	60,021	-
Certificate of deposit with original maturity over 3 months	-	-	1,500
Excess business tax paid	17,116	16,435	15,763
Others	<u>7,551</u>	<u>5,978</u>	<u>2,164</u>
	<u>\$ 336,541</u>	<u>\$ 387,111</u>	<u>\$ 189,358</u>

The restricted assets are savings and certificate of deposit that are provided for bank loan guarantees, market interest rate range for other financial assets on the date of the Balance Sheet as follows:

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Restricted assets	0.13%~3.80%	0.13%~2.70%	0.27%~2.60%
Bond investment under repurchase agreement	-	0.33%~0.40%	-
Certificate of deposit with original maturity over 3 months	-	-	1.28%

Please see the Note 29 for the mortgage information of other current assets for reference.

13. Financial assets at cost

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Domestic unlisted (OTC) ordinary shares	<u>\$ 37,666</u>	<u>\$ 37,666</u>	<u>\$ 42,766</u>

The above stocks may distinguish as available-for-sale financial assets in accordance with the type of financial assets measurement.

The Group, which holds the above stock investment, may measure the cost impairment lost on the date of the balance sheet. Because the interval is significant of the fair value estimates and cannot assess reasonably each type of probability, managers in the Group think the fair value cannot be reliable measure.

14. Property, plant and equipment

	Land	Building	Machinery and equipment	Electrical equipment	Transportatio n equipment	Other equipment	Unfinished construction	Total
<u>Cost</u>								
Balance on January 1, 2016	\$ 724,675	\$ 2,238,761	\$ 6,097,299	\$ 1,187,107	\$ 1,029,787	\$ 497,100	\$ 4,500	\$ 11,779,229
Add	-	-	3,147	4,101	4,825	118	-	12,191
Disposal	-	(44,783)	(1,262)	-	-	(148)	-	(46,193)
Net exchange differences	-	4,286	617	-	15	29	-	4,947
Balance on March 31, 2016	<u>\$ 724,675</u>	<u>\$ 2,198,264</u>	<u>\$ 6,099,801</u>	<u>\$ 1,191,208</u>	<u>\$ 1,034,627</u>	<u>\$ 497,099</u>	<u>\$ 4,500</u>	<u>\$ 11,750,174</u>
<u>Accumulated depreciation and impairment</u>								
Balance on January 1, 2016	\$ -	\$ 1,701,280	\$ 5,577,304	\$ 1,146,483	\$ 730,088	\$ 466,726	\$ -	\$ 9,621,881
Depreciation	-	17,444	36,007	1,893	19,067	3,371	-	77,782
Disposal	-	(44,783)	(1,262)	-	-	(148)	-	(46,193)
Net exchange differences	-	3,887	502	-	7	27	-	4,423
Balance on March 31, 2016	<u>\$ -</u>	<u>\$ 1,677,828</u>	<u>\$ 5,612,551</u>	<u>\$ 1,148,376</u>	<u>\$ 749,162</u>	<u>\$ 469,976</u>	<u>\$ -</u>	<u>\$ 9,657,893</u>
Net on March 31, 2016	<u>\$ 724,675</u>	<u>\$ 520,436</u>	<u>\$ 487,250</u>	<u>\$ 42,832</u>	<u>\$ 285,465</u>	<u>\$ 27,123</u>	<u>\$ 4,500</u>	<u>\$ 2,092,281</u>
<u>Cost</u>								
Balance on January 1, 2017	\$ 724,675	\$ 2,200,972	\$ 6,087,434	\$ 1,191,208	\$ 1,030,982	\$ 493,456	\$ -	\$ 11,728,727
Add	-	1,120	-	-	-	156	-	1,276
Disposal	-	-	(2,548)	-	(4,537)	-	-	(7,085)
Net exchange differences	-	(1,354)	(175)	-	(4)	(7)	-	(1,540)
Balance on March 31, 2017	<u>\$ 724,675</u>	<u>\$ 2,200,738</u>	<u>\$ 6,084,711</u>	<u>\$ 1,191,208</u>	<u>\$ 1,026,441</u>	<u>\$ 493,605</u>	<u>\$ -</u>	<u>\$ 11,721,378</u>
<u>Accumulated depreciation and impairment</u>								
Balance on January 1, 2017	\$ -	\$ 1,727,589	\$ 5,677,336	\$ 1,154,397	\$ 797,407	\$ 472,262	\$ -	\$ 9,828,991
Depreciation	-	16,631	28,154	2,007	18,455	3,276	-	68,523
Disposal	-	-	-	-	(4,537)	-	-	(4,537)
Net exchange differences	-	(1,242)	(141)	-	(3)	(9)	-	(1,395)
Balance on March 31, 2017	<u>\$ -</u>	<u>\$ 1,742,978</u>	<u>\$ 5,705,349</u>	<u>\$ 1,156,404</u>	<u>\$ 811,322</u>	<u>\$ 475,529</u>	<u>\$ -</u>	<u>\$ 9,891,582</u>
Net on January 1, 2017 and December 31, 2016	<u>\$ 724,675</u>	<u>\$ 473,383</u>	<u>\$ 410,098</u>	<u>\$ 36,811</u>	<u>\$ 233,575</u>	<u>\$ 21,194</u>	<u>\$ -</u>	<u>\$ 1,899,736</u>
Net on March 31, 2017	<u>\$ 724,675</u>	<u>\$ 457,760</u>	<u>\$ 379,362</u>	<u>\$ 34,804</u>	<u>\$ 215,119</u>	<u>\$ 18,076</u>	<u>\$ -</u>	<u>\$ 1,829,796</u>

After the impairment assessment, there was no impairment loss of the Group for three months ended March 31, 2017 and 2016.

Partial rights for land use were temporarily registered under the name of third party and trustee issued declaration and arranged land mortgage to the Company.

The Group's property, plant and equipment are depreciated on the straight-line method basis of the following durable years:

Buildings	
Main building of Plant	35 to 55 years
Electrical power equipment	10 to 15 years
Engineering system	3 to 5 years
Machinery and equipment	2 to 10 years
Electrical equipment	5 to 15 years
Transportation equipment	3 to 10 years
Other equipment	3 to 10 years

The mortgage information of Property, Plant and Equipment, please refer to Note 29.

15. Other non-current assets

	March 31, 2017	December 31, 2016	March 31, 2016
Prepayments	\$ 99,871	\$ 109,576	\$ 67,642
Restricted assets	98,574	98,572	98,536
Net limestone mining rights	18,783	18,783	18,783
	<u>\$ 217,228</u>	<u>\$ 226,931</u>	<u>\$ 184,961</u>

The restricted asset refers to certificate of deposit in the bank that is pledged as the security of milling right, which has the market interest rate range on the date of the Balance Sheet is as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Restricted assets	0.10%~1.125%	0.10%~1.125%	0.17%~1.205%

Other information regarding to non-current asset collaterals, please refer to Note 29.

16. Loans

(1) Short-term borrowings

	March 31, 2017	December 31, 2016	March 31, 2016
<u>Secured borrowings</u> (Note 29)			
Bank loan	\$ 413,000	\$ 792,660	\$ 372,446
<u>Unsecured borrowings</u>			
Credit loan	<u>580,000</u>	<u>393,169</u>	<u>150,000</u>
	<u>\$ 993,000</u>	<u>\$1,185,829</u>	<u>\$ 522,446</u>

The interest rate of the bank loan is as follows :

	March 31, 2017	December 31, 2016	March 31, 2016
Secured borrowings	1.55%~1.60%	1.35%~1.8464%	1.51%~1.90%
Unsecured borrowings	1.667%~1.800%	1.427%~2.484%	1.68%

(2) Short-term notes and bills payable

	March 31, 2017	December 31, 2016	March 31, 2016
Commercial paper payable	\$ 230,000	\$ 230,000	\$ 50,000
Less: Discount on short-term notes and bills payable	(<u>268</u>)	(<u>557</u>)	(<u>125</u>)
	<u>\$ 229,732</u>	<u>\$ 229,443</u>	<u>\$ 49,875</u>

Short-term notes and bills payable that is not due as follows:

March 31, 2017

Guarantee / acceptance institution	Par Value	Discount Amounts	Carrying Amounts	Rate range
<u>Commercial paper payable</u>				
Ta Ching Bills Finance Corporation	\$ 110,000	\$ 137	\$ 109,863	1.60%~2.15%
Mega Bills Finance Corporation	60,000	63	59,937	1.588%
Grand Bills Finance Corporation	<u>60,000</u>	<u>68</u>	<u>59,932</u>	1.73%
	<u>\$ 230,000</u>	<u>\$ 268</u>	<u>\$ 229,732</u>	

December 31, 2016

<u>Guarantee / acceptance institution</u>	<u>Par Value</u>	<u>Discount Amounts</u>	<u>Carrying Amounts</u>	<u>Rate range</u>
<u>Commercial paper payable</u>				
Ta Ching Bills Finance Corporation	\$ 110,000	\$ 286	\$ 109,714	1.60%~2.15%
Mega Bills Finance Corporation	60,000	131	59,869	1.588%
Grand Bills Finance Corporation	<u>60,000</u>	<u>140</u>	<u>59,860</u>	1.70%
	<u>\$ 230,000</u>	<u>\$ 557</u>	<u>\$ 229,443</u>	

March 31, 2016

<u>Guarantee / acceptance institution</u>	<u>Par Value</u>	<u>Discount Amounts</u>	<u>Carrying Amounts</u>	<u>Rate range</u>
<u>Commercial paper payable</u>				
Ta Ching Bills Finance Corporation	<u>\$ 50,000</u>	<u>\$ 125</u>	<u>\$ 49,875</u>	1.75%

The maturity of each guaranteed commercial paper is 180 days or less.

(3) Long-term borrowings

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
<u>Secured borrowings</u>			
(Note 29)			
Bank loan	\$ 481,238	\$ 260,038	\$ 914,538
<u>Unsecured borrowings</u>			
Bank loan	80,000	190,000	100,000
Less: Long-term borrowings have maturity of 1 year or less.	(<u>201,200</u>)	(<u>314,700</u>)	(<u>458,000</u>)
	<u>\$ 360,038</u>	<u>\$ 135,338</u>	<u>\$ 556,538</u>

		Details	March 31, 2017	December 31, 2016	March 31, 2016
<u>Secured borrowings</u>					
Parent company					
Taiwan Cooperative Bank		The period is from November 21, 2011 to November 21, 2018, ' the grace period is 2 years, every 6 months was served as an installment ' pay by 10 installments for the principle after the grace period.	\$ 100,000	\$ 100,000	\$ 200,000
Taiwan Cooperative Bank		The period is from July 13, 2014 to November 13, 2018, the principle will be repaid NT\$ 12,000,000 every 3 months. It has been repaid earlier in February of 2017.	-	12,000	48,000
Mega International Commercial Bank Co., Ltd and participating banks of Syndicated Loan		The period is from March 19, 2012 to March 19, 2019, ' the grace period is 6 month, every 6 months was served as an installment ' pay by 14 installments for the principle from September of 2012. It has been repaid earlier in September of 2016.	\$ -	\$ -	\$ 180,000
Mega International Commercial Bank Co., Ltd.		The period is from June 13, 2014 to June 13, 2017, the principle will be repaid NT\$ 7,200,000 every 3 months. It has been repaid earlier in February of 2017.	-	14,000	35,600
O-Bank		The period is from August 15, 2015 to August 15, 2016, the principle will be repaid at once in maturity date.	-	-	50,000
Bank of Taiwan		The period is from February 25, 2016 to February 25, 2019, ' the grace period is 1 years, the principle will be repaid NT\$ 12,500,000 every 3 months after the ended of grace period.	100,000	100,000	100,000
Dasheng Enterprise Co., Ltd.					
Mega International Commercial Bank Co., Ltd.		The period is from July 30, 2015 to July 30, 2019, the principle will be repaid once in maturity date. It has been repaid earlier in September of 2016.	-	-	258,500
Mega International Commercial Bank Co., Ltd.		The period is from March 10, 2017 to March 10, 2019, the principle will be repaid at once in maturity date.	250,000	-	-

(To be continued)

(Continued)

	Details	March 31, 2017	December 31, 2016	March 31, 2016
<u>Secured borrowings</u>				
Luckyship Marine Co., Ltd.				
Mega International Commercial Bank Co., Ltd.	The period is from November 17, 2015 to November 17, 2019, every 3 months was served as an installment , pay by 16 installments for the principle.	25,988	28,350	42,438
Mega International Commercial Bank Co., Ltd.	The period is from February 15, 2016 to February 15, 2020, every 3 months was served as an installment , pay by 16 installments for the principle.	5,250	5,688	-
<u>Unsecured borrowings</u>				
Parent company				
The Shanghai Commercial & Savings Bank, Ltd.	The period is from July 15, 2016 to July 15, 2019, every 3 months was served as an installment , pay by 10 installments for the principle.	80,000	90,000	-
The Export-Import Bank of the Republic of China	The period is from January 1, 2016 to January 31, 2017, the principle will be repaid at once in maturity date.	-	100,000	100,000
subtotal		561,238	450,038	1,014,538
Less: Long-term borrowings have maturities of 1 year or less.		(201,200)	(314,700)	(458,000)
Long-term borrowings		<u>\$ 360,038</u>	<u>\$ 135,338</u>	<u>\$ 556,538</u>

The annual interest rate of long-term borrowings were 1.40%~2.5529%, 1.7825%~2.20% and 1.8776%~2.5317% respectively for March 31, 2017, December 31, 2016 and March 31, 2016.

17. Notes and accounts payable

	March 31, 2017	December 31, 2016	March 31, 2016
<u>Notes payable</u>			
From operating activities			
Non-related parties	<u>\$ 121,687</u>	<u>\$ 155,842</u>	<u>\$ 155,564</u>
Related parties	<u>\$ 91,102</u>	<u>\$ 91,186</u>	<u>\$ 61</u>
<u>Accounts payable</u>			
From operating activities			
Non-related parties	<u>\$ 130,584</u>	<u>\$ 172,446</u>	<u>\$ 310,498</u>
Related parties	<u>\$ 79,357</u>	<u>\$ 90,433</u>	<u>\$ 11,141</u>

18. Other payables

	March 31, 2017	December 31, 2016	March 31, 2016
Wages and salaries payable	\$ 38,842	\$ 94,272	\$ 56,140
Taxes payable	25,438	24,271	28,768
Utilities expense payable	21,270	20,577	21,711
Other payables - related parties	19,938	16,632	1,972
Maintenance fee payables	5,223	2,717	6,469
Payable on machinery and equipment	4,528	4,759	4,864
Other	<u>76,135</u>	<u>28,804</u>	<u>73,505</u>
	<u>\$ 191,374</u>	<u>\$ 192,032</u>	<u>\$ 193,429</u>

19. Post-employment benefit plan

The pension expenses associated with defined benefit plan are based on the pension expenses determined by the actuarial decision of December 31, 2016 and 2015 respectively, for each of the following items:

	Three months ended March 31, 2017	Three months ended March 31, 2016
Operating costs	\$ 955	\$ 1,340
Selling expenses	96	321
Administrative expenses	<u>143</u>	<u>588</u>
	<u>\$ 1,194</u>	<u>\$ 2,249</u>

In accordance with the Labor Standards Act, which was amended on February 4, 2015, the employer shall estimate the

balance of the special account of the Labor Retirement Reserve by the end of each year, and if the balance is less than the amount of the labor that provides for the retirement of the provisions of the amount of the pension, the employer shall make the difference before the end of March of the next year. The balance of the special account of the Labor Retirement Reserve for the Company, Luckicon Ready-mixed Concrete Factory Co., Ltd. and Dasheng Enterprise Co., Ltd. is NT\$ 287,810,000 in three months ended March 31, 2016.

20. Equity

(1) Share capital

Common Stock

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
Authorized shares (in thousands)	<u>498,646</u>	<u>498,646</u>	<u>498,646</u>
Authorized capital	<u>\$ 4,986,460</u>	<u>\$ 4,986,460</u>	<u>\$ 4,986,460</u>
Issued and paid shares (in thousands)	<u>404,738</u>	<u>404,738</u>	<u>404,738</u>
Issued capital	<u>\$ 4,047,380</u>	<u>\$ 4,047,380</u>	<u>\$ 4,047,380</u>

A holder of issued common shares with par value of NT\$10 per share is entitled to vote and to receive dividends.

(2) Capital surplus

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
<u>Only to make up for losses</u>			
From share of changes in equities of subsidiaries	<u>\$ 8</u>	<u>\$ 8</u>	<u>\$ 8</u>

Such capital surplus arises from the effect of changes in ownership interest in a subsidiary, with these changes treated as equity transactions instead of actual disposal or acquisition of ownership interests, or from changes in capital surplus of subsidiaries.

(3) 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 amendments to Articles of Incorporation on earnings distribution policy had been approved by the Company's shareholders in its meeting held on June 15, 2016 and also provided allocation policy of remuneration of employee and directors, supervisors.

The amendment of earning allocation policy in the Articles of Incorporation states that in case of earning upon settled annually, the Company shall appropriate its 10% as legal surplus reserve first and account equity deduction occurred in the current year as special surplus reserve, addition to legal payment of business tax and compensation of historical annual loss, wherein if the dividend per share from the sum of balance thereafter and 40%~80% of aggregated surplus yet allocated in the previous year has not reached NTD\$0.1 with calculation of the upper limit, 80%, it shall be reserved, not for allocation and allocation case shall be proposed in the Board of Directors, further presented for acknowledgement in the Meeting of Shareholders. Please refer to (4) of Note 22, Employee Benefits for the revised remuneration allocation policy of employee and directors, supervisors before/after the versions of the Articles of Association. The appropriation & allocation ratio of the preceding surplus and stock to cash ratio shall be paid in cash dividend or stock dividend subject to real profit and situation of fund in the current year, with consideration of fund for investment and diluted level of surplus per share in the Meeting of Board of Directors. However, the allocated stock dividend shall be limited to 20% of the issued stock; in case that the aggregated equity deduction or equity deduction that is insufficient to account as surplus w/tax in the current year, it shall account equivalent amount of special surplus reserve from the

aggregated surplus yet be allocated in the previous year and deduct it prior to the appropriation and allocation earlier. Thereafter, whenever equity deduction is turned, the turned amount shall be allocated as surplus. The allocation of related surplus shall be passed and acknowledged in the General Meeting of Shareholders held in the next year and shall be accounted in the current year.

The Company shall account and turn special surplus reserve pursuant to the provisions set forth in the Letter, Letter No. Jin-Kuang-Fa-Tzi No. 1010012865, Letter No. Jin-Kuang-Fa-Tzi No. 1010047490 and “Following the adoption of the International Financial Reporting Standards (IFRSs), the question and answer of the applicable special surplus reserve”. Thereafter, whenever equity deduction is turned, the turned amount shall be allocated as surplus.

Legal surplus reserve shall be appropriated to its balance until it reaches the gross amount of paid-up capital of the Company. Legal surplus reserve shall be used to compensate the loss. In case of zero loss, its legal surplus reserve which goes beyond 25% of the total paid-up capital shall be allocated in cash after being appropriated as capital.

During allocating surplus yet be allocated, shareholders other than the residents within the territory of the Republic of China may acquire shareholder deductible that was calculated based on the tax deductible ratio on the Day of Dividend Allocation.

The appropriations of 2016 and 2015 earnings have been approved by the Board of Directors in its meeting held on March 20, 2017 and by shareholders in its meeting held on June 15, 2016, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividend per share (N T \$ 1 . 0 0)	
	2016	2015	2016	2015
Legal reserve	\$ 31,533	\$ 47,016		
Cash dividends	242,843	344,027	\$ 0.6	\$ 0.85

The appropriations of Earnings for 2016 are to be presented for approval in the shareholders' meeting to be held on June 7, 2017.

(4) Special Reserve

The Company has adopted the IFRSs standards for the accounted special reserve that shows as follow:

	March 31, 2017	March 31, 2016
Special reserve	<u>\$ 14,135</u>	<u>\$ 14,135</u>

The amount of the accumulated conversion of the Company is NT\$ 14,135,000 transferred to the retained surplus, and the same amount of special reserve has been added.

(5) Non-controlling interests

	Three months ended March 31, 2017	Three months ended March 31, 2016
Balance at the begin of the period	\$ 30,141	\$ 33,814
Number of share attributable to non-controlling equity		
Profit (loss)	(121)	979
Exchange differences on translation of foreign financial statements	(4)	-
Balance at the end of the period	<u>\$ 30,016</u>	<u>\$ 34,793</u>

21. Profit from continuing operations

(1) Net other income (expense)

	Three months ended March 31, 2017	Three months ended March 31, 2016
Gains on disposals of property, plant and equipment	<u>\$ 220</u>	<u>\$ -</u>

(2) Depreciation and amortization

	Three months ended March 31, 2017	Three months ended March 31, 2016
Depreciations summary by functions:		
Operating costs	\$ 62,725	\$ 71,616
Operating expenses	3,415	3,525
Non-operating expenses	<u>2,383</u>	<u>2,641</u>
	<u>\$ 68,523</u>	<u>\$ 77,782</u>
Amortization summary by functions		
Operating costs	\$ 2,202	\$ 1,541
Operating expenses	<u>262</u>	<u>219</u>
	<u>\$ 2,464</u>	<u>\$ 1,760</u>

(3) Employee benefits

	Three months ended March 31, 2017	Three months ended March 31, 2016
Post-employment benefits		
Defined contribution plans	\$ 3,343	\$ 3,605
Defined benefit plans (Note 19)	<u>1,194</u>	<u>2,249</u>
	4,537	5,854
Other employee benefits	<u>93,465</u>	<u>99,660</u>
	<u>\$ 98,002</u>	<u>\$ 105,514</u>
Summarized by function		
Operating costs	\$ 70,659	\$ 76,453
Operating expenses	<u>27,343</u>	<u>29,061</u>
	<u>\$ 98,002</u>	<u>\$ 105,514</u>

(4) Remuneration for employees and remuneration for directors and supervisors

Following the amendment of "The Company Act" on May 2015 and the amendment of "Articles of Incorporation" which approved by the Shareholders' Meeting on June 2016, the Company shall appropriate 3% and not less than 5% of the profit before tax prior to the

deduction of allocated remuneration for employee and directors, supervisors in the current year as the same. For three months ended March 31, 2017 and 2016, the remuneration for employees and the remuneration for directors and supervisors were estimated are as bellow :

Estimated %

	Three months ended March 31, 2017	Three months ended March 31, 2016
Compensation for employees	3%	3%
Compensation for directors and supervisors	5%	5%

Amount

	Three months ended March 31, 2017	Three months ended March 31, 2016
Compensation for employees	\$ 754	\$ 3,988
Compensation for directors and supervisors	1,257	6,647

The 2016 and 2015 remuneration for the employees, directors and supervisors were approved individually at the board meeting on March 20, 2017 and March 28, 2016 as follow:

	2016	2015
	Cash	Cash
Compensation for employees	\$ 12,447	\$ 18,636
Compensation for directors and supervisors	20,745	31,060

Annual consolidated financial report with any changes with the numbers of the amount after the released date will be handled according to the Accounting Estimate and be adjusted accordingly next year.

Amounts recognised in the 2016 and 2015 consolidated financial report had no difference than the 2016 and 2015 amounts that were actually allocated to the employees, directors and supervisors of the company.

Any information is related to the 2016 and 2017 remuneration that was approved by the board of directors for employees, directors and supervisors of the Company. Please check it on the Market Observation Post System of Taiwan Stock Exchange.

(5) Gains on disposals of investments

	Three months ended March 31, 2017	Three months ended March 31, 2016
Disposal of gains of Available-for-Sale financial assets	\$ <u>-</u>	\$ <u>1,343</u>

(6) Foreign currency exchange profit (loss)

	Three months ended March 31, 2017	Three months ended March 31, 2016
Total amount of foreign currency exchange gains	\$ 2,908	\$ 694
Total amount of foreign currency exchange losses	(<u>1,876</u>)	(<u>1,545</u>)
Net profit (loss)	\$ <u>1,032</u>	(\$ <u>851</u>)

22. Income Tax from Continuing Operations

(1) Income tax recognized as profit or loss

The main components of the income tax expense are as follows:

	Three months ended March 31, 2017	Three months ended March 31, 2016
Current income tax		
Created in current period	\$ 10,035	\$ 1,364
Deferred income tax		
Created in current period	(<u>6,036</u>)	<u>20,052</u>
Income tax expenses of recognised in profit or loss	\$ <u>3,999</u>	\$ <u>21,416</u>

(2) The related information of Imputation System

	March 31, 2017	December 31, 2016	March 31, 2016
Unappropriated retained earnings			
After 1998	\$ <u>566,762</u>	\$ <u>547,996</u>	\$ <u>729,603</u>
Balance in shareholders'	\$ <u>192,473</u>	\$ <u>192,473</u>	\$ <u>13,027</u>

imputation tax credit
account

The Tax Creditable Ratios which are applicable for disposition of net income in 2016 and 2017 are respectively 26.23% (expected ratio) and 22.37% (actual ratio) .

According to the Income Tax Act, when the Company distributes the surplus after 1998, the shareholders can follow the tax creditable ratio to calculate their acquired Imputation Tax Credit. Due to the actual distribution amount of imputation credit should follow the balance in the shareholder imputation tax credit account. For 2016, the Company estimated that the tax creditable ratio for surplus distribution may be different from the tax creditable ratio used for the actual shareholders' distribution ratio in the future.

(3) Income Tax Assessment

As of the end of 2014, income tax declaration cases of the Company and Luckicon Ready-mixed Concrete Factory Co., Ltd. approved by the tax collection authorities. The numbers of approved and declared are no significant difference.

As of the end of 2015, income tax declaration cases of Hojen Harbor Development Corp., Dasheng Enterprise Co., Ltd., Luckyship Marine Co., Ltd., Fuyu Development Company and ELUMINA Technology Inc. approved by the tax collection authorities. The numbers of approved and declared are no significant difference.

23. Discontinuing Operations

The board of directors of the Company decided to dissolve ELUMINA technology Inc., its subsidiaries - Elumina Holding Limited and Elumina (Xiamen) Company on August 11, 2015, and had the dissolution of liquidation; the Group classified the cash-generating units into the discounting operation in 2015. As the end of March 31,

2017, ELUMINA technology, Inc. and its subsidiaries have still in the processing of dissolution of liquidation.

The loss of discontinuing operations in current period is as bellow:

	Three months ended March 31, 2017	Three months ended March 31, 2016
Current loss	(\$ 322)	(\$ 1,007)
Disposal of loss	<u>-</u>	<u>-</u>
	(<u>\$ 322</u>)	(<u>\$ 1,007</u>)

Information regarding to the Profit/Loss and Cash Flow of Business Suspension Unit is as bellow:

	Three months ended March 31, 2017	Three months ended March 31, 2016
Operating expenses	(\$ 274)	(\$ 996)
Non-operating income and expenses	(<u>48</u>)	(<u>11</u>)
Pre-tax loss of business suspension units	(322)	(1,007)
Tax expense	<u>-</u>	<u>-</u>
Current loss	(<u>\$ 322</u>)	(<u>\$ 1,007</u>)
Loss of business suspension unit belongs to:		
Owners of the Company	(\$ 227)	(\$ 711)
Non-controlling interests	(<u>95</u>)	(<u>296</u>)
	(<u>\$ 322</u>)	(<u>\$ 1,007</u>)
Net cash outflow generated from operations	(\$ 292)	(\$ 1,062)
Net cash flows from investing activities	<u>800</u>	<u>-</u>
Net cash flows (outflow)	(<u>\$ 508</u>)	(<u>\$ 1,062</u>)

24. Earnings per share

	Unit : NTD 1.00 per share	
	Three months ended March 31, 2017	Three months ended March 31, 2016
Basic earnings per share		
From continuing operations	\$ 0.05	\$ 0.26
From discontinued operations	-	-
Total basic earnings per share	<u>\$ 0.05</u>	<u>\$ 0.26</u>
Diluted earnings per share		
From continuing operations	\$ 0.05	\$ 0.26
From discontinued operations	-	(0.01)
Total diluted earnings per share	<u>\$ 0.05</u>	<u>\$ 0.25</u>

To calculate the net profit of earnings per share and the weighted average shares of ordinary stock which is belonging to continuing business units is as follows:

Profit

	Three months ended March 31, 2017	Three months ended March 31, 2016
Profit attributable to owners of parent	\$ 18,766	\$103,392
Plus: used to calculate the basic unit of the loss of business units per unit loss of net loss	<u>227</u>	<u>711</u>
To calculate the net profit of the continuing business unit's basic and diluted earnings per share	<u>\$ 18,993</u>	<u>\$104,103</u>

Number of share

	unit : 1,000 shares	
	Three months ended March 31, 2017	Three months ended March 31, 2016
The weighted average shares of ordinary stock which is used to calculate the basic earnings(loss) per share	404,738	404,738
Dilution Effect of potential ordinary stock:		
Compensation for employee	<u>1,327</u>	<u>2,207</u>
To calculate the weighted average shares of ordinary stock for diluted earnings per share	<u>406,065</u>	<u>406,945</u>

If the Company chooses to pay employee remuneration or bonus in stocks or cash, the calculation of diluted earnings per share assumes that employee remuneration or bonus will be paid by shares, and when the potential ordinary shares have a dilution effect, they are included the weighted average number of ordinary shares outstanding to calculate diluted earnings per share. The dilution effect of these potential ordinary shares will also continue to be taken into account when the next annual shareholders' meeting resolves employee remuneration or bonus to issue shares before the calculation of diluted earnings per share.

26. Agreement of Operating Lease

(1) The Group is the tenant

Operating lease includes lease of land, plant, storage land, etc.; the lease period is 1 to 5 years. And as the end of lease, if there is any addition or modification of rented production equipment for ready-mixed concrete factory and related equipment in Keelung factory rented by Luckicon Ready-mixed Concrete Factory Co., Ltd. should be transferred to the lessor free.

The total amount of future minimum lease payments for non-cancelable operating lease is as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Within 1 year	\$ 33,378	\$ 38,413	\$ 28,670
More than 1 year but not more than 5 years	<u>62,494</u>	<u>67,339</u>	<u>30,480</u>
	<u>\$ 95,872</u>	<u>\$ 105,752</u>	<u>\$ 59,150</u>

Recognized expense of Lease payment as below:

	Three months ended March 31, 2017	Three months ended March 31, 2016
Lease payment	<u>\$ 18,896</u>	<u>\$ 13,504</u>

(2) The Group is the lessor

Operating lease includes lease of real estate, plant and equipment; the lease period is 1 to 5 years.

The total amount of future minimum lease payments for non-cancelable operating lease is as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Within 1 year	\$ 6,832	\$ 30,741	\$ 10,760
More than 1 year but not more than 5 years	<u>380</u>	<u>5,714</u>	<u>4,311</u>
	<u>\$ 7,212</u>	<u>\$ 36,455</u>	<u>\$ 15,071</u>

26. Financial Risk Management

The Group manages capital risk to ensure that maximizing the remuneration of shareholders by optimizing the debt and equity balances under the premise of keeping operating of each corporation in group.

27. Financial Instrument

- (1) Information fair value - financial instrument which is not measured at fair value

There is no significant difference between carrying amount and fair value among the financial asset and financial liability which are not measured at fair value.

- (2) Information of fair value - Financial instruments measured at fair value on a repeatable basis

I. Fair value hierarchy

March 31, 2017

	Level 1	Level 2	Level 3	Total
<u>Available-for-sale</u> <u>financial assets</u>				
Domestic listed (OTC) stock	\$ 87,181	\$ -	\$ -	\$ 87,181
Domestic Fund Benefit Certificate	61,764	-	-	61,764
Foreign Fund Benefit Certificate	6,106	-	18,061	24,167
Foreign corporate bonds	5,780	-	-	5,780
Total	<u>\$ 160,831</u>	<u>\$ -</u>	<u>\$ 18,061</u>	<u>\$ 178,892</u>

December 31, 2016

	Level 1	Level 2	Level 3	Total
<u>Available-for-sale</u> <u>financial assets</u>				
Domestic listed (OTC) stock	\$ 100,715	\$ -	\$ -	\$ 100,715
Domestic Fund Benefit Certificate	56,758	-	-	56,758
Foreign Fund Benefit Certificate	6,454	-	16,480	22,934
Foreign corporate bonds	5,978	-	-	5,978
Total	<u>\$ 169,905</u>	<u>\$ -</u>	<u>\$ 16,480</u>	<u>\$ 186,385</u>

March 31, 2016

	Level 1	Level 2	Level 3	Total
<u>Available-for-sale</u> <u>financial assets</u>				
Domestic listed (OTC) stock	\$ 111,250	\$ -	\$ -	\$ 111,250
Domestic Fund Benefit Certificate	80,200	-	-	80,200
Foreign Fund Benefit Certificate	6,493	-	-	6,493
Foreign corporate bonds	<u>\$ 197,943</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,943</u>

There is no transfer between level 1 and level 2 of fair value measurement in three months ended March 31, 2017 and 2016.

II. The evaluation technique and assumption used for measuring fair value

The fair value of financial instrument traded at active market is determined by the reference to market quotation.

III. Evaluation technology and inputs of Level 3 measurement of fair value

The fair value of the beneficiary certificate of a private overseas equity fund is determined by referring to the net value of the fund provided by the fund company.

(3) Type of Finance Instruments

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
<u>Financial assets</u>			
Loans and receivables (Note 1)	\$ 1,287,778	\$ 1,457,987	\$ 1,218,961
Available-for-sale financial assets (Note 2)	216,558	224,051	240,709
<u>Financial liabilities</u>			
Measured after amortization(Note 3)	2,359,232	2,472,977	2,201,412

Note1: The balance includes loans and receivables measured at amortized cost such as cash, notes receivable, accounts receivable, other receivables and other financial assets.

Note2: The balance includes the balance of financial asset measured at costs that are classified as available- for- sale.

Note3: The balance includes financial liabilities measured at amortised cost such as short-term borrowings, short-term notes and bills payable, notes payable, accounts payable, partial other payables and long-term borrowings.

(4) Objective and Policy of Financial Risk Management

The main financial instruments of the Group include receivables, payables and loans. The Financial Department of the Group supervises and manages the related financial risk of operation of the Group in accordance with the internal risk report for risk degree and extensive analysis of exposure. The risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

I. Market risk

The main financial risk for operation of the Group is foreign currency exchange risk (please see A as follows) and interest rate risk (please see B as follows).

The exposure of related market risk of financial instrument of the Group and the management and measurement of the exposure don't change.

A Currency risk

The monetary asset in non-functional currency and carrying amount of monetary liabilities on balance sheet date of the Group (included the monetary items calculated in write-off non-functional currency in consolidated financial statement); please see Note 30.

Sensitivity Analysis

The Group is mainly impacted by the foreign exchange rate fluctuation of USD and RMB.

The following table shows sensitivity analysis of the Group when individual functional currency increases or decreases 5% for each relevance currency rate. 5% is as sensitivity ratio used for reporting currency risk to key management personnel of the group, and also represented assessment of reasonably possible range of fluctuation of foreign currency rate by the management personnel. The following table shows when the individual functional currency

increases 5% relative to each relevant currency, it will make pre-tax income or amount of change in equity; and when the individual functional currency decreases 5 % relative to each relevant currency, it will have impact of pre-tax income or equity in negative for same amount.

		Effect of US dollars		Effect of RMB	
		Three months ended March 31, 2017	Three months ended March 31, 2016	Three months ended March 31, 2017	Three months ended March 31, 2016
Profit(loss)	(\$	1,252)	(\$ 1,476)	(\$ 321)	(\$ 361)

The above is mainly originated from the outstanding cash in banks, receivables, other financial assets, other short-term borrowings and payables, calculated in USD and RMB which are not in cash flow hedge on balance sheet date of the Group.

B Interest rate risk

The financial assets in interest rate exposure and the carrying amount of financial liability on balance sheet date of the Group are as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Interest rate risk with fair value			
-Financial assets	\$ 162,304	\$ 264,823	\$ 144,892
-Financial liabilities	550,000	624,000	443,800
Interest rate risk with cash flow			
-Financial assets	516,814	500,289	395,764
-Financial liabilities	1,233,970	1,241,310	1,143,061

Sensitivity Analysis

The following sensitivity analysis is determined by rate exposure of non-derivatives on balance sheet date. The internal of the Group reports to key management personnel about rate of change in interest rate which means that increase rate increases or decreases 25 basic points; this also represents the assessment of reasonably possible change range for interest rate from key management personnel.

If interest rate decreases/increases 25 basic points, the profit before tax in three months ended March 31, 2017 and 2016 separately increases/decreases NT\$448,000 and NT\$467,000 with all other variables held constant; the main reasons are floating rate loan, demand deposit and exposure in restricted asset interest rate risk of the Group.

II. Credit risk

Credit risk means that the counterparty arrears contract obligation and cause group financial loss risk. As end of balance sheet date, the Group may be caused exposure of maximum credit risk by the counterparty not doing contract obligation, which is mainly from the carrying amount of financial assets recognized on consolidated balance sheet.

The policy adopted by the Group is only having trade with the counterparty who has high reputation, and getting sufficient guarantee to reduce the financial loss risk arising from arrears under the necessary situation.

In addition to the analysis of the following table, the maximum credit exposure amount (excluded fair value of borrowing cost) of each financial instrument of the Group is same as the carrying amount:

	<u>March 31, 2017</u>		<u>December 31, 2016</u>		<u>March 31, 2016</u>	
		L a r g e s t c r e d i t r i s k e x p o s e d		L a r g e s t c r e d i t r i s k e x p o s e d		L a r g e s t c r e d i t r i s k e x p o s e d
	<u>Book Value</u>	<u>a m o u n t</u>	<u>Book Value</u>	<u>a m o u n t</u>	<u>Book Value</u>	<u>a m o u n t</u>
Off-balance sheet commitments and guarantee Endorsement for subsidiary	\$	- \$ 485,000	\$	- \$ 517,250	\$	- \$ 1,337,185

The credit risk of the Group is mainly concentrated on the key account (KA) of the Group; as the end of March 31, 2017, December 31, 2016 and March 31, 2016, the receivables should exceed 5% of total receivables, which are separately 47.24%, 52.93% and 41.97% of total receivables.

III. Liquidity risk

The Group can operate and reduce the impact of fluctuations in cash flows by managing and maintaining enough cash in place. The management personnel in the Group supervises using situation of bank finance to ensure following the loan borrowing clause.

Bank loan is an important source of liquidity for the Group. As the end of March 31, 2017, December 31, 2016 and March 31, 2016, the unused long-term and short-term bank loan commitments of the Group are separately NT\$1,812,426,000, NT\$1,706,491,000 and NT\$2,817,663,000.

The following table is the contractual maturity analysis of non-derivative balance of financial liabilities during maturity time in agreement, in accordance with the maturity date which may be the first date asking the Group, which is written by undiscounted cash flows of financial liabilities.

March 31, 2017

	Weighted average valid rate (%)	Requirement: Pay at once or less than one month	1 month to 3 months	3 months to 12 months	1 year to 5 years	Above 5 years
<u>Non - derivative</u> <u>financial</u> <u>liabilities</u>						
No debt-bearing liability		\$ 192,234	\$ 359,663	\$ 74,289	\$ 13,824	\$ 63,992
Floating interest rate tool	1.63%	182,432	175,300	516,200	360,038	-
Fixed interest rate tool	1.52%	200,000	-	350,000	-	-
		<u>\$ 574,666</u>	<u>\$ 534,963</u>	<u>\$ 940,489</u>	<u>\$ 373,862</u>	<u>\$ 63,992</u>

December 31, 2016

	Weighted average valid rate (%)	Requirement: Pay at once or less than one month	1 month to 3 months	3 months to 12 months	1 year to 5 years	Above 5 years
<u>Non - derivative</u> <u>financial</u> <u>liabilities</u>						
No debt-bearing liability	-	\$ 231,116	\$ 403,687	\$ 38,162	\$ 47,843	\$ 63,992
Floating interest rate tool	1.56%	122,000	292,808	678,665	147,837	-
Fixed interest rate tool	1.54%	100,000	200,000	324,000	-	-
		<u>\$ 453,116</u>	<u>\$ 896,495</u>	<u>\$ 1,040,827</u>	<u>\$ 195,680</u>	<u>\$ 63,992</u>

March 31, 2016

	Weighted average valid rate (%)	Requirement: Pay at once or less than one month	1 month to 3 months	3 months to 12 months	1 year to 5 years	Above 5 years
<u>Non - derivative</u> <u>financial</u> <u>liabilities</u>						
No debt-bearing liability	-	\$ 236,214	\$ 489,816	\$ 80,869	\$ 62,418	\$ 16,850
Floating interest rate tool	2.03%	12,000	22,000	552,523	556,538	-
Fixed interest rate tool	1.71%	93,800	-	350,000	-	-
		<u>\$ 342,014</u>	<u>\$ 511,816</u>	<u>\$ 983,392</u>	<u>\$ 618,956</u>	<u>\$ 16,850</u>

28. Related Party Transactions

The transaction, account balance, income and losses between the Company and subsidiaries will be completely eliminated after consolidated reporting, so they are not disclosed in the notes. In addition to the discourse of other notes, the transaction between related party and the Group is as follows:

(1) Related party and Relations

<u>R e l a t e d p a r t y</u>	<u>R e l a t i o n s</u>
Other related party	
Yungsheng Development Industrial Co., Ltd. (Yungsheng Development Co.)	The chairman of the company is the same as the chairman of the parent company
LIANG-CHUAN Cultural and Educational Foundation (LIANG-CHUAN Foundation)	The chairman of the foundation is the same as the chairman of the parent company
Fudong Freight Co., Ltd (Fudong Freight Co.)	The directors of the company are the same as the major shareholders of the parent company
Changjun Water Resources biotechnology Co., Ltd (Changjun Water Resources Co.)	The chairman of the company is one of the parent company chairman's first-degree relatives
Jia Fu Entertainment Co., Ltd (Jia Fu Entertainment Co.)	The chairman of the company is one of the parent company chairman's first-degree relatives
Wantong Product Insurance Brokerage Co., Ltd (Wantong Product Insurance Co.)	The chairman of the company is one of the parent company chairman's first-degree relatives
Lucky construction Co., Ltd (Lucky construction Co.)	The chairman of the company is one of the parent company chairman's first-degree relatives
Kuochuan Development Co., Ltd. (Kuochuan Development Co.)	The chairman of the company is one of the parent company chairman's first-degree relatives
Changheng Investment Co., (Changheng Investment Co.)	The major shareholder of the parent company
Jinli Investment Co., Ltd. (Jinli Co.)	The major shareholder of the parent company
Cheng Haibin	The parent company chairman's third-degree relatives
Fuan Mining Co., Ltd. (Fuan Mining Co.)	The manger is the spouse of the parent company chairman's first-degree relatives from July, 2016

(2) Business transaction

	Three months ended March 31, 2017	Three months ended March 31, 2016
<u>Sales</u>		
Other related parties	\$ <u>7,423</u>	\$ <u>308</u>
<u>Purchase</u>		
Fuan Mining Co.	\$ 99,216	\$ -
Other related parties	<u>7,792</u>	<u>13,937</u>
	\$ <u>107,008</u>	\$ <u>13,937</u>
<u>Operating costs - transportation expenses</u>		
Other related parties	\$ <u>2,566</u>	\$ <u>2,798</u>
<u>Operating expenses</u>		
Other related parties	\$ <u>2,275</u>	\$ <u>79</u>
<u>Non-operating income</u>		
Other related parties	\$ <u>610</u>	\$ <u>610</u>
<u>Non-operating expenses</u>		
Other related parties	\$ <u>92</u>	\$ <u>60</u>

The purchasing and sales price and the payment period between the Group and related parties are same as un-related parties.

Non-operating income is rental revenue between the Group and related parties; the determination and collection method of rent are same as general leasing transactions.

Non-operating expenses are rent expense between the Group and related parties; the determination and collection method of rent are same as general leasing transactions.

(3) Balance of receivables from related parties on balance sheet date is as follows :

	March 31, 2017	December 31, 2016	March 31, 2016
<u>Notes receivable</u>			
Other related parties	\$ 24,149	\$ 12,050	\$ -
<u>Accounts receivable</u>			
Other related parties	\$ 20,866	\$ 23,360	\$ 324
<u>Other receivable</u>			
Other related parties	\$ 410	\$ 468	\$ 898

No guarantee received for receivables- related parties. No expense on doubtful debts in receivables- related parties recognized for three months ended on March 31, 2017 and 2016.

- (4) Balance of payables from related parties on balance sheet date is as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
<u>Notes payable</u>			
Fuan Mining Co.	\$ 91,099	\$ 89,899	\$ -
Other related parties	3	1,287	61
	<u>\$ 91,102</u>	<u>\$ 91,186</u>	<u>\$ 61</u>
<u>Accounts payable</u>			
Fuan Mining Co.	\$ 76,603	\$ 84,099	\$ -
Other related parties	2,754	6,334	11,141
	<u>\$ 79,357</u>	<u>\$ 90,433</u>	<u>\$ 11,141</u>
<u>Other payable (exclude financing)</u>			
Other related parties	\$ 2,138	\$ 1,604	\$ 1,972

No guarantee provided for the balance of the payables - related parties.

(5) Loans from related parties

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
<u>Other payable</u>			
Other related parties	<u>\$ 17,800</u>	<u>\$ 15,028</u>	<u>\$ -</u>
<u>Shareholder accounts</u>			
Cheng Haibin	<u>\$ 45,800</u>	<u>\$ 45,800</u>	<u>\$ 45,800</u>

Shareholder accounts of the Group are interestless borrowing from stockholders.

(6) Remunerations of key management personnel

The remunerations of the Directors and other key management personnel for the three months ended March 31, 2017 and 2016 were as follows:

	<u>Three months ended March 31, 2017</u>	<u>Three months ended March 31, 2016</u>
Short-term employee benefits	<u>\$ 7,484</u>	<u>\$ 15,498</u>
Benefit after retirement	<u>120</u>	<u>205</u>
	<u>\$ 7,604</u>	<u>\$ 15,703</u>

Remunerations of key management personnel will be decided by remuneration committee with personal performance and market trend.

29. Pledged Assets

The Group uses the pledged assets as collateral for long-term and short-term bank loans, short-term notes and bills payable, debt litigation and other credit accommodation:

	March 31, 2017	December 31, 2016	March 31, 2016
Notes receivable	\$ 48,655	\$ 57,220	\$ 54,687
Repurchase bond investment (Recognized other current assets)	-	60,021	-
Developing property (Recognized inventory)	2,947,607	2,933,569	2,956,995
Restricted assets (Recognized other financial assets and other non-current assets)	410,448	403,249	268,467
Property, plant and equipment	836,817	1,062,645	1,536,205
Limestone mining rights (Recognized other non-current assets)	-	-	18,783
	<u>\$ 4,243,527</u>	<u>\$ 4,516,704</u>	<u>\$ 4,835,137</u>

30. Significant Information of Foreign Currency Assets and Liabilities

The following information is expressed in accordance with the total currency without functional currency of the Group; the disclosed exchange rate refers to the exchange rate of foreign currency to functional currency. There are foreign currency assets and liabilities without important impact as follow:

Unit : Thousands of NT\$ and foreign currency

March 31, 2017

	Foreign currency	Exchange rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
US dollars	\$ 818	30.33 (USD : NTD)	\$ 24,804
US dollars	7	6.8127 (USD : RMB)	227
RMB	1,457	4.407 (RMB : NTD)	6,423

December 31, 2016

	Foreign currency	Exchange rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
US dollars	\$ 1,292	32.25 (USD : NTD)	\$ 41,639
US dollars	7	6.937 (USD : RMB)	241
RMB	1,649	4.601 (RMB : NTD)	7,585
 <u>Financial liabilities</u>			
<u>Monetary items</u>			
US dollars	1,965	32.25 (USD : NTD)	63,357

March 31, 2016

	Foreign currency	Exchange rate	Carrying Amount
<u>Financial assets</u>			
<u>Monetary items</u>			
US dollars	\$ 940	32.185 (USD : NTD)	\$ 30,249
US dollars	7	6.5064 (USD : RMB)	240
RMB	1,458	4.956 (RMB : NTD)	7,225
 <u>Financial liabilities</u>			
<u>Monetary items</u>			
US dollars	30	32.185 (USD : NTD)	966

Foreign exchange gains/losses (realized or unrealized) of the Group for three months ended March 31, 2017 and 2016 are respectively grain NT\$1,032,000 and loss NT\$843,000. Because there is variety of foreign currency transactions, it cannot disclose exchange gains and losses in accordance with foreign currency of each important impact.

31. Additional Disclosures

(1) Significant Transactions and (2) The Related Information of transferring to investment:

1) Financings provided: Schedule 1.

- 2) Endorsement/guarantee provided: Schedule 2.
 - 3) Marketable securities held (excluding investments in subsidiaries and associates): Schedule 3.
 - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - 5) Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None.
 - 6) Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.
 - 7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None
 - 8) Receivables from related parties amounting to at least NT\$100 millions or 20% of the paid-in capital: Schedule 4.
 - 9) Information about the derivative financial instruments transaction: None.
 - 10) Others: The business relationship between the parent and the subsidiaries and significant transactions between them: Please Schedule 7.
 - 11) Information of the investees: Schedule 5.
- (3) Investment Information in mainland China:
- 1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Schedule 6.
 - 2) Significant direct or indirect transactions with the investee, its prices and terms of payment and unrealized gains or losses: there are no significant transactions and unrealized gains or losses

between the parent company and the investee company in mainland China.

- A. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None.
- B. The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None.
- C. The amount of property transactions and the amount of the resultant gains or losses: None.
- D. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purpose: None.
- E. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.
- F. Other transactions that have material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

32. Segment Information

The Group defined its reportable segments as follows: :

Cement segment: producing and selling business for products related to cement.

Other segment: Other operations of non-cement business • The main business of ELUMINA Technology Inc. and its subsidiary Elumina Holding Ltd. and ELUMINA (Xiamen) company are producing and selling light-emitting Diode, and the unit of cash is transferred to discontinued operation on August, 2015; please see Note 23 for related instruction.

(1) Revenue of segments and operating results

The Group revenues and operating results analyzed by the operating segments were as follows:

	<u>Income of Department</u>		<u>Profit/Loss of Department</u>	
	Three months ended March 31, 2017	Three months ended March 31, 2016	Three months ended March 31, 2017	Three months ended March 31, 2016
Cement segment	\$ 884,069	\$ 983,929	\$ 30,551	\$ 130,601
Other segmentt	<u>10,834</u>	<u>11,707</u>	<u>(3,797)</u>	<u>330</u>
Total amount of business unit	<u>\$ 894,903</u>	<u>\$ 995,636</u>	26,754	130,931
Rent income			2,335	2,463
Interest revenue			563	419
Gains (losses) on disposals of investments			-	1,343
Foreign exchange gains(losses)			1,032	(851)
Interest expense			<u>(7,718)</u>	<u>(7,511)</u>
Profit from continuing operations before tax			22,966	126,794
Loss from discontinued operations before tax			<u>(322)</u>	<u>(1,007)</u>
Profit (loss) before tax			<u>\$ 22,644</u>	<u>\$ 125,787</u>

The revenue of segments reported above is generated with external client exchanges. There is no selling between segments in three months ended in March 31, 2017 and 2016.

The revenue of segments means the profits earned by each segment, excluded interest revenue which shall be apportioned, rent income, other income, grains (losses) on disposals of investments, foreign exchange gains(losses), other expense and interest expense.

(2) Total assets and liabilities of segments

	March 31, 2017	December 31, 2016	March 31, 2016
<u>Segment assets</u>			
Continuing operating segment			
Cement segment	\$ 4,205,908	\$ 4,349,220	\$ 4,304,042
Other segment	<u>3,395,401</u>	<u>3,401,208</u>	<u>3,433,437</u>
Total of segment assets	7,601,309	7,750,428	7,737,479
Assets related to discontinued operations	<u>2,724</u>	<u>2,216</u>	<u>3,633</u>
Total assets	<u>\$ 7,604,033</u>	<u>\$ 7,752,644</u>	<u>\$ 7,741,112</u>
<u>Segment liabilities</u>			
Continuing operating segment			
Cement segment	\$ 2,317,002	\$ 2,464,910	\$ 2,366,341
Other segment	<u>470,720</u>	<u>478,292</u>	<u>428,483</u>
Total of segment liabilities	2,787,722	2,943,202	2,794,824
Liabilities related to discontinued operations	<u>8,448</u>	<u>7,606</u>	<u>908</u>
Total liabilities	<u>\$ 2,796,170</u>	<u>\$ 2,950,808</u>	<u>\$ 2,795,732</u>

Lucky Cement Corporation and Subsidiaries
Financings Provided
For three months ended March 31, 2017

Schedule 1

Unit: NT\$1,000

No.	Company of Lending Funds	Borrower	Relation Account	Mmaximum Balance in Current Period	Where is the related party	Balance, end of the period (Note 4)	Amonut of real dealing (Note 5)	Interest rate collar (%)	Character on loan of funds (Note 1)	Amount between business	Necessary reasons for short term financial assets	Amount of allowance for uncollectible be submitted	Collateral		Limitation of loan of funds to individual party (Note 2)	Total limitation of loan of funds (Note 3)
													Name	Value		
0	Lucky Cement Corp.,	Dasheng Enterprise Co., Ltd.	Receivables of Affiliated Enterprise— Financing	\$ 390,000	Yes	\$ 390,000	\$ 333,700	1.939~1.988	(2)	\$ -	Operating Turnover	\$ -	—	—	\$ 477,785	\$ 1,911,139
0	Lucky Cement Corp.,	Luckyship Marine Co., Ltd.	Receivables of Affiliated Enterprise— Financing	30,000	Yes	30,000	8,700	1.939~1.988	(2)	-	Operating Turnover	-	—	—	477,785	1,911,139
0	Lucky Cement Corp.,	Lucky Cement Corp., Japan	Receivables of Affiliated Enterprise— Financing	10,000	Yes	10,000	-	-	(2)	-	Operating Turnover	-	—	—	477,785	1,911,139
1	Luckicon Ready-mixed Concrete Factory Co., Ltd.	Dasheng Enterprise Co., Ltd.	Receivables of Affiliated Enterprise— Financing	40,000	Yes	<u>40,000</u>	40,000	2.05	(2)	-	Operating Turnover	-	—	—	66,192	132,384
						<u>\$ 470,000</u>										

Note 1 : The expressions for nature of fund loan is as follows: :

(1) Party with business.

(2) Party with short-term financing need.

Note 2 : The subject whom Lucky Cement Corporation made loans is the shareholder of 50% above of subsidiary shall be kept less than 10% of end-of-year net value; the subject whom a loan was made is a shareholder of more than 20%, yet less than 50% shall be kept less than 5% of end-of-year net value; the rest shall be subject to 2% of end-of-year net value; Luckicon Ready-mixed Concrete Factory Co., Ltd. shall be subject to 20% of end-of-year net value.

Note 3 : It is subject to 40% of end-of-year net value of companies making loans.

Note 4 : It refers to the line of loan approved by the Board of Directors.

Note 5 : The trade between headquarter and subsidiary has been written off in the prepared financial statement.

Lucky Cement Corporation and Subsidiaries
Endorsement/Guarantee Provided
For three months ended March 31, 2017

Schedule 2

Unit: NT\$1,000, unless otherwise noted

No.	Company Name of endorser	The party for enforcement and guarantee		Limitation amount of enforcement and guarantee for single enterprise (Note 1)	Maximun balance of enforcement and guarantee in current period	Balance of enforcement and guarantee, end of the period	Amonut of real dealing	Amount of enforcement and guarantee by property guarantee	Ratio of accumulated amount of enforcement and guarantee to net value of financial statement of lastest period (%)	Maximun limitation on enforcement and guarantee (Note 2)	Enforcemen t and guarantee belong to parent vs. subsidiary company	Enforcemen t and guarantee belong to subsidiary vs. parent company	Enforcemen t and guarantee belong to Mainland China	R e m a r k
		Company	Relations											
0	Lucky Cement Corp.,	Dasheng Enterprise Co., Ltd.	Subsidiary	\$ 1,191,139	\$ 370,000	\$ 370,000	\$ 370,000	\$ 120,000 (Note 3)	7.75%	\$ 2,388,924	Y	—	—	
		Luckicon Ready-mixed Concrete Factory Co., Ltd.	Subsidiary	1,191,139	70,000	70,000	-	-	1.47%	2,388,924	Y	—	—	
		Luckyship Marine Co., Ltd.	Subsidiary	1,191,139	45,000	45,000	31,328	-	0.94%	2,388,924	Y	—	—	
		Lucky Cement Corp., Japan	Subsidiary	1,191,139	31,345 (USD1,000,000)	<u>-</u> <u>\$ 485,000</u>	-	-	-	2,388,924	Y	—	—	

Note 1 : The upper limit that Lucky Cement Corporation endorses for single company shall not go beyond 10% of the net value, except for limit of 40% accounting for the net value of subsidiary.

Note 2 : The gross line of endorsement approved by the Meeting of Shareholder shall be subject to 50% of the net value.

Note 3 : Other finance asset - restricted asset NT\$120,000,000 is provided as collateral.

Lucky Cement Corporation and Subsidiaries
Marketable Securities Held
March 31, 2017

Schedule 3

Unit: NT\$1,000

Company	Type and Name of Securities	Relationship with the Issuer of Securities	Account	End of period				Remarks
				Shares	Carrying Amount	(%)	Fair Value (Note 1)	
Lucky Cement Corp.,	<u>Non-listed (OTC) Company Common Stock</u>							Note 2
	CANDO CORPORATION	—	Non-current financial assets at cost	398,889	\$ -	0.1	\$ -	
	Jonfeng Mining Co., Ltd	—	Non-current financial assets at cost	1,071,428	12,094	10.58	14,184	
	Redwood Group Ltd	—	Non-current financial assets at cost	700,837	5,433	0.18	7,625	
	WK TECHNOLOGY FUND	—	Non-current financial assets at cost	2,890,000	17,000	2.22	16,068	
	<u>Listed (OTC) Company Common Stock</u>							
	Medigen Biotechnology Corporation	—	Current available-for-sale financial assets	28,628	1,718	-	1,718	
	United Microelectronics Corporation	—	Current available-for-sale financial assets	72,351	883	-	883	
	WINBOND ELECTRONICS CORP.	—	Current available-for-sale financial assets	119,500	2,032	-	2,032	
	First Financial Holding Co. Ltd.	—	Current available-for-sale financial assets	858	16	-	16	
	CAPITAL SECURITIES CORP.	—	Current available-for-sale financial assets	818	8	-	8	
	Hua Nan Financial Holdings Co. Ltd.	—	Current available-for-sale financial assets	367	6	-	6	
	China Development Financial	—	Current available-for-sale financial assets	13,496	112	-	112	
	Taiwan Cement Corp	—	Current available-for-sale financial assets	400,000	14,520	-	14,520	
	Asia Cement Corporation	—	Current available-for-sale financial assets	500,000	15,300	-	15,300	
	<u>Fund beneficiary certificate</u>							
	Future Asset Asia Pacific Real Estate Security Fund- Stock A, free of interest allocation	—	Current available-for-sale financial assets	100,000	910	-	910	
	Franklin Templeton Investment Funds-Franklin U.S. Government Fund Class A (Mdis) USD	—	Current available-for-sale financial assets	10,782	3,018	-	3,018	
	Eastspring Investments - US High Investment Grade Bond Fund - A		Current available-for-sale financial assets	3,598	1,526		1,526	

(To be continued)

(Continued)

Company	Type and Name of Securities	Relationship with the Issuer of Securities	Account	End of period				Remarks
				Shares	Carrying Amount	(%)	Fair Value (Note 1)	
Lucky Cement Corp.,	Old Mutual Total Return USD Bond Fund A Accumulation Shares	—	Current available-for-sale financial assets	2,602	1,562	-	1,562	
Luckyship Marine Co., Ltd.	<u>Non-listed (OTC) Company Common Stock</u>							
	Jonfeng Mining Co., Ltd.	—	Non-current financial assets at cost	35,129	1,239	0.35	469	
	<u>Listed (OTC) Company Common Stock</u> Medigen Biotechnology Corporation	—	Current available-for-sale financial assets	242	15	-	15	
Just Bright Ltd.	<u>Listed Company Common Stock</u> Global Lighting Technologies Inc.	—	Current available-for-sale financial assets	991,908	\$ 52,571	-	\$ 52,571	
Luckicon Ready-mixed Concrete Factory Co., Ltd.	<u>Fund Beneficiary Certificate</u>							
	Huanan Bank Yungchang Kirin Monetary Market Fund	—	Current available-for-sale financial assets	440,966	5,236	-	5,236	
	UPAMC James Bond Money Market	—	Current available-for-sale financial assets	1,210,311	20,057	-	20,057	
	MEGA BAOJUAN Money Market Fund	—	Current available-for-sale financial assets	2,421,953	30,100	-	30,100	
	First Bank Allianz Global Investors Target Multi Income Fund	—	Current available-for-sale financial assets	50,000	477	-	477	
	Shin Kong Emerging ASEAN Bond Fund	—	Current available-for-sale financial assets	500,015	4,984	-	4,984	
	TSG Phnom Penh Real Estate Development Fund	—	Non-current available-for-sale financial assets	500	18,061	-	18,061	
	<u>Marketable Security - Corporate Bond</u> The Cathay United Jenai EMC USD Fixed Interest Allocation Bond	—	Current available-for-sale financial assets	-	5,780	-	5,780	

(To be continued)

(Continued)

Note 1 : Reference of fair value: If there is no market price of non-current financial assets at cost for reference then according to the latest net equity; the stock of available-for-sale of financial assets is the closed price at end of March 2017; its fund beneficiary certificate of available-for-sale financial assets is net value at the end of March 2017; the marketable security - corporate bond of available-for-sale financial assets is the market price at the end of March 2017.

Note 2 : It has been recognized as loss of impairments.

Note 3 : Please refer to Schedule 5 and 6 for info regarding to subsidiary investment.

Lucky Cement Corporation and Subsidiaries
 Receivables from Related Parties Amounting to at least NT\$100 Million or 20% of the Paid-in Capital
 March 31, 2017

Schedule 4

Unit: NT\$1,000

Company of Accounts R e c e i v a b l e	Transaction Counterpart	Relations	Balance of Accounts Receivable due from Related Parties (Note)	Turnover Rate	Accounts Receivable past-due from R e l a t e d P a r t i e s		Balance of Accounts Receivable due from Related Parties, Receive Amount after end of the period	Recognized Amount of Allowance for Bad Debts
					Amount	Disposal Method		
Lucky Cement Corp.,	Dasheng Enterprise Co., Ltd.	Subsidiary	Financing \$ 334,244	—	\$ -	—	\$220,544	\$ -

Note : It has been written off in the prepared financial statement.

Lucky Cement Corporation and Subsidiaries
Names, Locations, and Related Information of Investees
For three months ended March 31, 2017

Schedule 5

Unit: NT\$1,000

Investment company	Invested company	A d d r e s s	Main business items	Original investment amount (Note 9)		Holding at the end of the period			Current (loss) profit of invested company	Investment (loss) profit accounted this Period (Note 1)	R e m a r k s
				At the end of the period	End of last year	Number of shares	Rate	Carrying Amount			
Lucky Cement Corp.,	Dasheng Enterprise Co., Ltd.	14F., No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Real Estate Sales & Lease	\$ 1,877,473	\$ 1,877,473	158,294,180	99.99	\$ 2,298,849	(\$ 5,616)	(\$ 5,615)	Note1 & 5
	Luckicon Ready-mixed Concrete Factory Co., Ltd.	No.191, Sec. 1, Meishi Rd., Yangmei Dist., Taoyuan City 326, Taiwan (R.O.C.)	Ready-mixed Concrete Manufacture & Trades	99,998	99,998	21,999,868	99.99	330,959	(1,673)	(1,673)	Note1 & 5
	Just Bright Ltd.	Tropic Isle Building, PO Box 438, Road Town, Tortola, British Virgin Islands	Investment Business	1,566	1,566	50,000	100.00	52,629	-	-	Note4 & 5
	Luckyship Marine Co., Ltd.	13F., No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Shipping Agent	8,615	8,615	5,499,929	99.99	30,117	(4,276)	(4,276)	Note2、4 & 5
	Lucky Cement Corp., Japan	Aichi, Japan hekinan Yu Jin-Pu-cho 12 gu	Cement Trading	84,959	84,959	200	100.00	27,349	801	801	Note4、5 & 8
	ELUMINA Technology Inc.	12F., No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Manufacture and Sale Light-emitting Diode Products	93,384	93,384	9,338,400	70.59	-	(322)	(227)	Note3、4 & 6
	Fuyu Development Company	13F., No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Mine Gravel	7,500	7,500	750,000	75.00	25,586	(103)	(77)	Note4 & 5
ELUMINA Technology Inc.	ELUMINA HOLDING LIMITED	Beaufort House, P. O. Box 438, Road Town, Tortola, British Virgin Islands	Holding Company	45,563	45,563	1,282,000	100.00	330	(1)	(1)	Note4 及 5

Note 1 : It has been calucated pursuant to the Accountant' s reviewed financial statement. °

Note 2 : Deducted countercurrent unrealized losses NT\$1,900,000

Note 3 : The book value aggregated to (minus) NT\$27,125,000 as of March 31, 2017 and recognized as other liability

Note 4 : It has been calucated pursuant Without the Accountant' s reviewed financial statement.

Note 5 : The book value of long-term equity investment accounted investment profit/loss and net equity of the invested company have been written off in the prepared financial statement.

Note 6 : The aggregated (minus) book value of long-term equity investment, accounted investment profit/loss and net equity of the invested company have been written off in the prepared financial statement

Note 7 : Please refer to Shcedule 6 for the information regarding to the invested company in China.

Note 8 : Original investment amount that the Company invested in Lucky Cement Corp., Japan and did not finish equity registration is 340,884,000 Japanese Yen in March 31, 2017.

Lucky Cement Corporation and Subsidiaries
Investment Information in Mainland China
For three months ended March 31, 2017

Schedule 6

Unit : NT\$1,000, unless otherwise noted

Invested company in China	Major business	Paid-up capital	Inventory type (Note 1)	The amount of accumulated investment remitted from Taiwan at the beginning of the period (Note 4)	Remittance or recovery of investment amount in this period		The amount of accumulated investment remitted from Taiwan at the end of the period	Current profit and loss of invested company (Note 2 & 5)	The proportion of shares held by the Company directly or indirectly	Investment (Loss) profit accounted of this period (Note 2 & 5)	Book value of end-of-period investment (Note 2 & 5)	Investment income has been remitted as of this period
					Remittance	Recovered						
ELUMINA (Xiamen) Technology Inc.	Manufacture and sale light-emitting diode products	\$ 80,631	(2)	\$ 80,631	\$ -	\$ -	\$ 80,631	(\$ 1)	70.59%	(\$ 1)	\$ 255	\$ -

Cumulative amount of investment from Taiwan investing China at end of this period	Investment Review Committee of the Ministry of Economic Affairs approved amount of investment	Upper limit of investment to China pursuant to regulation of Investment Review Committee of the Ministry of Economic Affairs (Note 3)
USD2,522,000	USD1,286,000	\$4,777,847×60%=\$2,866,708

Note 1 : Investment mode has the following three kinds, wherein types are presented hereof:

- (1) Direct investment in China.
- (2) Invest in China companies through companies in the third area (investment company of the third area is ELUMINA HOLDING LIMITED) .
- (3) Others

Note 2 : Calculation of financial statement without Review by Taiwan Headquarter’ s Certified Accountant. °

Note 3 : Calculated by the limits set forth in the “China Investment or Technic Cooperation & Review Principle” issued by Investment & Review Committee, March 31,2008

Note 4: The dismissal has passed in the Headquarter’ s Board of Directors on August 11, 2015 and liquidation & dismissal process was remains pending as of March 31, 2017.

Note 5 : It has been written off in the preparation of consolidated financial statement.

Lucky Cement Corporation and Subsidiary
Intercompany Relationships and Significant Intercompany Transactions
For three months ended March 31, 2017

Schedule 7

Unit : NT\$1,000

No.	Name of Trader	Subject in Trade	Relations with trader (Note 1)	State of Trade			
				Account	Amount	Condition of Trade	The ratio of total revenue or total a s s e t s (%)
0	Lucky Cement Corp.,	Luckicon Ready-mixed Concrete Factory Co., Ltd.	1	Accounts receivable	\$ 22,207	Above 90 days	0.29
	Lucky Cement Corp.,	Luckicon Ready-mixed Concrete Factory Co., Ltd.	1	Other receivables	81	Above 90 days	-
	Lucky Cement Corp.,	Luckicon Ready-mixed Concrete Factory Co., Ltd.	1	Cement pending in delivery and advance sales receipts	7,520	Above 90 days	0.10
	Lucky Cement Corp.,	Luckicon Ready-mixed Concrete Factory Co., Ltd.	1	Sales revenue	47,578	Above 90 days	5.32
	Lucky Cement Corp.,	Luckicon Ready-mixed Concrete Factory Co., Ltd.	1	Rent income	381	30 days	0.04
	Lucky Cement Corp.,	Fuyu Development Company	1	Other payable	424	Above 90 days	0.01
	Lucky Cement Corp.,	Fuyu Development Company	1	Cost of sales	357	Above 90 days	0.04
	Lucky Cement Corp.,	Fuyu Development Company	1	Rent income	4,970	Above 90 days	0.56
	Lucky Cement Corp.,	Fuyu Development Company	1	Other income	300	30 days	0.03
	Lucky Cement Corp.,	Luckyship Marine Co., Ltd.	1	Other financial assets - Financing Payment	8,700	Financing, did not express the repayment period	0.11
	Lucky Cement Corp.,	Luckyship Marine Co., Ltd.	1	Other receivables	18	Above 90 days	-
	Lucky Cement Corp.,	Luckyship Marine Co., Ltd.	1	Rent income	64	30 days	0.01
	Lucky Cement Corp.,	Dasheng Enterprise Co., Ltd.	1	Other financial assets - Financing Payment	333,700	Financing, did not express the repayment period	4.39
	Lucky Cement Corp.,	Dasheng Enterprise Co., Ltd.	1	Other receivables	544	Above 90 days	0.01
	Lucky Cement Corp.,	Dasheng Enterprise Co., Ltd.	1	Rent income	20	30 days	-
	Lucky Cement Corp.,	Dasheng Enterprise Co., Ltd.	1	Interest income	1,560	30 days	0.17
1	Luckicon Ready-mixed Concrete Factory Co., Ltd.	Fuyu Development Company	1	Rent income	2,250	30 days	0.25
	Luckicon Ready-mixed Concrete Factory Co., Ltd.	Dasheng Enterprise Co., Ltd.	3	Accounts receivable	2,435	Above 90 days	0.03
	Luckicon Ready-mixed Concrete Factory Co., Ltd.	Dasheng Enterprise Co., Ltd.	3	Other financial assets - Financing Payment	40,000	Financing, did not express the repayment period	0.53
	Luckicon Ready-mixed Concrete Factory Co., Ltd.	Dasheng Enterprise Co., Ltd.	3	Other receivables	70	Above 90 days	-
	Luckicon Ready-mixed Concrete Factory Co., Ltd.	Dasheng Enterprise Co., Ltd.	3	Sales revenue	2,382	Above 90 days	0.27
	Luckicon Ready-mixed Concrete Factory Co., Ltd.	Dasheng Enterprise Co., Ltd.	3	Interest income	202	30 days	0.02
	Luckicon Ready-mixed Concrete Factory Co., Ltd.	Dasheng Enterprise Co., Ltd.	3				

Note 1 : The relationships among the transaction parties are as follows:

1. The Company to the subsidiary
2. The subsidiary to the Company
3. Between subsidiaries