Stock Code：1108

Lucky Cement Corporation and Subsidiaries

Consolidated Financial Statements for the
Years Ended December 31, 2018 and 2017 and
Independent Auditors' 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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REPRESENTATION LETTER

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

Very truly yours,

Lucky Cement Corporation
By

Chen, Liang-Chuan
Chairman
March 22, 2019

Independent Auditors' Report

The Board of Directors and Shareholders
Lucky Cement Corporation

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2018 are state as follows:

<u>Inventory Valuation</u>

The Group measures inventory costs with the method of comparing costs or net realizable value; except for the inventory of the same category, each item is regarded as basis during comparing the cost and the net realizable value; please see Note 4 (6) for relevant accounting policies; please see Note 5 (1) for relevant accounting judgments, estimating and assumption of the uncertainty.

The inventory amounts are NT$ 478,922,000 excluding developing property and property to be developed (please see Note 12) on December 31, 2018, and they account for 7% of total assets of consolidated financial statements on December 31, 2018. The main items are materials and products; the costs and relevant prices are affected by cement market, domestic housing market and government real estate policy and have violent fluctuates which causing risk for net realizable value lower than carrying amount. Following the regulation of "Inventory" of IAS 2, the assessment of the net realizable value of inventories involves estimates and judgments, and the results of their judgments directly affect the recognition of the amount of profit and loss, the key audit matters are listed.

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

1. Validated the calculation of inventory cost at the end period and the decision method to evaluate the net realizable value to confirm that the inventory has been evaluated at lower of cost or net realizable value.
2. Inspected the book value of inventory based on the evaluation documents for the inventory on December 31, 2018, to make sure the completeness of its evaluation details. We sampled and got the latest raw material quotation or sales invoice to verify the net realizable value which has significant discrepancies with reference price or not, and recalculated inventory value to assess the appropriateness of its evaluation basis.
3. Assessed whether there was any outdated or damaged inventory, when the stocktaking did at the end of the year.

Valuation for Developing Property and Property to Be Developed

The Group measures developing property and property to be developed with the method of comparing costs or net realizable value, please see Note 4 (6) for relevant accounting policies; please see Note 5 (2) for relevant accounting judgments, estimating and assumption of the uncertainty.

The amount that the Group invested in developing property and property to be developed is NT$ 3,132,048,000 (please see Note 12) on December 31, 2018, and they account for 43% of total assets of consolidated financial statements on December 31, 2018. Due to the significant amount of developing property and property to be developed, and which are still in the phase of developing, the management assessed the net realized value of developing property and property to be developed in accordance with IAS2 “Inventory”, and entrusted external experts to issue property valuation report as a basis for assessing the net realizable value, which involved estimation and judgment, and its judgment result directly affects the recognition of the amount of profit and loss, the key audit matters are listed.

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

1. Evaluate the professional competence, capability and objectivity of the independent real estate appraiser entrusted by the management of the Group and verify the qualification of the evaluator. It also discusses with its management the scope of work of the evaluators and reviews the terms of their appointment to confirm that there are no matters affecting their objectivity or limiting their scope of work.
2. Evaluate the real estate appraisers’ reasonableness of the value estimate, the assumptions and evaluation methods used in the contents and check whether the net realizable value is appropriate.
3. Verify the rationality of important assumptions and parameters, such as checking the disclosur information of the parameters.

Other Matter

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

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

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

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

Those charged with governance (including Independent Directors and Supervisors) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risk of significant misstatement of the consolidated financial statements, whether due to fraud or error, the appropriate response to the design and implementation of the risk to be assessed, and obtain sufficient and appropriate audit evidence as a basis for our opinion. Because the fraud may involve conspiracy, forgery, intentional omission, false declaration or overstepped internal control, the risk of failure to detect the significant false expression of fraud is higher than the cause of error.
2. Obtain a necessary understanding of internal control relevant to the audit in order to design the audit procedures that are appropriate in the circumstance, but not for the purpose of expressing any opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Concluded on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or situations that may significantly doubt on the Group's ability to continue operation. If we conclude that a material uncertainty exists, we had to draw attention in our auditors' report to related disclosures in the consolidated

financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or situations may cause the Group to lose the ability to continue operation.

5. Evaluate the overall presentation, structure and content of consolidated financial reports (including related notes) and whether the consolidated financial statements fairly express transactions and events.
6. Obtain adequate and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express the opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit case. We are responsible for our audit opinion.

We communicate with those charged with governance regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during our audit.

We also provide those charged with governance with a declaration that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may be deemed to affect our independence (including the related safeguards).

From the matters communicated with those charged with governance, we decide the key audit matters of the Group's consolidated financial statements for the year ended December 31, 2018. We describe these matters in auditors' report unless the Act precludes public disclosure about the matter when, in extremely rare cases, we decide that a matter should not be communicated in auditors' report, because it is reasonable to expect the negative impact of this communication to outweigh the enhanced public interest.

Deloitte & Touche

Accountants Huang, Hai-Yue		Accountants Liu, Yong-Fu
The approval number of Securities and Futures Commission No. 0920131587 of Taiwan-Finance-Securities	&	The approval number of Securities and Futures Commission No. 0920123784 of Taiwan-Finance-Securities

March 22, 2019

Lucky Cement Corporation and Subsidiaries
Consolidated Balance Sheets
December 31, 2018and 2017

In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2018 Amount	%	December 31, 2017 Amount	%
	Current Assets				
1100	Cash and cash equivalents（Note 4 & 6）	$ 198,802	3	$ 251,893	4
1110	Current financial assets at fair value through profit or loss(Note 4 & 7）	43,370	1	-	-
1120	Current financial assets at fair value through other comprehensive income（Note 4 & 8）	142,250	2	-	-
1125	Available-for-sale financial assets（Note 4 & 9）	-	-	151,476	2
1150	Notes receivable, net（Note 4 & 11）	317,921	4	392,263	6
1160	Notes receivable due from related parties, net（Note 4, 11 & 33）	5,170	-	-	-
1170	Accounts receivable, net（Note 4 & 11）	262,504	4	198,238	3
1180	Accounts receivable due from related parties, net（Note 4, 11 & 33）	11,140	-	8,861	-
1200	Other receivable（Note 4 & 33）	5,650	-	3,514	-
1220	Current tax assets（Note 4 & 26）	21,288	-	16,642	-
130X	Inventories（Note 4, 5 & 12）	3,610,970	50	3,773,847	52
1410	Prepayments（Note 14）	181,273	3	163,767	2
1476	Other current financial assets（Note 15 & 32）	108,232	1	133,348	2
1479	Other current assets（Note 16）	29,959	-	27,222	-
11XX	Total Current Assets	4,938,529	68	5,121,071	71
	Non-Current Assets				
1510	Non-current financial assets at fair value through profit or loss（Note 4 & 7）	6,535	-	-	-
1517	Non-current financial assets at fair value through other comprehensive income（Note 4 & 8）	19,015	-	-	-
1523	Non-current available-for-sale financial assets（Note 4 & 9）	-	-	8,949	-
1543	Non-current financial assets at cost（Note 4 & 10）	-	-	23,216	-
1600	Property, plant, and equipment（Note 4 & 17）	1,877,077	26	1,648,561	23
1840	Deferred tax assets（Note 4 & 26）	143,366	2	157,911	2
1920	Guarantee deposits paid	90,351	1	88,131	1
1990	Other non-current assets（Note 18）	218,624	3	189,013	3
15XX	Total Non-Current Assets	2,354,968	32	2,115,781	29
1XXX	Total Assets	$ 7,293,497	100	$ 7,236,852	100
Code	**Liabilities and Equity**				
	Current Liabilities				
2100	Short-term borrowings（Note 19 & 34）	$ 852,651	12	$ 873,642	12
2110	Short-term notes and bills payable（Note 19）	219,736	3	139,577	2
2130	Contract liabilities（Note 24）	198,806	3	-	-
2150	Notes payable（Note 20）	148,346	2	186,975	3
2160	Notes payable to related parties（Note 20 & 33）	43,594	1	26,747	-
2170	Accounts payable（Note 20）	114,859	1	126,733	2
2180	Accounts payable to related parties（Note 2 & 33）	23,540	-	66,229	1
2219	Other payables（Note 21）	118,173	2	120,788	2
2220	Other payables to related parties（Note 33）	1,157	-	20,777	-
2230	Current tax liabilities（Note 26）	238	-	13,235	-
2310	Advance receipts	-	-	231,276	3
2320	Long-term liabilities, current portion（Note 19 & 34）	11,200	-	111,200	2
2399	Other current liabilities	3,769	-	7,969	-
21XX	Total Current Liabilities	1,736,069	24	1,925,148	27
	Non-Current Liabilities				
2540	Long-term borrowings（Note 19 & 34）	1,160,438	16	691,638	9
2570	Deferred tax liabilities（Note 4 & 26）	33,935	-	41,771	1
2640	Net defined benefit liability（Note 4& 22）	60,826	1	68,649	1
2645	Guarantee deposits received	29,431	-	35,304	-
2655	Shareholder accounts（Note 33）	45,800	1	45,800	1
25XX	Total Non-Current Liabilities	1,330,430	18	883,162	12
2XXX	Total Liabilities	3,066,499	42	2,808,310	39
	Equity Attributable to the Owner Company（Note 23）				
3110	Ordinary share	4,047,380	55	4,047,380	56
3200	Capital surplus	8	-	8	-
	Retained earnings				
3310	Legal reserve	166,309	3	166,309	2
3320	Special reserve	17,376	-	14,135	-
3350	Un-appropriated retained earnings(accumulated deficit)	(1,032)	-	177,528	3
3300	Total Retained Earnings	182,653	3	357,972	5
3400	Other Equity	(3,121)	-	(3,241)	-
31XX	Total Equity Attributable to Owners of Parent	4,226,920	58	4,402,119	61
36XX	Non-Controlling Interests（Note 23）	78	-	26,423	-
3XXX	Total Equity	4,226,998	58	4,428,542	61
	Total Liabilities and Equity	$ 7,293,497	100	$ 7,236,852	100

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

Lucky Cement Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2018 and 2017

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

		2018		2017	
Code		Amount	%	Amount	%
	Operating Revenue （Note 4 & 33）				
4110	Sales revenue	$ 3,332,514	100	$ 3,437,942	100
4190	Less：Sales discounts and allowances	(1,913)	-	(3,488)	-
4100	Net sales revenue	3,330,601	100	3,434,454	100
5000	Operating costs （Note 12, 25 & 33）	3,283,834	99	3,305,953	96
5900	Gross Profit from operations	46,767	1	128,501	4
	Operating expenses （Note 25 & 33）				
6100	Selling expense	105,704	3	102,141	3
6200	Administrative expenses	110,714	4	119,077	4
6450	Expected credit impairment loss	1,594	-	-	-
6000	Total Operating Expenses	218,012	7	221,218	7
6500	Net other income(expenses) （Note 25）	16,103	1	(7,627)	-
6900	Net operating income(loss)	(155,142)	(5)	(100,344)	(3)
	Non-Operating Income and Expense （Note 4, 25 & 33）				
7100	Interest income	2,170	-	1,935	-
7110	Rent income	9,008	-	9,621	-
7190	Other income	17,928	1	15,272	1
7225	Gain (loss) on disposals of investments	289	-	(437)	-
7230	Foreign exchange gains or loss	172	-	1,075	-
7235	Gains (losses) on financial assets at FVPL	(3,417)	-	-	-

(To be continued)

(Continued)

Code		2018 Amount	2018 %	2017 Amount	2017 %
7590	Miscellaneous disbursements (Note 13)	(30,253)	(1)	(15,400)	-
7510	Interest Expense	(32,417)	(1)	(30,733)	(1)
7000	Total Non-Operating Income and Expenses	(36,520)	(1)	(18,667)	-
7900	Profit (loss) from continuing operations before tax	($ 191,662)	(6)	($ 119,011)	(3)
7950	Tax income (expense) (Note 4 & 26)	(9,280)	-	16,708	-
8000	Profit (loss) from continuing operations	(200,942)	(6)	(102,303)	(3)
8100	Profit (loss) from discontinued operations (Note 4 & 27)	(672)	-	(775)	-
8200	Profit (loss)	(201,614)	(6)	(103,078)	(3)
	Other comprehensive income				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Re-measurement of defined benefit plans (Note 22)	2,825	-	5,019	-
8316	Unrealized gains (losses) from investments in equity instruments measured at FVOCI	(12,958)	-	-	-
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	15,845	-	(1,348)	-

(To be continued)

(Continued)

Code		2018 Amount	2018 %	2017 Amount	2017 %
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	(29,294)	(1)
8367	Unrealized gains (losses) from investments in Debt instruments measured at FVOCI	(747)	-	-	-
8300	Other comprehensive income or loss, net	4,965	-	(25,623)	(1)
8500	Total comprehensive income	($ 196,649)	(6)	($ 128,701)	(4)
	Profit (loss), attributable to：				
8610	Attributable to owner of parent	($ 176,971)	(5)	($ 101,111)	(3)
8620	Attributable to non-controlling interests	(24,643)	(1)	(1,967)	-
8600		($ 201,614)	(6)	($ 103,078)	(3)
	Comprehensive income attributable to:				
8710	Attributable to owner of parent	($ 172,004)	(5)	($ 126,733)	(4)
8720	Attributable to non-controlling interests	(24,645)	(1)	(1,968)	-
8700		($ 196,649)	(6)	($ 128,701)	(4)
	Earnings (loss) per share（Note 28）				
	From continuing operations and discontinuing operations				
9750	Basic	($ 0.44)		($ 0.25)	
	From continuing operations				
9710	Basic	($ 0.44)		($ 0.25)	

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

Lucky Cement Corporation and Subsidiaries

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2018 and 2017

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

Code		Equity Attributable to Shareholders of the Parent										
				Retained Earnings			Others					
		Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings（accumulated deficit）	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Unrealized gains (losses) from financial assets measured at FVOCI	Total	Non-controlling Interests	Total Equity
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
	2016 Appropriation and Distribution of Retained Earnings：											
B1	Legal Reserve	-	-	31,533	-	(31,533)	-	-	-	-	-	-
B5	Cash Dividends－NT$ 0.6 Per Share	-	-	-	-	(242,843)	-	-	-	(242,843)	-	(242,843)
O1	Subsidiary Shareholders'' Cash Dividends	-	-	-	-	-	-	-	-	-	(1,750)	(1,750)
D1	Net income (loss) in 2017	-	-	-	-	(101,111)	-	-	-	(101,111)	(1,967)	(103,078)
D3	Other comprehensive income (loss) in 2017	-	-	-	-	5,019	(1,347)	(29,294)	-	(25,622)	(1)	(25,623)
D5	Total comprehensive income (loss) in 2017	-	-	-	-	(96,092)	(1,347)	(29,294)	-	(126,733)	(1,968)	(128,701)
Z1	Balance, December 31, 2017	4,047,380	8	166,309	14,135	177,528	(8,187)	4,946	-	4,402,119	26,423	4,428,542
A3	Effects of retrospective application	-	-	-	-	(2,887)	-	(4,946)	5,716	(2,117)	-	(2,117)
	Adjusted balance, January 1, 2018	4,047,380	8	166,309	14,135	174,641	(8,187)	-	5,716	4,400,002	26,423	4,426,425
	Appropriation of retained earnings in 2017:											
B3	Special reserve	-	-	-	3,241	(3,241)	-	-	-	-	-	-
D1	Net income (loss) in 2018	-	-	-	-	(176,971)	-	-	-	(176,971)	(24,643)	(201,614)
D3	Other comprehensive income (loss) in 2018	-	-	-	-	2,825	15,847	-	(13,705)	4,967	(2)	4,965
D5	Total comprehensive income (loss) in 2018	-	-	-	-	(174,146)	15,847	-	(13,705)	(172,004)	(24,645)	(196,649)
I1	Increase in non-controlling interestests, net	-	-	-	-	-	-	-	-	-	2,293	2,293
M7	Total equity exchanges for subsidiary	-	-	-	-	(1,078)	-	-	-	(1,078)	(3,993)	(5,071)
Q1	Disposal of equity instruments measured at FVOCI	-	-	-	-	2,792	-	-	(2,792)	-	-	-
Z1	Balance, December 31, 2018	$ 4,047,380	$ 8	$ 166,309	$ 17,376	($ 1,032)	$ 7,660	$ -	($ 10,781)	$ 4,226,920	$ 78	$ 4,226,998

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

Lucky Cement Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2018 and 2017

In Thousands of New Taiwan Dollars

Code		2018	2017
	Cash Flow from Operating Activities		
A00010	Profit (loss) from continuing operations before tax	($ 191,662)	($ 119,011)
A00020	loss from discontinued operations before tax	(672)	(775)
A10000	Profit (loss) before Tax	(192,334)	(119,786)
A20000	Adjustments:		
A20300	Expected credit impairment loss／bad debt expense	1,594	8,745
A20100	Depreciation expense	238,371	268,510
A20200	Amortization expense	8,903	9,420
A20400	Net losses on financial assets at FVPL	3,417	-
A20900	Interest expense	32,417	30,733
A21200	Interest income	(2,170)	(1,935)
A21300	Dividend income	(2,537)	(4,194)
A22500	Loss (gain) on disposal of property, plant and equipment	(16,103)	(265)
A23100	Loss (gain) on disposal of financial assets	(289)	437
A23700	Impairment loss on property, plant and equipment	-	7,892
A22900	Other expense（Note 13）	14,620	-
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	74,342	48,269
A31140	Notes receivable due from related parties	(5,170)	12,050
A31150	Accounts receivable	(66,017)	96,775
A31160	Accounts receivable due from related parties	(2,279)	14,499
A31180	Other receivable	(2,034)	(2,319)
A31200	Inventories	162,876	(150,780)
A31230	Prepayments	(17,505)	5,216
A31240	Other current assets	(2,750)	(5,788)
A32125	Contract liabilities	(32,470)	-
A32130	Notes payable	(38,629)	31,133
A32140	Notes payable to related parties	16,848	(64,439)
A32150	Accounts payable	(11,874)	(45,713)

(To be continued)

(Continued)

Code		2018	2017
A32160	Accounts payable to related parties	(42,689)	(24,204)
A32180	Other payable	(2,238)	(47,774)
A32190	Other payable to related parties	(1,292)	845
A32210	Receipts in advance	-	75,564
A32230	Other current liabilities	($ 4,201)	($ 4,389)
A32240	Net defined benefit liability	(7,823)	1,432
A33000	Cash inflow generated from operations	102,984	139,934
A33100	Interest received	1,697	2,324
A33300	Interest paid	(32,635)	(31,598)
A33500	Income taxes paid	(20,214)	(29,623)
AAAA	Net cash flows from operating activities	51,832	81,037
	Cash Flow from Investing Activities		
B00010	Acquisition of financial assets at FVOCI	(105,295)	-
B00020	Proceeds from disposal of financial assets at FVOCI	36,403	-
B00030	Proceeds from capital reduction of financial assets at FVOCI	2,890	-
B00100	Acquisition of financial assets at FVPL, designated as upon initial recognition	(11,025)	-
B00200	Proceeds from disposal of financial assets at FVPL, designated as upon initial recognition	33,943	-
B00300	Acquisition of available-for-sale financial assets	-	(35,235)
B00400	Proceeds from disposal of available-for-sale financial assets	-	31,120
B01400	Proceeds from capital reduction of financial assets at cost	-	14,450
B02700	Acquisition of property, plant and equipment	(467,835)	(37,853)
B02800	Proceeds from disposal of property, plant and equipment	17,461	12,528
B03800	Decrease in refundable deposits （increase）	(2,220)	621
B06600	Decrease in other financial assets	25,116	231,350
B06800	Decrease (increase) in other non-current assets	(38,514)	28,498
B07600	Dividends received	2,537	4,194
BBBB	Net cash flows from (used in) investing activities	(506,539)	249,673

(TO be continued)

(Continued)

Code		2018	2017
	Cash flows from financing activities		
C00100	Increase (decrease) in short-term loans	(20,991)	(312,187)
C00600	Increase (decrease) in short-term notes and bills payable（Note 29）	80,000	(90,000)
C01600	Proceeds from long-term debt	580,000	780,000
C01700	Repayments of long-term debt	(211,200)	(427,200)
C03000	Increase in guarantee deposits received (Decrease)	(5,873)	2,371
C03700	Increase in other payables to related parties (Decrease)	(18,328)	-
C04500	Cash dividends paid	$ -	($ 242,843)
C05400	Acquisition of ownership interests in subsidiaries	(5,071)	-
C05800	Dividends paid in non-controlling interests	-	(1,750)
C09900	Increase in non-controlling interests	2,293	-
CCCC	Net cash flows from (used in) financing activities	400,830	(291,609)
DDDD	Effect of exchange rate changes on cash	786	(298)
EEEE	Net increase (decrease) in cash and cash equivalents	(53,091)	38,803
E00100	Cash and cash equivalents at beginning of period	251,893	213,090
E00200	Cash and cash equivalents at beginning of period	$ 198,802	$ 251,893

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

Lucky Cement Corporation and Subsidiaries

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2018 and 2017

(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 March 22, 2019.

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.

A. IFRS 9 "Financial Instruments" and related amendments

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

Classification, measurement and impairment of financial assets

Based on the facts and circumstances existing on January 1, 2018, the Group assesses the classification of existing financial assets on that day for retrospective adjustment, and chooses not to restate the comparative period. The changed situation on measurement categories and carrying amount for each class of the Group's financial assets when retrospectively applying IAS 39 and IFRS 9 on January 1, 2018 is detailed below:

	Measurement Categories		Carrying Amount		
Financial Assets	IAS 39	IFRS 9	IAS 39	IFRS 9	Note
Cash and cash equivalents	Loans and receivables	Amortised cost	$ 251,893	$ 251,893	(5)
Stock investment	Available-for-sale financial assets	Investments in equity instruments measured at fair value through other comprehensive income (FVOCI)	78,736	78,736	(1)
	Financial assets at cost	Investments in equity instruments measured at FVOCI	23,216	24,107	(2)
Fund beneficiary certificate	Available-for-sale financial assets	mandatorily measured at fair value through profit or loss (FVPL)	75,937	75,937	(3)
Bond investment	Available-for-sale financial assets	Investments in debt instruments measured at FVOCI	5,752	5,752	(4)
Notes receivable, accounts receivable and other receivables	Loans and receivables	Amortised cost	602,876	599,868	(5)
Restricted assets	Loans and receivables	Amortised cost	218,754	218,754	(5)

	Carry Amount as of January 1, 2018 (IAS 39)	Reclassifications	Remeasurements	Carry Amount as of January 1, 2018 (IFRS 9)	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Note
Financial assets at FVPL							
Add：Reclassifications from available-for-sale financial assets（IAS 39）							
- Mandatory reclassifications	$ -	$ 75,937	$ -	$ 75,937	($ 7,379)	$ 7,379	(3)
Financial assets at FVOCI							
－Debt instruments							
Add：Reclassifications from available-for-sale financial assets（IAS 39）	-	5,752	-	5,752	-	-	(4)
－Equity instruments							
Add：Reclassifications from available-for-sale financial assets（IAS 39）	-	78,736	-	78,736	-	-	(1)
Add：Reclassifications from financial assets at cost（IAS 39）	-	23,216	891	24,107	7,500	(6,609)	(2)
	-	107,704	891	108,595	7,500	(6,609)	
Financial assets at amortised cost							
Add：Reclassifications from loans and receivables（IAS 39）	-	1,073,523	(3,008)	1,070,515	(3,008)	-	(5)
Total	$ -	$ 1,257,164	($ 2,117)	$ 1,255,047	($ 2,887)	$ 770	

① Originally, the stock investment classified as available-for-sale financial assets in accordance with IAS 39, the Group's choice was classified according to IFRS 9 as mandatorily measured at FVOCI, and related other equity - unrealized gains (losses) on available-for-sale financial assets NT$11,906,000 is classified as other equity - unrealized gains (losses) on financial assets measured at FVOCI.

② The unlisted (OTC) stock investments originally measured at cost according to IAS 39 are classified as IFRS 9 and are mandatorily measured at FVOCI, and should be remeasured at fair value. Due to retroactive application, the adjustments of unrealized gains (losses) on financial assets measured at FVOCI decreased by NT$6,609,000 and retained earnings adjustments increased by NT$7,500,000 on January 1, 2018.

③ The fund beneficiary certificates were originally classified as available-for-sale financial assets in accordance with IAS 39. Because its cash flow is not entirely for the payment of principal and interest on the outstanding principal amount, and is not an equity instrument, it is mandatorily categorised under IFRS 9 as a measure of FVPL. As a result of the retrospective application, the other equity–the adjustments of unrealized gains (losses) on available-for-sale financial assets increased by

NT$7,379,000 and the retained earnings adjustment decreased by NT$7,379,000 on January 1, 2018.

④ The bond investments were originally classified as available-for-sale financial assets in accordance with IAS 39, its original contractual cash flows entirely paid for the payment of principal and interest on the outstanding principal amount. In accordance with the facts and circumstances on January 1, 2018, the evaluation business model was to hold financial assets to achieve the purpose of collecting contractual cash flows and selling financial assets, and to classify as IFRS 9 as FVOCIf, and related other equity - unrealized gains (losses) on available-for-sale financial assets of NT$419,000 was reclassified as other equity - unrealized gains (losses) on financial assets measured at FVOCI.

⑤ Cash and cash equivalents, notes receivable, accounts receivable, other receivables and restricted assets were originally classified as loans and receivables in accordance with IAS 39, and are classified as financial assets measured at amortised cost in accordance with IFRS 9 and assessed expected credit losses. Due to retroactive application, the adjustment of allowance loss increased by NT$3,008,000 and retained earnings adjustment decreased by NT$3,008,000 on January 1, 2018.

B. IFRS 15 “Revenue from Contracts with Customers” and related amendments

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 “Revenue,” IAS 11 “Construction Contracts” and related interpretations. Please refer to Note 4 for the relevant accounting policies.

The net result of the recognition of revenue, amount received and receivable is recognized as contract assets (liabilities). Prior to the application of IFRS 15, contracts dealt with under IAS 18 recognize the decrease in receivables or advance receipts when revenue is recognized.

If the signed contract is irrevocable, the Group will recognize both the receivables and the contractual liabilities when it has an unconditional right to collect payments. Prior to the application of IFRS 15, the unearned revenue was recognized at the time of collection.

The Company elected only to retrospectively apply IFRS 15 to contracts that were not completed on January 1, 2018. The relevant cumulative effect was adjusted to retained earnings on that date.

Current impact of liabilities

	January 1, 2018 Amount before Adjustments	Adjustments Arising from Initial Application	January 1, 2018 Amount after Adjustments
Contract liabilities－current	$ -	$ 231,276	$ 231,276
Advance receipts	231,276	(231,276)	-
Impact of liabilities	$ 231,276	$ -	$ 231,276

	December 31,2018
Increase in contract liabilities	$ 198,806
Decrease in advance receipts	(198,806)
	$ -

(2) Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers for application starting from 2019 and the IFRSs endorsed by FSC with effective date starting 2019.

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendment to IFRS 9" Prepayment Features with Negative Compensation"	January 1, 2019 (Note 2)
IFRS 16 "Leases"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019（Note 3）

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： The FSC allows the Group to elect to apply this amendment in advance on January 1, 2018.

Note 3： The plan amendment, curtailment or settlement that occurres after January 1, 2019 is applied to this amendment.

IFRS 16"Leases"

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

Identifying a lease

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

The Group is the tenant

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

The Group is expected to adjust the cumulative impact of the retroactive application of IFRS 16 to the retained earnings on January 1, 2019 without recompiling the comparative information.

In accordance with the agreement of IAS 17 for operating leases currently, the measurement of the lease liability on January 1, 2019 will be discounted by the remaining lease payments at the incremental borrowing rate of the lessee at the commencement date. The total right-of-use assets will be measured at the amount of the lease liabilities with the adjustment of the previously recognized prepaid or payable lease payments.eased on that date. Except for the expected expediency ②, the recognized right-of-use assets will be subject to IAS 36 assessment impairment.

The Group is expected to apply the following expediency:

① Use a single discount rate to measure lease liabilities for lease combinations with reasonably similar characteristics.

② The lossable lease contract liabilities recognized at the end of 2018 will adjust the right-to-use assets as of January 1, 2019, and will not be assessed for impairment according to IAS 36.

③ Leases that are closed before December 31, 2019 will be treated on a short-term lease basis.

④ The original direct cost is not included in the measurement of the right-of-use asset as of January 1, 2019.

⑤ When lease liabilities are measured, the lessee may use hindsight, such as in determining the lease term.

The Group is the lessor

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

Expected impact of assets, liabilities and equity on January 1, 2019

	December 31,2018 Carrying Amount	Adjustments from Initial Application	January 1, 2019 Adjusted Carrying Amount
Right-of-use assets	$ -	$ 168,565	$ 168,565
Impact of assets	$ -	$ 168,565	$ 168,565
Current lease liabilities	$ -	$ 52,224	$ 52,224
Non-current lease liabilities	-	116,341	116,341
Impact of liabilities	$ -	$ 168,565	$ 168,565

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Group continues assessing other possible impacts that application of the aforementioned amendments and the related amendments will have on the Group’s financial position and financial performance and will disclose these other impacts when the assessment is completed.

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

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 3 "the definition of a business"	January 1, 2020（Note 2）
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 and IAS 8 "the definition of materiality"	January 1, 2020 (Note 3）

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： The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020.

Note 3： The amendments are effective for annual reporting periods beginning on or after 1 January 2020.

As of the date the consolidated financial statements were authorized for issue, the Group continues assessing other possible impacts that application of the aforementioned amendments and the related amendments will have on the Group's financial position and financial performance and will disclose these other impacts when the assessment is completed.

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of

Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

(2) Basis of preparation

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

The fair value measures are divided into Levels 1 to 3 according to the observable and significance of the relevant input values:

A. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

B. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

C. Level 3 inputs are unobservable inputs for the asset or liability.

(3) Classification of current and non-current assets and liabilities

Current assets include:

A. Assets held primarily for the purpose of trading;

B. Assets expected to be realized within 12 months after the reporting period; and

C. Cash and cash equivalents (excludes the asset which is restricted from exchanging or paying off the liabilities more than 12 months after the reporting period.)

Current liabilities include:

A. Liabilities held primarily for the purpose of trading;

B. Liabilities due to be settled within 12 months after the reporting period(even if a long-term refinancing or rescheduling payment agreement is completed after the end of each reporting period and before the issuance of the financial statements, it is also a current liability.); and

C. Liabilities cannot be unconditionally deferred the settlement period to at least 12 months after the end of each reporting period.

Those who are not of the above current assets or current liabilities are classified as non-current assets or non-current liabilities.

The Group is engaged in the Construction and Development section, its operating cycle is longer than one year. Its assets and liabilities related to the construction business will be based on the normal operating cycle as the standard for dividing the current or non-current.

(4) Basis of consolidation

The consolidated financial statements incorporate the financial statements of Lucky Cement Corporation and the entities controlled by Lucky Cement (its subsidiaries). The adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of Lucky Cement and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

When the Group loses control of the subsidiary, the profit and loss of the disposition is the difference between the following two:

A. the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and
B. the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest.

The Group shall account for all amounts recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the Group had directly disposed of the related assets and liabilities.

See Note 13 and Schedule 6 for the detailed information of subsidiaries, the percentage of ownership and main business.

(5) Foreign currencies

When each individual entity prepares the financial statements, a currency other than the individual functional currency (foreign currency) is converted into a functional currency record according to the exchange rate of the transaction day.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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

Nonmonetary items that are measured at historical cost in a foreign currency are not retranslated.

When preparing consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising are recognized in other comprehensive income.

(6) Inventories

Inventories include raw materials, repair parts, supplies, finished goods, work in progress, merchandise, developing property and property to be developed. Inventories are stated at the lower of cost or net realizable value. The comparison of cost and net realizable value are based on individual items except for inventory in the same category. Under normal circumstances, the net realizable value refers to the balance between the estimated selling price minus the estimated costs to be incurred and the estimated costs required to complete the sale. Inventory cost calculation uses weighted average method; actual construction cost for property stock is according to the proportion of building floor, in line with the principle of recognition of property sales revenue, the operating costs are recognized at the end of the reporting period.

The land to be built in the property to be developed is prepared for construction, and when it is actively developed and obtained a construction permit, it will be recognized to the developing property.

(7) Property, plant and equipment

Property, Plant and Equipment are recognized as cost and subsequent will measure at cost less accumulated depreciation and accumulated impairment.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

(8) Impairment of tangible assets

At the end of each reporting period, the Group assesses whether there is any indication that tangible assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated. When it cannot be estimated the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.
When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

(9) Financial instruments
Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

When financial assets and financial liabilities are initially recognized, financial assets or financial liabilities are not measured at fair value through profit or loss, it measured as fair value plus direct transaction costs attributable to the acquisition or issue of financial assets or financial liabilities. Transaction costs that are directly attributable to acquisition or issue of financial assets or financial liabilities measured at fair value through profit or loss are immediately recognized as profit or loss.

A. Financial assets

By convention, financial assets transactions are recognized and derecognized from the transaction date.

I. Measurement category

2018

The types of financial assets held by the Group are financial assets measured at FVPL, financial assets measured at amortised cost, and investments in debt and equity instrument measured at FVOCI.

a. Financial assets measured at FVPL

Financial assets measured at FVPL include financial assets that are mandatorily measured at FVPL and are designated at FVPL. Financial assets that are mandatorily measured at FVPL include the investment in equity instrument that the Group has not designated to measure at FVOCI and the investment in debt instrument that is not meet the classification to measure at amortised cost or measure at FVOCI.

Financial assets that are measured at FVPL are measured at fair value. The remeasurement of the resulting gains or losses (excluding any dividends or interest earned on the financial assets) is recognised in profit or loss. For the determination of fair value, please refer to Note 32.

b. Financial assets at amortised cost

The Group's investment in financial assets is classified as financial assets at amortized cost if it meets both of the following conditions:

(a) It is held under a business model. The purpose of this model is to hold financial assets to collect contractual cash flows.

(b) When contract terms generate cash flows on the specific date, these cash flows are entirely for the payment of principal and interest on the outstanding principal amount.

After initial recognition, financial assets at amortised cost (including cash and cash equivalents, other financial assets, notes receivable measured at amortised cost, accounts receivables and other receivables) are measured at amortised cost which is the total carrying amount determined by the effective interest method deducted the any impairment loss. Any foreign currency gain or loss is recognized in profit or loss.

Except for the following two situations, interest income is calculated by multiplying the effective interest rate by the total carrying amount of financial assets:

(a) Purchased or originated credit-impaired financial asset, interest income is calculated by multiplying the effective interest rate after credit adjustment by the financial assets at amortized cost.

(b) It does not belong to the purchased or initiated credit impairment, but it subsequently becomes a credit impairment financial asset. Interest income is calculated by multiplying the effective interest rate by the financial assets at amortized cost.

Cash equivalents includes certificate deposits that are highly liquid and can be converted into cash at any time within a period of three months from the date of acquisition, with minimal risk of changes in value, to meet short-term cash commitments.

c. Debt instrument investments measured at FVOCI

The Group’s debt instrument investments that meet the following two conditions are classified as financial assets measured at FVOCI:

(a) It is held under a business model. The purpose of the model is achieved through the collection of contractual cash flows and the sale of financial assets.

(b) When contract terms generate cash flows on the specific date, these cash flows are entirely for the payment of principal and interest on the outstanding principal amount.

The debt instrument investments measured at FVOCI, the change in the carrying amount is determined by using the effective interest method to calculate the interest income, foreign currency exchange gains or losses, impairment losses or reversal of impairment loss are recognized in profit or loss. It is recognized in other comprehensive income and reclassified to profit or loss when the investment is disposed.

d. Equity instrument investments measured at FVOCI

When the Group initially recognized, it can make an irrevocable choice to designated measure equity instrument investment at FVOCI, when that are not held for trading and not the recognition or consideration by the enterprise’s mergers and acquisitions (M&A).

Equity instrument investments measured at FVOCI are measured at fair value. The changes in subsequent fair value are recognized in other comprehensive income and are accumulated in other equity. At the time of investment disposition, cumulative gains and losses are directly transferred to retained earnings and are not reclassified to profit or loss.

Dividends of equity instrument investments measured at FVOCI are recognised in profit or loss when the rights to the Group's receipts are established, unless the dividend clearly represents the recovery of part of the investment costs.

2017

The Group's financial assets included available-for-sale financial assets, loans and receivables.

a. Available-for-sale financial assets

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

Changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income, and are reclassified to profit or loss when the investment is disposed or impairment is determined.

Dividends of available-for-sale equity investments are recognized when the rights to Group receipts are established.

Available-for-sale financial assets are classified as "financial assets at cost" if they belong to equity instrument investments without publicly price in the active market and the fair value cannot be measured reliably. The subsequent measurement is measured by the amount of costs minus impairment loss. When these financial assets are measured at fair value reliably, the difference between the carrying amount and the fair value is recognized in other comprehensive income. If there is impairment, it is recognized in profit or loss.

b. Loans and receivables.

Loans and receivables (including accounts receivable, cash and cash equivalents and other receivables) are measured at amortised cost less impairment loss using the effective interest method, except for interest of short-term receivables recognized without materiality situation.

Cash equivalents includes certificate deposits that are highly liquid and can be converted into cash at any time within a period of three months from the date of acquisition, with minimal risk of changes in value, to meet short-term cash commitments.

II. Impairment of financial assets

2018

The Group assesses the impairment loss of financial assets (including receivables) at amortization costs on the basis of expected credit losses on each balance sheet date.

Accounts receivable recognizes loss allowance for lifetime expected credit losses. Other financial assets are evaluated first to see whether the credit risk has increased significantly since the original recognition. If there is no significant increase, the 12-month expected credit loss will be used to recognize the allowance loss. If there has been a significant increase, it will be recognized as loss allowance for lifetime expected credit losses.

The expected credit loss is the weighted average credit loss with the weight of default risk. The 12-month expected credit loss represents the expected credit losses arising from potential defaults of financial instruments in the 12 months after the reporting date. The lifetime expected credit losses represent expected credit losses arising from all possible defaults of the financial instruments during the expected period of existence.

The Group recognizes an impairment loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

2017

Financial assets are assessed for indicators of impairment at the end of each reporting period by the Group. Those financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets and their estimated future cash flows have been lost.

For financial assets at amortized cost, such as notes receivable, accounts receivable and other receivables, such assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually.

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

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

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

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

For the available-for-sale equity instrument investments, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

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

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

III. Derecognition of financial assets

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

Prior to 2017 (inclusive), when a financial asset was decognized as a whole, the difference between its carrying amount and the consideration received plus any cumulative profit or loss that had been recognised in other comprehensive inocme was recognized in profit or loss. When the derecognition of entire financial assets measured at amortised cost, the difference between the carrying amount and the consideration received is recognized in profit or loss from 2018. When the derecognition of the entire debt instrument investments measured at FVOCI, the difference between the carrying amount and the consideration received plus any cumulative profit or loss that had been recognised in other comprehensive inocme was recognized in profit or loss. When the derecognitions of the entire equity instrument investments measured at FVOCI, cumulative gains and losses are directly transferred to retained earnings and are not reclassified to profit or loss.

B. Financial liabilities

I. Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method.

II. Derecognition of financial liabilities

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

(10) Revenue recognition

2018

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

Revenue from merchandise sales

The revenue from merchandise sales mainly comes from sales of cement, other cement subsidiary products and cement products. Since cement, other cement accessory products and cement products have the right to set prices and use of the products at the time of shipment, and they have the primary responsibility for resale and bear the obsolete risks of obsolete products, the Group was recognized the revenue and receivables at that time.

2017

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. The sales return is based on past experience and other relevant factors to reasonably estimate the future return amount.

Sales of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

① The Group has transferred to the buyer the significant risks and rewards of ownership of the goods；

② The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold；

③ The amount of revenue can be measured reliably；

④ It is probable that the economic benefits associated with the transaction will flow to the Group; and

⑤ The costs incurred or to be incurred in respect of the transaction can be measured reliably.

(11) Leasing

A. The Group as a lessor

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

B. The Group as a lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

(12) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are part of the cost of the asset, until almost all necessary activities for the asset to reach the intended use or sale status have been completed.

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

(13) Employee benefits

A. Short-term employee benefits

Short-term employee benefits-related liabilities are measured as non-discounted amounts expected to be paid in exchange for employee services.

B. Retirement benefits

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

Defined benefit costs (including service cost, net interest and re-measurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method.

Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Re-measurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs and will not be reclassified to profit or loss in subsequent period.

The net defined benefit liabilities (assets) are the shortfalls (remaining) for the determination of the retirement benefit plans. The net determined benefit assets may not exceed the refund of the withdrawal funds from the plan or may reduce the present value of future withdrawals.

(14) Taxation

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

A. Current Tax

An additional profit-seeking income tax shall be levied at the rate of ten percent on unappropriated retained earnings according to the Income Tax Act, it recognized as tax expense in the year that the shareholders' meeting approved the resolution.

Adjustments to income tax payable in previous years are included in current year income tax.

B. Deferred Tax

Deferred tax is calculated based on the temporary differences between the carrying amounts of assets and liabilities and the taxable basis for calculating taxable income.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred income tax assets are recognized when it is probable that taxable income will be available against which the deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences related to investment subsidiaries, except that the Group can control the timing of the reversal of the temporary differences, and the temporary difference is likely to not be reversed in the foreseeable future. In relation to such investments, temporary differences can be subtracted, only if they are likely to have sufficient taxable income to realize the benefits of temporary differences, and they are expected to be recognized within the foreseeable future, it can be recognized deferred tax assets.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and the carrying amount is reduced for those who are no longer likely to have sufficient taxable income to recover all or part of their assets. Those that have not been recognized as deferred tax assets are also reviewed at the end of each reporting period and the carrying amount is increased for deferred tax assets are likely to generate taxable income for the deductible in the future.

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

C. Current and Deferred Taxes for the Year

Current and deferred taxes are recognized in profit or loss, when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

(15) Discontinuing operations

Corporate components cease to operate if they are about to be scrapped and represent a single major business line or operating area, the recovery of its carrying amount is not continued through the use. The enterprise component should be classified as the discontinuing operations on the date of cessation of use. Its operating results shall be expressed separately in Consolidated Statements of Comprehensive Income, and should also be re-expressed in the consolidated financial statements in the previous period.

5. Critical Accounting Judgments and Key Sources of Estimation and Uncertainty

When the Group applies accounting policies, it is not easy to obtain relevant information from other sources, the management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors. Actual results may differ from estimates.

The management will continue to review estimates and basic assumptions. If the revision of the estimate affects only the current period, it is recognized in the revision period; if the revision of the accounting estimate affects both the current period and the future period, it is recognized in the current revision period and future period.

The following are information about the key assumptions and the estimated uncertainty. These assumptions and uncertainties have the risk of causing significant adjustments to the carrying amounts of assets and liabilities in the next financial year.

(1) Inventory evaluation

The net realizable value of inventories (excluding developing property and property to be developed) is estimated balance as the estimated selling price in the business process less the estimated costs to be incurred for completion and the estimated costs required to complete the sale. These estimates are based on current market conditions and historical sales experience of similar products. Changes in market conditions may have a significant impact on these estimates.

(2) Evaluation for developing property and property to be developed

The Group regularly evaluates the book value of the developing property and property to be developed to determine that developing property and property to be developed have been stated at the lower of cost and net realizable value in accordance with accounting policies. The estimated net realized value of the Group based on the recent average selling prices of developing property and property to be developed in similar developments in the same industry, which are estimated based on current market conditions and historical sales experience of similar products. Changes in market conditions may significantly impact on these estimates.

6. Cash and Cash Equivalents

	December 31, 2018	December 31, 2017
Cash on hand and revolving funds	$ 1,507	$ 1,432
Checking and demand deposits	161,963	233,128
Bank foreign currency demand deposits	35,332	9,333
Cash equivalents		
Certificates of deposits with original maturities of within 3 months	-	8,000
	$ 198,802	$ 251,893

Market interest rate range for Cash in banks and Certificates of deposits with original maturities of within 3 months on the end of the reporting period is as follows:

	December 31, 2018	December 31, 2017
Cash in banks	0.05%~0.48%	0.05%~0.20%
Certificates of deposits with original maturities of within 3 months	-	0.66%

7. Financial Instrument Measured at FVPL—2018

	December 31, 2018
Current	
Mandatorily measured at FVPL	
—Mutual funds	$ 43,370
Non-Current	
Mandatorily measured at FVPL	
—Mutual funds	$ 6,535

8. Financial Assets Measured at FVOCI—2018

	December 31, 2018
Current	
Equity instrument investments measured at FVOCI	$ 136,875
Debt instrument investments measured at FVOCI	5,375
	$ 142,250
Non-Current	
Equity instrument investments measured at FVOCI	$ 19,015

(1) Equity instrument investments measured at FVOCI

	December 31, 2018
Current	
Listed and OTC stocks	
Formosa Plastics Corporation	$ 40,400
Global Lighting Technologies Inc Common Stocks (GLT 4935)	31,146
Far Eastern New Century Corporation	22,320
Asia Cement Corporation Common Stocks	16,975
Taiwan Cement Corp Common Stocks	15,664
U-Ming Marine Transport Corporation	4,128
Excelsior Medical Co., Ltd. Common Stocks	$ 1,840
Winbond Electronics Corp. Common Stocks	1,764
Medigen Biotechnology Corp. Common Stocks	1,300
United Microelectronics Corp. Common Stocks	814
Highwealth Construction Common Stocks	360
China Development Financial Common Stocks	131
First Financial Holding Co. Ltd. Common Stocks	18
Capital Securities Corp. Common Stocks	8
Hua Nan Financial Holdings Co. Ltd. Common Stocks	7
	$ 136,875

Non Current	
Non-listed (OTC) Company Common Stock	
Jonfeng Mining Co., Ltd. Common Stocks	$ 9,849
Global Securities FinanceCorp. Common Stocks	4,583
WK Technology Fund Common Stocks	4,583
	$ 19,015

For the above investment information, please refer to the "State of Securities held at the end of the period" in Schedule 3.

For other relevant information on financial assets measured at FVOCI, please refer to Note 23 (5).

The Group invests in the above ordinary shares for the purpose of long-term strategies and expects to profit from long-term investments. The management of the Group considers that if the short-term fair value fluctuations of these investments are recognized in profit or loss, they are not consistent with the aforementioned long-term investment plan, and therefore the designated investment is selected to be measured at FVOCI. These investments were previously classified as available-for-sale financial assets or financial assets measured at cost in accordance with IAS 39. For reclassifications and information for 2017, please refer to Note 3, Note 9 and Note 10.

(2) Debt instrument investments measured at FVOCI

	December 31, 2018
Current	
Bond investment	$ 5,375

The bonds held by the Group have a coupon rate of 3.375%. The corporate bonds held were originally classified as available-for-sale financial assets under IAS 39. For reclassification and information for 2017, please refer to Note 3 and Note 9.

9. Available-for-sale Financial Assets－2017

	December 31, 2017
Current	
Listed and OTC stocks	$ 78,736
Domestic mutual funds	66,988
Foreign corporate bonds	5,752
	$ 151,476
Non-Current	
Foreign mutual funds	$ 8,949

10. Financial Assets at Cost－2017

	December 31, 2017
Domestic non-listed (OTC) Company Common Stock	$ 23,216

The above stocks are classified as available-for-sale financial assets according to the types of financial assets measured.

Management believed that the above mentioned equity investments held by the Group, whose fair value cannot be reliably measured due to the range of reasonable fair value estimates was so significant and it is impossible to reasonably estimate the probability of various estimates; therefore they were measured at cost less impairment loss at the end of reporting period.

11. Notes Receivable and Accounts Receivable

	December 31, 2018	December 31, 2017
Notes receivable		
From operating activities		
Non-related parties	$ 317,921	$ 392,263
Related parties	$ 5,170	$ -
Accounts receivable		
From operating activities		
Non-related parties	$ 306,489	$ 241,186
Less: allowance for uncollectible accounts	(43,985)	(42,948)
	$ 262,504	$ 198,238
Related parties	$ 11,140	$ 8,861

(1) Notes receivable

2018

The Group's credit period for the sale of goods is 90 to 150 days, and no interest is charged to notes receivable. In order to minimize credit risks, the management of the Group has designed relevant internal control procedures for the determination of credit limits and credit approvals, and has taken appropriate actions for the recovery of overdue notes receivable. In addition, the Group reviews the recoverable amount of notes receivable at the end of the reporting period to ensure that adequate impairment loss is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group adopts the simplified approach of IFRS 9 to recognize the loss allowance of notes receivable according to lifetime expected credit losses. The lifetime expected credit losses are calculated using the preparation matrix, which takes into account the customer's past default records, current financial status, and industrial economic conditions, and also considers GDP forecast and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for losses based on the past due status of receivables is not further distinguished according to different segments of the Group's customer base. However, the expected credit loss ratio of the Group based on the preparation matrix at the end of reporting period was zero because it did not recognize the expected credit losses of the notes receivable.

<u>2017</u>

The Group applied the same credit policy in 2018 and 2017. When deciding the recoverability of notes receivable, the Group considers any change in the credit quality from the date credit was initially granted up to the end of the reporting period. If the credit quality changes, it is determined based on the reasons for the change; when the Group assesses the objective impairment evidence of the notes receivable, it individually evaluates the impairment amount. Without objective impairment evidence of the notes receivable, assess the overall impairment of the notes receivable, that is, the Group recognizes an allowance for uncollectible accounts based on past experience in assessing the rate at which notes receivable cannot be recovered.

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

The mortgage information of notes receivable, please see the Note 34 for reference.

(2) Accounts receivable

<u>2018</u>

The Group's credit period for the sale of goods is 90 to 150 days, and no interest is charged to accounts receivable. In order to minimize credit risks, the management of the Group has designed relevant internal control procedures for the determination of credit limits and credit approvals, and has taken appropriate actions for the recovery of overdue accounts receivable. In addition, the Group reviews the recoverable amount of accounts receivable at the end of the reporting period to ensure that adequate impairment loss is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group adopts the simplified approach of IFRS 9 to recognize the loss allowance of notes receivable according to lifetime expected credit losses. The lifetime expected credit losses are calculated using the preparation matrix, which takes into account the customer's past default records, current financial status, and industrial economic conditions, and also considers GDP forecast and industry outlook. The preparation matrix of the Group is first divided according to whether the customer has financial difficulties. If the customer has evidence showing that it is a financial difficulty, the Group will recognize 100% of the expected impairment loss. If the customer does not have financial difficulties, due to the different composition of individual sales targets, the company will further differentiate the customer base according to the company, and set the expected credit loss rate based on the overdue days of accounts receivable.

If there is evidence that the counterparty is facing serious financial difficulties and the Group cannot reasonably expects the recoverable amount, the Group directly reverses the related accounts receivables, but it will continue to pursue the activities, and the recoverable amount will be recognized in profit or loss.

The loss allowance of the accounts receivables by the Group in the preparation matrix is as follows:

December 31, 2018

I. Lucky Cement Corp.

	Customers without financial difficulty						
	Not past due	Past due within 30 days	Past due 31 ～60 days	Past due 61 ～180 days	Past due over 181 days	Customers with financial difficulty	Total
Expected credit loss rate	0.24%	-	-	-	100%	100%	
Total carrying amount	$ 87,954	$ -	$ -	$ -	$ 269	$ -	$ 88,223
Loss allowance（lifetime expected credit losses）	(214)	-	-	-	(269)	-	(483)
Amortised cost	$ 87,740	$ -	$ -	$ -	$ -	$ -	$ 87,740

II. Luckicon Ready-mixed Concrete Factory Co., Ltd.

	Customers without financial difficulty						
	Not past due	Past due within 30 days	Past due 31 ～60 days	Past due 61～ 180 days	Past due over 181 days	Customers with financial difficulty	Total
Expected credit loss rate	4.13%	5.78%	7.18%	10.63%～100%	100%	100%	
Total carrying amount	$ 165,737	$ 4,986	$ 208	$ 73	$ -	$ 29,375	$ 200,379
Loss allowance (lifetime expected credit losses)	(6,845)	(288)	(15)	(22)	-	(29,375)	(36,545)
Amortised cost	$ 158,892	$ 4,698	$ 193	$ 51	$ -	$ -	$ 163,834

III. Others

	Customers without financial difficulty						
	Not past due	Past due within 30 days	Past due 31 ～60 days	Past due 61 ～180 days	Past due over 181 days	Customers with financial difficulty	Total
Expected credit loss rate	0%	3%-4	6%-7%	11%-12%	100%	100%	
Total carrying amount	$ 11,293	$ -	$ -	$ -	$ -	$ 6,594	$ 17,887
Loss allowance (lifetime expected credit losses)	-	-	-	-	-	(6,594)	(6,594)
Amortised cost	$ 11,293	$ -	$ -	$ -	$ -	$ -	$ 11,293

Changes in loss allowance from accounts receivable are as follows：

	2018
Balance at January 1, 2018 (IAS 39)	$ 42,948
Effect of retrospective application of IFRS 9	3,008
Balance at January 1, 2018 (IFRS 9)	45,956
Add：Impairment loss	1,594
Less：write-off	(3,537)
Effect of exchange rate changes	(28)
Balance at September 30, 2018	$ 43,985

2017

The Group applied the same credit policy in 2018 and 2017. When deciding the recoverability of accounts receivable, the Group considers any change in the credit quality from the date credit was initially granted up to the end of the reporting period. If the credit quality changes, it is determined based on the reasons for the change; when the Group assesses the objective impairment evidence of the accounts receivable, it individually evaluates the impairment amount. Without objective impairment evidence of the accounts receivable, assess the overall impairment of the accounts receivable, that is, the Group recognizes an allowance for uncollectible accounts based on past experience in assessing the rate at which accounts receivable cannot be recovered.

The analysis of accounts receivable is as below: ：

	December 31, 2017
30 days or less	$ 143,444
31 to 60 days	38,424
61 to 90 days	9,801
91 to 120 days	7,140
121 to 150 days	1,485
Above 151 days	40,892
Total	$ 241,186

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:

	December 31, 2017
Above 151 days	$ 2,168

The aging will based on the days of overdue.

Changes in allowance for uncollectible accounts from accounts receivable are as follows:

	Individual impairment loss	Group impairment loss	Total
Balance on January 1, 2017	$ 35,025	$ 2,064	$ 37,089
Add: Recognized doubtful debt expenses	8,572	173	8,745
Less: Write-off	(2,886)	-	(2,886)
Balance on December 31, 2017	$ 40,711	$ 2,237	$ 42,948

12. Inventories

	December 31, 2018	December 31, 2017
Developing property and property to be developed	$ 3,132,048	$ 3,142,546
Raw materials	216,522	301,563
Work in progress	111,610	133,459
Finished goods	110,088	142,034
Repaired part and materials	34,922	45,039
Merchandise	5,780	9,206
	$ 3,610,970	$ 3,773,847

The cost of sales associated with inventory is NT$3,283,834,000 which included inventory valuation losses NT$101,799,000(include valuation losses of developing property and property to be developed NT$97,924,000 and inventory valuation losses NT$3,875,000) in 2018.

The cost of sales associated with inventory is NT$3,305,953,000 which included inventory valuation losses NT$133,548,000(include valuation losses of developing property and property to be developed NT$129,257,000 and inventory valuation losses NT$4,291,000) in 2017.

The Group's property appraisal report issued by external experts on each balance sheet date evaluates the net realizable value of the developing property and property to be developed.

As at December 31, 2018 and 2017, the estimated retrieved inventories over 12 months were NT$3,132,048,000 and NT$3,142,546,000 respectively, most of them are developing property and property to be developed.

See the Note 34 for the information of inventory pledge.

13. Subsidiaries

The subsidiaries in the consolidated financial statements: ：

Investment Business	Subsidiary Title	Business Type	Percentage of held stock December 31, 2018	Percentage of held stock December 31, 2017	Remark
Lucky Cement Corp	Dasheng Enterprise Co., Ltd.(Dasheng Enterprise)	Sale and rental national residential, commercial buildings, parking lots and industrial areas	99.99	99.99	1.&4.
	Luckicon Ready-mixed Concrete Factory Co., Ltd(Luckicon Ready-mixed Co.,)	Production and sell concrete	99.99	99.99	1.
	Lucky Cement Corp., Japan (Lucky Cement Japan,)	Buy and sell cement	100.00	100.00	
	Luckyship Marine Co., Ltd (Luckyship Co.,)	Shipping agent	99.99	99.99	5.
	Just Bright Ltd.	Investment Business	100.00	100.00	
	ELUMINA Technology Inc. (ELUMINA Inc.)	Manufacture and sale light-emitting diode products	-	70.59	2.&6.
Luckicon Ready-mixed Concrete Factory Co., Ltd	Fuyu Development Company	Mine gravel	100.00	75.00	3.
ELUMINA Technology Inc.	Elumina Holding Limited	Holding company	-	100.00	2.
Elumina Holding Limited	ELUMINA(Xiamen) Technology Inc.	Manufacture and sale light-emitting diode products	-	100.00	2.

Note：

1. Important subsidiaries are Luckicon Ready-mixed Concrete Factory Co., Ltd. and Dasheng Enterprise Co., Ltd.
2. Elumina Technology Inc. and its subsidiaries were dissolved in November 2018. The trade generated a loss of NT$ 14,620,000 and recognized in other expenses. Please see Note 27 discounting operation.

3. Luckicon Ready-mixed Co., obtained a 25% equity interest in Fuyu Development Company for non-controlling interests, and the shareholding ratio increased from 75% to 100% in March of 2007.

4. In August 2018, Dasheng Enterprise reduced its capital to make up a loss of NT$ 300,000,000 and increased its capital by cash to issue new shares of NT$290,000,000 at the same time.

5. In August 2018, Luckyship Marine Co. reduced its capital to make up a loss of NT$ 50,000,000 and increased its capital by cash to issue new shares of NT$80,000,000 at the same time.

6. In August 2018, Elumina Technology Inc. increased its capital by issuing new shares of NT$ 7,800,000 and the parent company subscribed by shareholding ratio for NT$ 5,507,000.

14. Prepayments

	December 31, 2018	December 31, 2017
Office supplies	$ 98,523	$ 100,091
Prepaid expenses	80,336	60,517
Advanced payment for material	937	2,985
Others	1,477	174
	$ 181,273	$ 163,767

15. Other Financial Assets

	December 31, 2018	December 31, 2017
Other financial assets		
Restricted assets	$ 108,232	$ 133,348

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 end of the reporting period is as follows：

	December 31, 2018	December 31, 2017
Restricted assets	0.13%~3.5%	0.13%~3.55%

Please see the Note 34 for the mortgage information of other financial assets for reference.

16. Other Current Assets

	December 31, 2018	December 31, 2017
Excess business tax paid	$ 23,701	$ 20,743
Others	6,258	6,479
	$ 29,959	$ 27,222

17. Property, Plant and Equipment

	Land	Building	Machinery and equipment	Electrical equipment	Transportation equipment	Other equipment	Total
Cost							
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	-	3,137	12,178	2,750	16,746	3,042	37,853
Disposal	-	(174)	(12,351)	-	(5,754)	(1,879)	(20,158)
Net exchange differences	-	(3,592)	(464)	-	(12)	(18)	(4,086)
Balance on December 31, 2017	$ 724,675	$ 2,200,343	$ 6,086,797	$ 1,193,958	$ 1,041,962	$ 494,601	$11,742,336
Accumulated depreciation and impairment							
Balance on January 1, 2017	$ -	$ 1,727,589	$ 5,677,336	$ 1,154,397	$ 797,407	$ 472,262	$ 9,828,991
Depreciation	-	63,598	111,506	7,925	73,004	12,477	268,510
impairment	-	-	-	-	7,892	-	7,892
Disposal	-	(120)	(403)	-	(5,493)	(1,879)	(7,895)
Net exchange differences	-	(3,226)	(469)	-	(10)	(18)	(3,723)
Balance on December 31, 2017	$ -	$ 1,787,841	$ 5,787,970	$ 1,162,322	$ 872,800	$ 482,842	$10,093,775
Balance on December 31, 2017, net	$ 724,675	$ 412,502	$ 298,827	$ 31,636	$ 169,162	$ 11,759	$ 1,648,561
Cost							
Balance on January 1, 2018	$ 724,675	$ 2,200,343	$ 6,086,797	$ 1,193,958	$ 1,041,962	$ 494,601	$11,742,336
Add	359,427	86,870	16,669	2,364	-	2,505	467,835
Disposal	-	-	(8,123)	-	(122,354)	(710)	(131,187)
Net exchange differences	-	4,411	570	-	15	24	5,020
Balance on December 31, 2018	$ 1,084,102	$ 2,291,624	$ 6,095,913	$ 1,196,322	$ 919,623	$ 496,420	$12,084,004
Accumulated depreciation and impairment							
Balance on January 1, 2018	$ -	$ 1,787,841	$ 5,787,970	$ 1,162,322	$ 872,800	$ 482,842	$10,093,775
Depreciation	-	60,799	110,734	8,070	50,258	8,510	238,371
Disposal	-	-	(6,765)	-	(122,354)	(710)	(129,829)
Net exchange differences	-	4,188	385	-	14	23	4,610
Balance on December 31, 2018	$ -	$ 1,852,828	$ 5,892,324	$ 1,170,392	$ 800,718	$ 490,665	$10,206,927
Balance on December 31, 2018, net	$ 1,084,102	$ 438,796	$ 203,589	$ 25,930	$ 118,905	$ 5,755	$ 1,877,077

The Group assesses the impairment for the years 2018 and 2017 and expects that the future cash inflow of ship equipment used by Luckyship Marine Co., Ltd. to provide rental and transportation revenue will be reduced, resulting in the recoverable amount being less than the carrying amount. Therefore, the consolidated company recognized a loss of impairment of NT$7,892,000 in 2017. The Group determines the recoverable amount of this transportation and transportation equipment based on the fair value less disposal costs. The relevant fair value is determined by the market method. The main assumption includes the estimated value of the sale, and it belongs to the second-level fair value measurement.

The part of the parent company's land is aboriginal reservations which use rights is temporarily registered in the name of a third person. The trustee has issued a closing statement and applied land to set up a mortgage at the parent company.

In December 2018, the Company purchased the portion land adjacent to the Puxin factory from the non-related parties and obtained 4,011 pings of land. The price was based on the court's judgment and paid the compensation amount was NT$356,996,000.

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 34.

18. Other Non-Current Assets

	December 31, 2018	December 31, 2017
Long-term prepaid expenses	$ 65,376	$ 84,824
Restricted assets	134,467	85,406
Net limestone mining rights	18,781	18,783
	$ 218,624	$ 189,013

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 at the end of reporting period is as follows:

	December 31, 2018	December 31, 2017
Restricted assets	0.13%~1.065%	0.13%~1.126%

Other information regarding to non-current asset collaterals, please refer to Note 34.

19. Loans

(1) Short-term borrowings

	December 31, 2018	December 31, 2017
Secured borrowings (Note 34)		
Bank loan	$ 752,651	$ 653,642
Unsecured borrowings		
Credit loan	100,000	220,000
	$ 852,651	$ 873,642

The interest rate of the bank loan is as follows：

	December 31, 2018	December 31, 2017
Secured borrowings	1.30%~1.55%	1.35%~1.60%
Unsecured borrowings	1.45%	1.55%~1.57%

(2) Short-term notes and bills payable

	December 31, 2018	December 31, 2017
Commercial paper payable	$ 220,000	$ 140,000
Less: Discount on short-term notes and bills payable	(264)	(423)
	$ 219,736	$ 139,577

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

December 31, 2018

Guarantee / acceptance institution	Par Value	Discount Amounts	Carrying Amounts	Rate range
Commercial paper payable				
Ta Ching Bills Finance Corporation	$ 50,000	$ 32	$ 49,968	1.438%
Mega Bills Finance Corporation	60,000	39	59,961	1.438%
Grand Bills Finance Corporation	110,000	193	109,807	1.228%~1.73%
	$ 220,000	$ 264	$ 219,736	

December 31, 2017

Guarantee / acceptance institution	Par Value	Discount Amounts	Carrying Amounts	Rate range
Commercial paper payable				
Ta Ching Bills Finance Corporation	$ 50,000	$ 145	$ 49,855	1.580%
Mega Bills Finance Corporation	30,000	87	29,913	1.588%
Grand Bills Finance Corporation	60,000	191	59,809	1.730%
	$ 140,000	$ 423	$ 139,577	

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

(3) Long-term borrowings

	December 31, 2018	December 31, 2017
Secured borrowings (Note 34)		
Bank loan	$ 1,011,638	$ 622,838
Unsecured borrowings		
Bank loan	160,000	180,000
Less: Long-term borrowings have maturity of 1 year or less.	(11,200)	(111,200)
Bank loan	$ 1,160,438	$ 691,638

	Details	December 31, 2018	December 31, 2017
Secured borrowings			
Parent company			
Taiwan Cooperative Bank	The period is from April 12, 2018 to April 12, 2023, , the grace period is 2 years, every 3 months was served as an installment, pay by 12 installments for the principle after the grace period.	$ 500,000	$ -
Taishin International Bank	The period is from December 12, 2017 to December 12, 2019, the principle will be repaid at once in maturitity date. It has been repaid earlier in April of 2018.	-	100,000
Dasheng Enterprise			
O-Bank	The period is from November 21, 2017 to November 21, 2022, the principle will be repaid at once in maturitity date.	250,000	250,000
O-Bank	The period is from December 28, 2017 to December 28, 2022, the principle will be repaid at once in maturitity date.	250,000	250,000
Luckyship Marine			
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.	$ 9,450	$ 18,900
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.	2,188	3,938
Unsecured borrowings			
Parent company			
The Export-Import Bank of the Republic of China	The period is from October 11, 2017 to November 11, 2018, the principle will be repaid at once in maturitity date.	-	100,000
O-Bank	The original period is from November 24, 2017 to November 23, 2019. The period was changed from April 2018 to April 2020 in April 2018.	80,000	80,000
KGI Bank	The period is from March 9, 2018 to March 9, 2020, the principle will be repaid at once in maturitity date.	80,000	-
subtotal		1,171,638	802,838
Less: Long-term borrowings have maturities of 1 year or less		(11,200)	(111,200)
Long-term borrowings		$ 1,160,438	$ 691,638

The annual interest rates of long-term borrowings were 1.73%~2.20% and 1.7894%~2.20% respectively for December 31, 2018and 2017.

20. Notes and Accounts Payable

	December 31, 2018	December 31, 2017
Notes payable		
From operating activities		
Non-related parties	$ 148,346	$ 186,975
Related parties	$ 43,594	$ 26,747
Accounts payable		
From operating activities		
Non-related parties	$ 114,859	$ 126,733
Related parties	$ 23,540	$ 66,229

21. Other Payables

	December 31, 2018	December 31, 2017
Wages and salaries payable	$ 41,408	$ 49,853
Utilities expense payable	19,052	18,128
Taxes payable	20,637	17,458
Maintenance fee payables	1,619	2,853
Other	35,457	32,496
	$ 118,173	$ 120,788

22. Post-Employment Benefit Plan

(1) Defined contribution plans

The Company, Dasheng Enterprise, Luckicon Ready-mixed Co., Fuyu Development Company, Luckyship Co., and ELUMINA Technology Inc. adopted a pension plan under the Labor Pension Act, which is a government-managed defined contribution plan. Under the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly wages and salaries.

The employees of the Group in mainland China and Japan are members of the retirement benefits program operated by the governments of China and Japan. The subsidiary is required to provide a specific proportion of the salary cost to the retirement benefit plan to provide the project funds. The obligation of the Group for this government's retirement benefit plan is only to raise a specific amount.

(2) Defined benefit plans

The Company, Dasheng Enterprise, Luckicon Ready-mixed Co., Luckyship Co., and ELUMINA Technology Inc. adopted the defined benefit plan in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company, Dasheng Enterprise and Luckicon Ready-mixed Co., contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”); the Group has no right to influence the investment policy and strategy. Luckyship Co. did not set up and raise pension funds as of December 31, 2018.

The amounts recognized in the consolidated balance sheets in respect of the Group’s defined benefit plans were as follows:

	December 31, 2018	December 31, 2017
Present value of defined benefit obligation	$ 269,426	$ 304,407
Fair value of plan assets	(208,600)	(235,758)
Net defined benefit liabilities	$ 60,826	$ 68,649

The changes of net defined benefit liabilities are follows：

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Balance on January 1, 2017	$ 337,042	($ 264,806)	$ 72,236
Service cost			
Current service cost	4,065	-	4,065
Interest expense（income）	3,695	(2,972)	723
Recognize in profit or loss	7,760	(2,972)	4,788
Re-measurement			
Return on plan assets (excluding amounts included in net interest)	-	608	608
Actuarial loss - changes in demographic assumptions	25	-	25
Actuarial loss - changes in financial assumptions	2,815	-	2,815
Actuarial gain – experience adjustments	(8,467)	-	(8,467)
Recognized in other comprehensive income	(5,627)	608	(5,019)
Contributions from the employer	-	(2,356)	(2,356)
Benefits paid	(34,768)	33,768	(1,000)
Balance on December 31, 2017	$ 304,407	($ 235,758)	$ 68,649
Balance on January 1, 2017	$ 304,407	($ 235,758)	$ 68,649
Service cost			
Current service cost	2,808	-	2,808
Interest expense（income）	2,981	(2,346)	635
Recognize in profit or loss	5,789	(2,346)	3,443
Re-measurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,620)	(7,620)
Actuarial loss - changes in demographic assumptions	11	-	11
Actuarial loss - changes in financial assumptions	2,167	-	2,167
Actuarial loss – experience adjustments	2,617	-	2,617
Recognized in other comprehensive income	4,795	(7,620)	(2,825)
Contributions from the employer	-	(4,441)	(4,441)
Benefits paid	(45,565)	41,565	(4,000)
Balance on December 31, 2018	$ 269,426	($ 208,600)	$ 60,826

Determine the amount of profit or loss that the benefit plan recognizes as a function of the following:

	2018	2017
Operating costs	$ 2,350	$ 3,350
Selling expenses	415	576
Administrative expenses	678	862
	$ 3,443	$ 4,788

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

A. Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, the return generated by plan assets should not be below the interest rate for a 2-year certificated deposit with local banks.

B. Interest risk: The decrease in the interest rate of the government bonds will increase the present value of the defined benefit obligations, but will also increase the debt investment remuneration of the plan assets. The effect of the two on the net defined benefit liabilities is partially offset.

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

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

	December 31, 2018	December 31, 2017
Discount rates	0.875%~0.88%	0.875%~1.00%
Expected rates of salary increase	1.25%	1.25%

If reasonably possible changes occur in each of the significant actuarial assumptions and all other assumptions remain unchanged, the amount of increase (decrease) in the present value of the defined benefit obligation will be as follows:

	December 31, 2018	December 31, 2017
Discount rates		
0.25% increase	($ 5,211)	($ 5,955)
0.25% decrease	$ 5,369	$ 6,142
Expected rates of salary increase		
0.25% increase	$ 5,170	$ 6,013
0.25% decrease	($ 5,217)	($ 5,860)

As the actuarial assumptions may be related to each other, and only a single hypothetical change is unlikely, the above sensitivity analysis may not reflect the actual change in the present value of the determined benefit obligations.

	December 31, 2018	December 31, 2017
The expected contributions to the plan for the next year	$ 2,062	$ 2,311
The average duration of the defined benefit obligation	3.1~8.1 years	3.1~8.4 years

23. Equity

(1) Share capital

Common Stock

	December 31, 2018	December 31, 2017
Authorized shares (in thousands)	498,646	498,646
Authorized capital	$ 4,986,460	$ 4,986,460
Issued and paid shares (in thousands)	404,738	404,738
Issued capital	$ 4,047,380	$ 4,047,380

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

	December 31, 2018	December 31, 2017
Only to make up for losses		
From share of changes in equities of subsidiaries	$ 8	$ 8

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

The 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 (6) of Note 25, Employee Benefits for the revised remuneration allocation policy of employee and directors, supervisors before/after the versions of the Articles of Association. The appropraiton & 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 diluated 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.

The appropriations of 2016 earnings have been approved by shareholders meeting held on June 7, 2017. The resolution of dividends per share was as follows：

	Appropriation of Earnings	Dividend per share （NT$1.00）
Legal reserve	$ 31,533	
Cash dividends	242,843	$ 0.6

The proposal to offset deficits of 2017 and decide not to distribute dividends has been approved by shareholders meeting of the Company held on June 15, 2018.

The Company's board of directors proposed to offset deficits of 2018 and decided not to distribute the dividends on March 22, 2019. For the other equity accounted negative value at the end of the reporting period, it intended to recognize the reversal of special reserve NT$120,000, the proposal to offset deficits is still subject to the resolution of the shareholders meeting held in 2019.

(4) Special reserve

	December 31, 2018	December 31, 2017
Special reserve	$ 17,376	$ 14,135

Upon initial application of IFRS 16, 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.

The Company offset deficits for the year of 2017, it recognized negative values of other equity for the end of the reporting period, and proposed to set aside a special reserve of NT$ 3,241,000.

The Company's board of directors proposed to offset deficits of 2018 on March 22, 2019. For the other equity accounted negative value at the end of the reporting period, it intended to recognize the reversal of special reserve NT$120,000, the proposal to offset deficits is still subject to the resolution of the shareholders meeting held in 2019.

(5) Other equity interest

I. Unrealized gains or losses on available-for-sale financial assets

Balance on January 1, 2017	$ 34,240
Unrealized gains (losses) on available-for-sale financial assets	(29,731)
Cumulative (gain) loss reclassified to profit or loss upon disposal of available-for-salefinancial assets	437
Balance on December 31, 2017	$ 4,946
Balance on January 1, 2018（IAS 39）	$ 4,946
Effect of retrospective application of IFRS 9	(4,946)
Balance on January 1, 2018（IFRS 9）	$ -

II. Unrealized gains or losses on financial assets measured at FVOCI

	2018
Balance on January 1, 2018（IAS 39）	$ -
Effect of retrospective application of IFRS 9	5,716
Balance on January 1, 2018（IFRS 9）	5,716
Unrealized gains (losses) on financial assets measured at FVOCI	(13,705)
Disposals of the accumulated profit or loss of equity instruments measured at FVOCI are transferred to retained earnings	(2,792)
Balance at the end of the period	($ 10,781)

(6) Non-controlling interests

	2018	2017
Balance at the begin of the period	$ 26,423	$ 30,141
Number of share attributable to non-controlling equity		
Profit (loss)	(24,643)	(1,967)
Exchange differences on translation of foreign financial statements	(2)	(1)
Cash dividends distributed by subsidiaries	-	(1,750)
Changes in the ownership interest of subsidiaries	(3,993)	-
Increase in non-controlling interests	2,293	-
Balance at the end of the period	$ 78	$ 26,423

24. Revenue

(1) Segmentation of customer contract revenue

	2018
Cement	$ 1,952,417
Stone	491,363
Cement products	341,988
Others	544,833
	$ 3,330,601

(2) Balance of assets and liabilities related to the sales contract

	December 31, 2018
Notes receivable (Note 11)	$ 317,921
Notes receivable —Related parties (Note 11)	5,170
Accounts receivable (Note 11)	262,504
Accounts receivable—Related parties (Note 11)	11,140
Receivables	$ 596,735
Contract liability	
Sales revenue of goods	$ 198,806

The changes in contract liabilities primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment.

The amount of contract liabilities from the beginning of the year which has been complete satisfaction of a performance obligation is recognized as revenue in the current year as follows:

	2018
Contract liability from the beginning of the year	
Sales of goods	$ 231,276

(3) Customer contracts were not yet fully complete

The timing when the performance obligation that has not been fully met is expected to be recognized as revenue is as follows :

	December 31, 2018
Sales of goods	
Fulfill in 2019	$ 198,806

25. Loss from Continuing Operations

(1) Net other income (expense)

	2018	2017
Gains on disposals of property, plant and equipment	$16,103	$ 265
Impairment of property, plant and equipment	-	(7,892)
	$16,103	($ 7,627)

(2) Other income

	2018	2017
Revenue from dividends	$ 2,537	$ 4,194
Others	15,391	11,078
	$ 17,928	$ 15,272

(3) Depreciation and amortization

	2018	2017
Depreciations summary by functions		
Operating costs	$ 222,044	$ 246,585
Operating expenses	9,412	13,921
Non-operating expenses	6,915	8,004
	$ 238,371	$ 268,510
Amortization summary by functions		
Operating costs	$ 5,240	$ 6,932
Operating expenses	3,661	2,488
	$ 8,901	$ 9,420
Depletion summary by functions		
Operating costs	$ 2	$ -
Operating expenses	-	-
	$ 2	$ -

(5) Employee benefits

	2018	2017
Post-employment benefits		
Defined contribution plans	$ 13,051	$ 13,240
Defined benefit plans (Note 22)	3,443	4,788
	16,494	18,028
Other employee benefits	364,548	366,144
	$ 381,042	$ 384,172
Summarized by function		
Operating costs	$ 278,702	$ 279,349
Operating expenses	102,340	104,823
	$ 381,042	$ 384,172

(6) Remuneration for employees, directors and supervisors

The Company shall appropriate 3% and not less than 5% of the profit before tax prior to the deduction of allocated remuneration for employees, directors and supervisors in the current year. The Group did not estimate the remuneration for employees, directors and supervisors due to loss before tax in 2018 and 2017. The remuneration for employees, the directors and supervisors of the year 2016 was decided by the board of directors on March 20, 2017 as follows:

Amount

	2016
Remuneration for employees	$ 12,447
Remuneration for directors and supervisors	20,745

If the amount of the annual consolidated financial statements still changes after the issued date, it will be treated as changes in accounting estimates and adjusted for subsequent years.

There is no difference between the amount of the remuneration for employees, the directors and supervisors actually paid and recognized in the consolidated financial statements in 2016.

For information on the remuneration for employees, the directors and supervisors of the Company in 2019 and 2018, please check it on the Market Observation Post System of the Taiwan Stock Exchange.

(7) Foreign exchange gains or losses

	2018	2017
Total foreign exchange gains	$ 458	$ 5,050
Total foreign exchange losses	(286)	(3,975)
Net profit (loss)	$ 172	$ 1,075

(8) Gains and Losses on disposals of financial assets

	2018	2017
Gains on Disposals of Available-for-Sale financial assets	$ -	$ 138
Losses on Disposals of Available-for-Sale financial assets	-	(575)
Gains on financial assets at FVPL	289	-
Net gains (losses)	$ 289	($ 437)

26. Income Tax from Continuing Operations

(1) Income tax recognized as profit or loss

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

	2018	2017
Current income tax		
Created in current period	$ 111	$ 32,998
Adjustments on prior years	2,460	3,721
	2,571	36,719
Deferred income tax		
Created in current period	27,205	(53,427)
Effect of tax rate changes	(20,496)	-
Income tax expenses (income) of recognised in profit or loss	$ 9,280	($ 16,708)

The reconciliation of accounting profit and current income tax expense (income) is as follows:

	2018	2017
Profit (loss) before tax from continuing operations	($ 191,662)	($ 119,011)
Income tax expense (income) calculated at statutory tax rate for profit (loss) before tax	($ 38,332)	($ 20,232)
Un-deductible expenses on tax	6,188	6,243
Unrecognized the subtractable temporary differences / loss deduction	59,772	(5,727)
Tax-free income	(312)	(713)
Differences recognized from effect of tax rate changes	(20,496)	-
The reconciliation of Current income tax expense in the previous year is recognized in current year	2,460	3,721
Recognized income tax expense (income) in profit or loss	$ 9,280	($ 16,708)

In February 2018, the Income Tax Act in the ROC was amended and, starting from 2018, the Profit-seeking Enterprise Income Tax rate will be adjusted from 17% to 20%. In addition, the tax rate of unappropriated retained earnings will be reduced from 10% to 5% in 2018. For China's subsidiaries, the applicable tax rate is 25%; for other jurisdictions, the tax is calculated based on the applicable tax rate in each jurisdiction.

(2) Current tax assets and liabilities

	December 31, 2018	December 31, 2017
Current tax assets		
Tax refund receivable	$ 21,288	$ 16,642
Current tax liabilities		
Income tax payable	$ 238	$ 13,235

(3) Deferred tax assets and liabilities

The changes of deferred tax assets and liabilities are as follows:

2018

	Balance at the beginning of the year	Recognized in profit or loss	Balance at the end of the year
Deferred tax assets			
Temporary differences			
Pension limit exceeded	$ 18,525	$ 3,479	$ 22,004
Loss deduction	12,010	36,637	48,647
Investment losses for using equity method	104,148	(61,048)	43,100
Unrealized inventory valuation losses	12,605	2,998	15,603
Unrealized foreign exchange losses	79	(52)	27
Bad debt limit exceeded	5,440	2,311	7,751
Impairment loss on financial assets at FVOCI	3,995	1,852	5,847
Gross profit from advance receipts with an issued bill of lading	1,109	(722)	387
	$ 157,911	($ 14,545)	$ 143,366

(To be continued)

(Continued)

	Balance at the beginning of the year	Recognized in profit or loss	Balance at the end of the year
Deferred tax liabilities			
Temporary differences			
Accelerated depreciation of Fixed assets	$ 41,766	($ 7,919)	$ 33,847
Unrealized foreign exchange gains	5	83	88
	$ 41,771	($ 7,836)	$ 33,935

2017

	Balance at the beginning of the year	Recognized in profit or loss	Balance at the end of the year
Deferred tax assets			
Temporary differences			
Pension limit exceeded	$ 17,859	$ 666	$ 18,525
Loss deduction	8,108	3,902	12,010
Investment losses for using equity method	71,678	32,470	104,148
Unrealized inventory valuation losses	11,887	718	12,605
Unrealized foreign exchange losses	99	(20)	79
Bad debt limit exceeded	5,549	(109)	5,440
Impairment loss on financial assets measured at cost	3,995	-	3,995
Gross profit from advance receipts with an issued bill of lading	3,142	(2,033)	1,109
	$ 122,317	$ 35,594	$ 157,911
Deferred tax liabilities			
Temporary differences			
Accelerated depreciation of Fixed assets	$ 59,604	($ 17,838)	$ 41,766
Unrealized foreign exchange gains	-	5	5
	$ 59,604	($ 17,833)	$ 41,771

(4) Income tax approval

The Company, Luckicon Ready-mixed Co., and Fuyu Development Company as of the end of 2016 income tax declaration cases, approved by the tax collection authorities, the number of approved and declared is no significant difference.

Dasheng Enterprise and Luckyship Co., as of the end of 2017 income tax declaration cases, approved by the tax collection authorities, the number of approved and declared is no significant difference.

27. Discontinuing Operations

The board of directors of ELUMINA technology Inc. decided to dissolve ELUMINA technology Inc. and its subsidiaries - Elumina Holding Limited and Elumina (Xiamen) Company on July 31, 2015, and had the dissolution of liquidation; the Group classified the cash-generating units into the discounting operation in 2015. ELUMINA technology Inc. and its subsidiaries completed the dissolution process in November 2018.

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

	2018	2017
Current profit (loss)	(\$ 672)	(\$ 775)

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

	2018	2017
Operating expenses	(\$ 653)	(\$ 754)
Non-operating income and expenses	(19)	(21)
Pre-tax profit (loss) of business suspension units	(672)	(775)
Tax expense	-	-
Current profit (loss)	(\$ 672)	(\$ 775)
Profit (loss) of business suspension unit belongs to:		
Owners of the Company	(\$ 474)	(\$ 547)
Non-controlling interests	(198)	(228)
	(\$ 672)	(\$ 775)
Net cash outflow generated from operations	(\$ 1,491)	(\$ 3,779)
Net cash flows from investing activities	1,000	3,300
Net cash flows (outflow)	(\$ 491)	(\$ 479)

28. Earnings (Loss) per Share

Unit : NTD 1.00 per share

	2018	2017
Basic earnings (loss) per share		
From continuing operations	($ 0.44)	($ 0.25)
From discontinued operations	-	-
Total basic earnings (loss)per share	($ 0.44)	($ 0.25)

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

Profit (loss)

	2018	2017
Profit (loss) attributable to owners of parent	($ 176,971)	($ 101,111)
Plus: used to calculate the basic unit of the loss of business units per unit loss of net loss	474	547
To calculate the net profit (loss) of the continuing business unit's earnings (loss) per share	($ 176,497)	($ 100,564)

Number of share

Unit：1,000 Shares

	2018	2017
The weighted average shares of ordinary stock which is used to calculate the basic earnings (loss) per share	404,738	404,738

29. Cash Flow Information

Changes in liabilities arising from financing activities

2018

			Non-cash changes	
	January 1, 2018	Cash Flow	Discount amortization	December 31, 2018
Short-term notes and bills payable	$ 139,577	$ 80,000	$ 159	$ 219,736

2017

	January 1, 2017	Cash Flow	Non-cash changes Discount amortization	December 31, 2017
Short-term notes and bills payable	$ 229,443	($ 90,000)	$ 159	$ 139,577

30. 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-mixeded 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:

	December 31, 2018	December 31, 2017
Within 1 year	$ 56,963	$ 42,917
More than 1 year but not more than 5 years	124,862	77,779
	$ 181,825	$ 120,696

Recognized expense of Lease payment as below:

	2018	2017
Lease payment	$ 58,927	$ 53,867

(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:

	December 31, 2018	December 31, 2017
Within 1 year	$ 8,316	$ 10,144
More than 1 year but not more than 5 years	1,837	5,180
	$ 10,153	$ 15,324

31. 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.

32. Financial Instrument

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

There is no significant difference between the 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

I. Fair value hierarchy

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets measured at FVPL				
Fund Benefit Certificate	$ 43,370	$ -	$ 6,535	$ 49,905
Financial assetsmeasured at FVOCI				
Eqiuty instrument investments				
—Domestic listed (OTC) stock	$ 136,875	$ -	$ -	$ 136,875
—Domestic unlisted (OTC) stock	-	-	19,015	19,015
Debt instrument investments				
—Corporate bonds	5,375	-	-	5,375
Total	$ 142,250	$ -	$ 19,015	$ 161,265

December 31, 2017

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Domestic listed (OTC) stock	$ 78,736	$ -	$ -	$ 78,736
Domestic Fund Benefit Certificate	66,988	-	-	66,988
Foreign Fund Benefit Certificate	-	-	8,949	8,949
Foreign corporate bonds	5,752	-	-	5,752
Total	$ 151,476	$ -	$ 8,949	$ 160,425

There is no transfer between level 1 and level 2 of fair value measurement in 2018 and 2017.

II. Adjustment of financial instruments by level 3 measurement of fair value

2018

	Financial assets at FVPL	Financial assets at FVOCI	
Financial assets	Fund Benefit Certificate	Equity Instruments	Total
Balance at the beginning of the period	$ 8,949	$ 23,216	$ 32,165
Effect of retrospective application of IFRS 9	-	891	891
Balance at the beginning of the period (IFRS9)	8,949	24,107	33,056
Proceeds from capital reduction	-	(2,890)	(2,890)
Profit /loss (Other gains and losses)	(2,414)	-	(2,414)
Other comprehensive income (Unrealized gains (losses) on financial assets measured at FVOCI)	-	(2,202)	(2,202)
Balance at the end of the period	$ 6,535	$ 19,015	$ 25,550

2017

	Available-for-sale Financial Assets
	Fund Benefit Certificate
Balance at the beginning of the period	$ 16,480
Other comprehensive income (Unrealized gains (losses) on available-for-sale financial assets)	(7,531)
Balance at the end of the period	$ 8,949

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 refrring to the net value of the fund provided by the fund company.

The domestic unlisted (OTC) equity investment adopts analogy of the Company Act for the listed (OTC) companies or the asset approach to calculate the fair value of investment targets.

The analogy of the Company Act for the listed (OTC) companies refers to companies engaged in the same or similar business, the transaction price of their shares in the active market, the value multiplier implied by those prices, and the reduction in liquidity to determine the value of the target company.

The asset approach assesses the total market value of individual assets and individual liabilities covered by the evaluation target and consider the reduction of non-controlling interests and a reduction in liquidity to reflect the overall value of the corporate or business.

(3) Financial instruments

	December 31, 2018	December 31, 2017
Financial assets		
Financial assets mandatorily measured at FVPL	$ 49,905	$ -
Measured at amortised cost（Note 1）	1,046,172	-
Loans and receivables （Note 2）	-	1,073,523
Available-for-sale financial assets（Note 3）	-	183,641
Financial assets measured at FVOCI		
Equity instrument investments	155,890	-
Debt instrument investments	5,375	-
Financial liabilities		
Measured at amortised cost（Note 4）	2,651,161	2,314,453

Note 1： The balance includes financial assets measured at amortized cost such as cash and cash equivalents, notess receivable, accounts receivable, other receivables and restricted assets (recognized other financial assets and other non-current assets).

Note 2： The balance includes loans and receivables measured at amortized cost such as cash and cash equivalents, notess receivable, accounts receivable, other receivables and restricted assets (recognized other financial assets and other non-current assets).

Note 3： The balance includes the balance of financial asset measured at costs that are classified as available-for-sale.

Note 4： The balance includes financial liabilities masured at amortised cost such as short-term borrowings, short-term notes and bills payable, notes payable, accounts payable, partical 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 ① as follows) and interest rate risk (please see ② 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.

① 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 35.

Sensitivity Analysis

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

The following table shows the sensitivity analysis of the Group when the exchange rate of individual functional currency to each relevant foreign currency increases and decreases by 5%. 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	
	2018	2017	2018	2017
Profit (loss)	($ 462)	($ 487)	($ 350)	($ 345)

Effect of Japanese Yen	
2018	2017
($ 1,391)	($ 144)

The above is mainly originated from the outstanding cash in banks, receivables, other financial assets and payables, calculated in USD, RMB and Japanese Yen which are not in cash flow hedge on the end of reporting period in the balance sheet of the Group.

② 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:

	December 31, 2018	December 31, 2017
Interest rate risk with fair value		
-Financial assets	$ 154,629	$ 162,087
-Financial liabilities	268,200	420,000
Interest rate risk with cash flow		
-Financial assets	377,224	431,993
-Financial liabilities	1,975,833	1,396,057

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 2018 decreases/increases NT$3,997,000 and the loss before tax in 2017 increases/decreases NT$2,410,000 separately 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:

	December 31, 2018		December 31, 2017	
	Book Value	Largest credit risk exposed amount	Book Value	Largest credit risk exposed amount
Off-balance sheet commitments and guarantee				
Endoresement for subsidiary	$ -	$ 748,910	$ -	$ 748,210

The credit risk of the Group is mainly concentered on the key account (KA) of the Group; as the end of December 31, 2018 and 2017, the receivables should exceed 5% of total receivables, which are separately 43.60% and 51.01% 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 December 31, 2018 and 2017, the unused long-term and short-term bank loan commitments of the Group are separately NT$1,893,815,000 and NT$2,578,984,000.

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.

December 31, 2018

	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
Non - derivative financial liabilities						
Non-Interest-Bearing liability		$ 232,472	$ 209,445	$ 17,805	$ 5,317	$ 63,692
Floating interest rate tool	1.62%	-	67,212	743,888	984,725	180,000
Fixed interest rate tool	1.29%	131,000	-	137,200	-	-
		$ 363,472	$ 276,657	$ 898,893	$ 990,042	$ 243,692

December 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
Non - derivative financial liabilities						
Non-Interest-Bearing liability	-	$ 245,750	$ 269,489	$ 49,429	$ 12,562	$ 65,358
Floating interest rate tool	1.70%	-	35,355	669,064	691,638	-
Fixed interest rate tool	1.52%	100,000	-	320,000	-	-
		$ 345,750	$ 304,844	$ 1,038,493	$ 704,200	$ 65,358

33. 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

Related party	Relations
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.

(2) Business transaction

	2018	2017
Sales		
Other related parties	$ 68,228	$ 96,842
Purchase		
Fuan Mining Co.	$ 224,915	$ 343,707
Other related parties	25,679	34,728
	$ 250,594	$ 378,435

(To be continued)

(Continued)

	2018	2017
Operating costs - transportation expenses		
Other related parties	$ 12,323	$ 15,613
Operating expenses		
Other related parties	$ 3,889	$ 4,441
Non-operating income		
Other related parties	$ 2,409	$ 2,438
Non-operating expenses		
Other related parties	$ 890	$ 696

Except the payment period for the payment by Fuan Mining Co. was paid before September 30, 2017, depending on the demand for funds. The purchase price and sales price between the Group and the related parties were negotiated respectively and were equal to the non-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：

	December 31, 2018	December 31, 2017
Notes receivable		
Other related parties	$ 5,170	$ -
Accounts receivable		
Other related parties	$ 11,140	$ 8,861
Other receivable		
Other related parties	$ 551	$ 559

No guarantee received for receivables- related parties. No expense on doubtful debts in receivables- related parties recognized in 2018 and 2017.

(4) Balance of payables from related parties on the end of reporting period in balance sheet is as follows:

	December 31, 2018	December 31, 2017
Notes payable		
Fuan Mining Co.	$ 41,678	$ 21,580
Other related parties	1,916	5,167
	$ 43,594	$ 26,747
Accounts payable		
Fuan Mining Co.	$ 21,195	$ 61,393
Other related parties	2,345	4,836
	$ 23,540	$ 66,229
Other payable（exclude financial）		
Other related parties	$ 1,157	$ 2,449

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

(5) Loans from related parties

	December 31, 2018	December 31, 2017
Other payable		
Other related parties	$ -	$ 18,328
Shareholder accounts		
Cheng Haibin	$ 45,800	$ 45,800

Shareholder accounts of the Group are no interest borrowing from stockholders.

(6) Remunerations of key management personnel

	2018	2017
Short-term employee benefits	$ 17,385	$ 17,956
Benefit after retirement	441	826
	$ 17,826	$ 18,782

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

34. 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:

	December 31, 2018	December 31, 2017
Notes receivable	$ 7,200	$ -
Developing property（Recognized Inventory）	3,012,245	3,022,742
Property, plant and equipment	794,480	815,592
Restricted assets（Recognized Other financial assets and other non-current assets）	242,699	218,754
	$ 4,056,624	$ 4,057,088

35. The Information of Foreign Currency Assets and Liabilities with Important Impact

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 dollars and foreign currency

December 31, 2018

	Foreign curreny	Exchange rate	Carrying Amount
Foreign currency Financial assets			
Monetary items			
US dollars	$ 294	30.715 （USD：NTD）	$ 9,002
US dollars	7	6.8632 （USD：RMB）	229
RMB	1,566	4.472 （RMB：NTD）	6,980

Japanese Yen	100,008	0.2872 （JPY：NTD）	28,722

December 31, 2017

	Foreign curreny	Exchange rate	Carrying Amount
Foreign currency Financial assets			
Monetary items			
US dollars	$ 321	29.76 （USD：NTD）	$ 9,525
US dollars	7	6.5342 （USD：RMB）	222
RMB	1,519	4.549 （RMB：NTD）	6,908
Japanese Yen	10,887	0.2642 （JPY：NTD）	2,876

Foreign exchange gains or losses (realized or unrealized) of the Group in 2018 and 2017 are respectively losses NT$172,000 and gains NT$1,075,000. Because there is variety of foreign currency transactions, it cannot disclose exchange gains and losses in accordance with foreign currency of each important impact.

36. Additional Disclosures

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

A. Financings provided：Schedule 1

B. Endorsement/guarantee provided：Schedule 2

C. Marketable securities held (excluding investments in subsidiaries and associates)：Schedule 3

D. Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital：None

E. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital：Schedule 4

F. Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital：None

G. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital：Schedule 5

H. Receivables from related parties amounting to at least NT$100 millions or 20% of the paid-in capital：None

I. Information about the derivative financial instruments transaction：None

J. Others: The business relationship between the parent and the subsidiaries and significant transactions between them：Schedule 8

K. Information of the investees (excluded the investees in Mainland China): Schedule 6

(3) Investment Information in mainland China：

I. 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 7

II. 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-subsidiaries and the investee company in mainland China.

① The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period：None

② The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period：None

③ The amount of property transactions and the amount of the resultant gains or losses：None

④ The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purpose：None

⑤ The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds：None

⑥ 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

37. 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 27 for related instruction.

(1) Revenue of segments and operating results

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

	Income of Segments t		Profit/Loss of Segments	
	2018	2017	2018	2017
Cement segment	$ 3,275,401	$ 3,396,350	($ 45,627)	$ 52,499
Other segmentt	55,200	38,104	(109,515)	(152,843)
Total amount of business unit	$ 3,330,601	$ 3,434,454	(155,142)	(100,344)
Interest revenue			2,170	1,935
Rent income			9,008	9,621
Other revenue			17,928	15,272
Gains (losses) on disposals of financial assets			289	(437)
Foreign exchange gains			172	1,075
Loss from financial assets measured at FVPL			(3,417)	-
Other expenses			(30,253)	(15,400)
Interest expense			(32,417)	(30,733)
Profit (loss) from continuing operations before tax			(191,662)	(119,011)
Loss from discontinued operations before tax			(672)	(775)
Profit (loss) before tax			($ 192,334)	($ 119,786)

The revenue of segments reported above is generated with external client exchange. There is no selling between segments in 2018 and 2017.

The revenue of segments means the profits earned by each segment, excluded interest revenue which shall be apportioned, rent income, other revenue, gains (losses) on disposals of financial assets, foreign exchange gains (losses), gains or losses from financial assets measured at FVPL, other expense, impairment loss and interest expense.

(2) Total assets and liabilities of segments

	December 31, 2018	December 31, 2017
Segment assets		
Continuing operating segment		
Cement segment	$ 4,001,015	$ 3,941,495
Other segment t	3,292,482	3,293,622
Total of segment assets	7,293,497	7,235,117
Assets related discontinued operations	-	1,735
Total assets	$ 7,293,497	$ 7,236,852
Segment liabilities		
Continuing operating segment		
Cement segment	$ 2,440,119	$ 2,134,893
Other segment	626,380	665,514
Total of segment liabilities	3,066,499	2,800,407
Liabilities related discontinued operations	-	7,903
Toatl liabilities	$ 3,066,499	$ 2,808,310

(3) Information by area

The Group's main operating area is in the Republic of China.

(4) Main customer’s information

The annual sales revenue of NT$3,330,601,000 and NT$3,434,454,000 in 2018 and 2017, there were NT$400,868,000 and NT$503,829,000 respectively from the largest customer of the Group. In the year of 2018 and 2017, there was no other income from a single customer that exceeded 10% of the Group’s total revenue.

Lucky Cement Corporation and Subsidiaries

Financings Provided

For the Years Ended December 31, 2018

Schedule 1

In Thousands of New Taiwan Dollars

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	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	Receivables of Affiliated Enterprise－Financing	$ 390,000	Yes	$ 200,000	$ 67,000	1.8763%	(2)	$ -	Operating Turnover	$ -	-	-	$ 422,692	$1,690,768
		Luckyship Marine Co.	Receivables of Affiliated Enterprise－Financing	30,000	Yes	30,000	3,000	1.8763%	(2)	-	Operating Turnover	-	-	-	422,692	1,690,768
		Lucky Cement Corp., Japan	Receivables of Affiliated Enterprise－Financing	30,000	Yes	30,000	-	1.8763%	(2)	-	Operating Turnover	-	-	-	422,692	1,690,768
						$ 260,000										
1	Luckicon Ready-mixed Co.,	Dasheng Enterprise	Receivables of Affiliated Enterprise－Financing	40,000	Yes	20,000	20,000	1.95%	(2)	-	Operating Turnover	-	-	-	52,182	104,364

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 the Years Ended December 31, 2018

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 periodr	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)	Enforcement and guarantee belong to parent vs. subsidiary company	Enforcement and guarantee belong to subsidiary vs. parent company	Enforcement and guarantee belong to Mainland China	Remark
		Company	Relations											
0	Lucky Cement Corp.	Dasheng Enterprise	Subsidiary	$ 1,690,768	$ 620,000	$ 620,000	$ 560,000	$ 120,000 (Note3)	14.67%	$ 2,113,460	Y	-	-	
		Luckicon Ready-mixed Co.,	Subsidiary	1,690,768	70,000	70,000	-	-	1.66%	2,113,460	Y	-	-	
		Luckyship Marine Co.	Subsidiary	1,690,768	45,000	45,000	11,638	-	1.06%	2,113,460	Y	-	-	
		Lucky Cement Corp., Japan	Subsidiary	1,690,768	13,910	13,910	4,451	-	0.33%	2,113,460	Y	-	-	
						$ 748,910								

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：The certificate of deposit NT$60,000,000 is provided as collateral which is recognized other finance asset – restricted asset.

Lucky Cement Corporation and Subsidiaries

Marketable Securities Held

December 31, 2018

Schedule 3

In Thousands of New Taiwan Dollars

Company	Type and Name of Securities	Relationship with the Issuer of Securities	Account	End of period				Remarks
				Shares	Carrying Amount	(%)	Fair Value (Note 1 & 2)	
Lucky Cement Corp.	Fund Beneficiary Certificate							
	O-Bank No.1 Real Estate Investment Trust	—	Current financial assets at FVPL	100,000	$ 856	-	$ 856	
	Non-listed (OTC) Company Common Stock							
	Cando Corporation	—	Non-current financial assets at FVOCI	398,889	-	0.1	-	Note3
	Jonfeng Mining Co., Ltd	—	Non-current financial assets at FVOCI	1,071,428	9,536	10.58	9,536	
	Global Securities Finance Corp.	—	Non-current financial assets at FVOCI	700,837	4,583	0.18	4,583	
	WK Technology Fund	—	Non-current financial assets at FVOCI	1,156,000	4,583	2.77	4,583	
	Listed (OTC) Company Common Stock							
	Taiwan Cement Corp	—	Current financial assets at FVOCI	440,000	15,664	-	15,664	
	Asia Cement Corporation	—	Current financial assets at FVOCI	500,000	16,975	-	16,975	
	Winbond Electronics Corp.	—	Current financial assets at FVOCI	130,181	1,764	-	1,764	
	Excelsior Medical Co., Ltd.	—	Current financial assets at FVOCI	40,000	1,840	-	1,840	
	United Microelectronics Corporation	—	Current financial assets at FVOCI	72,351	814	-	814	
	Medigen Biotechnology Corporation	—	Current financial assets at FVOCI	28,628	1,289	-	1,289	
	Highwealth Construction	—	Current financial assets at FVOCI	8,000	360	-	360	
	China Development Financial	—	Current financial assets at FVOCI	13,496	131	-	131	
	First Financial Holding Co. Ltd.	—	Current financial assets at FVOCI	883	18	-	18	
	Capital Securities Corp.	—	Current financial assets at FVOCI	875	8	-	8	
	Hua Nan Financial Holdings Co. Ltd.	—	Current financial assets at FVOCI	402	7	-	7	
	Far Eastern New Century Corporation	—	Current financial assets at FVOCI	800,000	22,320		22,320	
	U-Ming Marine Transport Corporation	—	Current financial assets at FVOCI	128,000	4,128		4,128	
	Formosa Plastics Corporation	—	Current financial assets at FVOCI	400,000	40,400		40,400	
Luckyship Marine Co.	Non-listed (OTC) Company Common Stock							
	Jonfeng Mining Co., Ltd.	—	Non-current financial assets at FVOCI	35,129	313	0.35	313	

(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 & 2)	
Luckyship Marine Co.	Listed (OTC) Company Common Stock							
	Medigen Biotechnology Corporation	—	Current financial assets at FVOCI	$ 242	11	-	$ 11	
Just Bright Ltd.	Listed Company Common Stock		Current financial assets at FVOCI					
	Global Lighting Technologies Inc. (Stock Name：GLT 4935)	—	Current financial assets at FVOCI	991,908	31,146	-	31,146	
Luckicon Ready-mixed Co.,	Fund Beneficiary Certificate							
	MEGA BAOJUAN Money Market Fund	—	Current financial assets at FVPL	2,826,600	28,375	-	28,375	
	Nomura Global Short Duration Bond Fund	—	Current financial assets at FVPL	948,650	9,656	-	9,656	
	Shin Kong Emerging ASEAN Bond Fund	—	Current financial assets at FVPL	500,015	4,483	-	4,483	
	TSG Phnom Penh Real Estate Development Fund	—	Non-current financial assets at FVPL	500	6,535	-	6,535	
	Marketable Security - Corporate Bond							
	The Cathay United Jenai EMC USD Fixed Interest Allocation Bond	—	Current financial assets at FVOCI	-	5,375	-	5,375	

Note 1：Financial assets measured at FVPL, its fair value is based on the net asset value of funds on December 31, 2018.

Note 2：Listed (OTC) stocks of financial assets measured at FVPL, its fair value is based on stock closing price on December 31, 2018. Corporate bond is based on market price on December 31, 2018. Non-listed (OTC) stocks are estimated market value by the fair value evaluation method.

Note 3：It has been recognized as loss of impairments.

Note 4：Please refer to Schedule 6 and 7 for info regarding to subsidiary investment.

Lucky Cement Corporation and Subsidiaries

Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital

For the Years Ended December 31, 2018

Schedule 4

In Thousands of New Taiwan Dollars

Types of Property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Nature of Relationships	Prior Transaction of Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
						Owner	Relationships	Transfer Date	Amount			
The land in 9th Cao'aopo subsection in Cao'aopo section of Yangmei District, Taoyuan City	107/8/13	$ 356,996	paid	Non-related parties	-	-	-	-	$ -	According to the judgment price of the court and the resolution of the board of directors. ◦	It is convenient to use due to the land is adjacent to the factory.	-

Lucky Cement Corporation and Subsidiaries

Total Purchases from or Sales to Related Parties of at least NT$100 Million or 20% of the Paid-in Capital

For the Years Ended December 31, 2018

Schedule 5

In Thousands of New Taiwan Dollars

Company Name	Transaction Counterpart	Relations	Transaction Status				Status and Reasons of Difference between Transaction Condition and General Transaction		Accounts, Notes Receivable (Payable)		Remarks
			Purchase (Sale)	Amount	Account for Purchase (Sale) Percentage to Total (%)	Credit Period	Unit Price	Credit Period	Balance	Accounts, Notes Receivable (Payable) Percentage to Total (%)	
Lucky Cement Corp.	Luckicon Ready-mixed Co.,	Subsidiary	Sale	($ 347,184)	(12.35)	About 90 days	Quite	Quite	Accounts receivable $ 36,623 Notes receivable 39,153	29.37 13.44	Note
Lucky Cement Corp.	Fuan Mining Co., Ltd.	Other related parties	Purchase	224,915	20.37	About 90 days	Agreed	Quite	Accounts payable (21,195) Notes payable (41,678)	(20.23) (39.79)	

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

Lucky Cement Corporation and Subsidiaries

Names, Locations, and Related Information of Investees

For the Years Ended December 31, 2018

Schedule 6

In Thousands of New Taiwan Dollars

Investment company	Invested company	Address	Main business items	Original investment amount (Note 4)		Holding at the end of the period			Current (loss) profit of invested company	Investment (loss) profit accounted this Period (Note 1)	Remarks
				At the end of the period	End of last year	Number of shares	Rate	Carrying Amount			
Lucky Cement Corp.	Dasheng Enterprise	14F., No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Real Estate Sales & Lease	$ 2,167,473	$ 1,887,473	157,295,283	99.99	$ 2,334,592	($ 109,341)	($ 109,341)	
	Luckicon Ready-mixed Co.,	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	260,907	(21,227)	(21,227)	
	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	31,154	931	931	
	Lucky Cement Corp., Japan	Aichi, Japan hekinan Yu Jin-Pu-cho 12 gu	Cement Trading	82,300	82,300	200	100.00	24,059	(636)	(636)	Note 2
	Luckyship Marine Co.	13F., No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Shipping Agent	88,615	8,615	8,499,994	99.99	52,791	(18,534)	(18,534)	
	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	-	-	-	(1,147)	(810)	Note 3
Luckicon Ready-mixed Co.,	Fuyu Development Company	13F., No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Mine Gravel	12,571	7,500	1,000,000	100.00	9,623	(10,665)	(9,587)	
Elumina Technology Inc.	ELUMINA HOLDING LIMITED	Beaufort House, P. O. Box 438, Road Town, Tortola, British Virgin Islands	Holding Company	-	45,563	-	-	-	(2)	(2)	Note 3

Note1：It has been calucated pursuant to the Accountant’s reviewed financial statement.

Note2：Original investment amount that the Company invested in Lucky Cement Corp., Japan and did not finish equity registration is 150,000,000 Japanese Yen in December 31, 2018.

Note3：The board of directors of Elumina Technology Inc. resolved to dissolve Elumina Technology Inc. and its subsidiaries on July 3 , 2015, and they were dissolved in November 2018.

Note4：The original investment amount includes the previous year's capital reduction to make up for the decrease in losses.

Note5：Please refer to Shcedule 7 for the information regarding to the invested company in China.

Lucky Cement Corporation and Subsidiaries

Investment Information in Mainland China

For the Years Ended December 31, 2018

Schedule 7

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 4）	The proportion of shares held by the Company directly or indirectly	Investmend (Loss) profit accounted of this period（Note 4）	Book value of end-of-period investment（Note 4）	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	$ -	70.59%	$ -	$ -	$ -

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	$4,226,920x60%=$2,536,152

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：Calculated by the limits set forth in the “China Investment or Technic Cooperation & Review Principle” issued by Investment & Review Committee, August 29, 2008

Note 3：Elumina Technology Inc. is the parent company of ELUMINA (Xiamen) Technology Inc. The board of directors of Elumina Technology Inc. resolved to dissolve Elumina Technology Inc. and its subsidiaries on July 31, 2015, and they were dissolved in November 2018.

Note 4：It has been written off in the preparation of consolidated financial statement.

Lucky Cement Corporation and Subsidiary

Intercompany Relationships and Significant Intercompany Transactions

For the Years Ended December 31, 2018

Schedule 8

In Thousands of New Taiwan Dollars

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 assets (%)
0	Lucky Cement Corp.	Luckicon Ready-mixed Co.,	1	Notes receivable	$ 39,153	About 90 days	0.53
	Lucky Cement Corp.	Luckicon Ready-mixed Co.,	1	Accounts receivable	36,623	About 90 days	0.50
	Lucky Cement Corp.	Luckicon Ready-mixed Co.,	1	Other receivables	94	About 90 days	-
	Lucky Cement Corp.	Luckicon Ready-mixed Co.,	1	Contract liability	4,542	About 90 days	0.06
	Lucky Cement Corp.	Luckicon Ready-mixed Co.,	1	Sales revenue	347,184	About 90 days	10.42
	Lucky Cement Corp.	Luckicon Ready-mixed Co.,	1	Rent income	1,525	30 days	0.05
	Lucky Cement Corp.	Luckicon Ready-mixed Co.,	1	Operating expenses	218	About 90 days	0.01
	Lucky Cement Corp.	Fuyu Development Company	1	Other receivables	4	About 90 days	-
	Lucky Cement Corp.	Fuyu Development Company	1	Notes payable	196	About 90 days	-
	Lucky Cement Corp.	Fuyu Development Company	1	Accounts payable	189	About 90 days	-
	Lucky Cement Corp.	Fuyu Development Company	1	Other payable	389	About 90 days	0.01
	Lucky Cement Corp.	Fuyu Development Company	1	Cost of sales	4,006	About 90 days	0.12
	Lucky Cement Corp.	Fuyu Development Company	1	Purchase	2,595	About 90 days	0.01
	Lucky Cement Corp.	Fuyu Development Company	1	Rent income	13,928	About 90 days	0.42
	Lucky Cement Corp.	Fuyu Development Company	1	Other income	1,200	30 days	0.04
	Lucky Cement Corp.	Luckyship Marine Co.	1	Other financial assets - Financing	3,000	Financing, the repayment period is one year	0.04
	Lucky Cement Corp.	Luckyship Marine Co.	1	Other receivables	7	About 90 days	-
	Lucky Cement Corp.	Luckyship Marine Co.	1	Rent income	256	30 days	0.01
	Lucky Cement Corp.	Luckyship Marine Co.	1	Interest income	143	30 days	-
	Lucky Cement Corp.	Dasheng Enterprise	1	Guarantee deposits paid	159,000	Returned upon completion according to the contract	2.18
	Lucky Cement Corp.	Dasheng Enterprise	1	Other financial assets - Financing	67,000	Financing, the repayment period is one year	0.91
	Lucky Cement Corp.	Dasheng Enterprise	1	Other receivables	99	About 90 days	-
	Lucky Cement Corp.	Dasheng Enterprise	1	Sales revenue	135	About 90 days	-
	Lucky Cement Corp.	Dasheng Enterprise	1	Rent income	80	30 days	-
	Lucky Cement Corp.	Dasheng Enterprise	1	Interest income	3,478	30 days	0.10
1	Luckicon Ready-mixed Co.,	Fuyu Development Company	1	Rent income	5,700	30 days	0.17
	Luckicon Ready-mixed Co.,	Dasheng Enterprise	3	Notes receivable	534	30 days	0.01
	Luckicon Ready-mixed Co.,	Dasheng Enterprise	3	Accounts receivable	816	About 90 days	0.01
	Luckicon Ready-mixed Co.,	Dasheng Enterprise	3	Other financial assets - Financing	20,000	Financing, the repayment period is one year	0.27
	Luckicon Ready-mixed Co.,	Dasheng Enterprise	3	Other receivables	33	About 90 days	-
	Luckicon Ready-mixed Co.,	Dasheng Enterprise	3	Sales revenue	11,867	About 90 days	0.36
	Luckicon Ready-mixed Co.,	Dasheng Enterprise	3	Interest income	676	30 days	0.02

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