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Lucky Cement Corporation

2020 Annual Report
Printed on: April 30, 2021

Notice to readers
This English-version report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

I. Spokesperson / Deputy Spokesperson

Name：Weng Xiu-Chu／Chen Yi-Cheng
Title：Manager／Vice Manger
Telephone : (02)2509-2188
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II. Contact Information

Name	Address	Phone
Headquarter	15F, 237 Songjiang Rd., Taipei City	(02)2509-2188
Dongao Plant	101 Suhua Rd., Sec. 3, Nan’ao Township, Yilan County	(03)998-6110
Puxin Plant	193 Meishi Rd., Sec. 1, Yangmei Dist., Taoyuan City	(03)481-4788
Horen Plant	73 Heren Rd., Heping Village, Xiulin Township, Hualien County	(03)868-1217

III. Stock Transfer Agent
Name: Stock affairs agency, Sinopac Securities
Address: 3F, 17 Bo’ai Rd., Zhongzheng Dist., Taipei City
Telephone:(02)2381-6288
Website: http://www.sinotrade.com.tw

IV Auditors
CPA Firm: Deloitte & Touche
CPA: Huang Hai-Yue & Chao-Mei Chen.
Address: 20F, Taipei Nan Shan Plaza No.100, Songren Rd. Xinyi Dist., Taipei
Telephone: (02)2725-9988
Website: http://www.deloitte.com.tw

V Overseas Securities Exchange: Not applicable

VI Corporate Website: http://www.luckygrp.com.tw

Contents

I A letter to Shareholders

Dear sir and madam:

The consolidated operating revenue in 2020 was NT$ 4,533,370,000, consolidated gross income from operations was NT$ 447,475,000 and consolidated profit was NT$ 392,269,000. The Company actively renovated the business strategies and operating guidelines to reduce operating costs, and showed results with the team efforts of all our colleagues in 2020. The consolidated revenue has grown by more than 20% compared to 2019, and earnings per share have increased significantly from NT$ 0.11 in 2019 to NT$ 0.97 in 2020.

Looking back in 2020, the world economy has been severely impacted by the COVID-19, the major economies around the world has experienced tremondous decline due to various epidemic prevention measures such as countries and cities lockdown, suspension of social activities and so on. However, Taiwan's economic activities had little impacted due to appropriate epidemic prevention measures. In the past two years, subjected to the China-US trade war and de-sinicization/de-Americanization, Taiwanese businesses continued to return home and increased investment amount, which driven domestic demand in commercial offices and factory offices up. Because of the low interest rate environment created by the Easy money policy policy of Central Banks in many countries, Taiwan's real estate market was also showing signs of recovery, caused the price and volume of domestic cement and ready-mixed concrete market went up. Under this circumstance, the Company had aggressively adjusted the operating strategies. The Company performance in 2020 is far better than in 2019.

Looking forward to 2021, according to the forecast of the Directorate-General of Budget, Accounting and Statistics, Executive Yuan, Taiwan economic growth rate will be 4.64% in 2021 and the overall economic situation is still looking good. The domestic cement and ready-mixed concrete market, driven by the emand ofd the housing market, commercial offices, factories and public works, should be able to maintain at stable trend. But the cement industry still faces many challenges. The Company will keep moving forward to all kinds of operating strategies, such as improving factory production equipment, enhancing efficiency, complying with environmental protection requirements, optimizing train logistics, improving production scheduling for cost down, deploying ready-mixed concrete sales channels, and plowing the domestic market. The Company will pay more attention on the issue of sustainable develpment of ESG, hopes through all the strategic operations and all colleagues' effort, we will continue to have the better performance in 2021.

Lastly, we give best wishes for good health and good luck to all the shareholders. Thank you.

Chairman：CHEN, LIANG-CHUAN

1.2 2020 Business Report

1. Business performance

(1) Major parts of products

Item	2020	2019	Increase(Decrease)	Growth %
Cement and Slag Powder (Unit: 1,000 tons)	875	799	76	9.51%
Stone (Unit: 1,000 tons)	2,135	1,969	166	8.43%

Status of implementation plan:

Total production of cement and slag powder was 875,000 tons, total planned production was 814,000 tons, and its production achievement rate was 107.5%.

Total production of stone was 2,135,000 tons, total planned production was 2,424,000 tons, and its production achievement rate of stone was 88.1%.

(2) Major parts of Sales

Item	2020	2019	Increase (Decrease)	Growth %
Cement and Slag Powder (Unit: 1,000 tons)	948	827	121	14.63%
Stone (Unit: 1,000 tons)	685	689	(4)	(0.58%)
Cement and Slag Powder (Unit: NT$1,000)	2,082,244	1,809,209	273,035	15.09%
Stone (Unit:NT$1,000)	322,445	281,628	40,817	14.49%

Status of implementation plan:

Total sales of cement and slag powder was 948,000 tons, total planned sales was 821,000 tons, and its sales achievement rate was 115.5%.

Total sales of stone was 685,000 tons, total planned sales was 708,000 tons, and its sales achievement rate of stone was 96.8%.

2. Financial Revenue and Profitability Analysis

Unit: NT$1,000,000

Item	2020	2019	Increase (Decrease)	Increase (Decrease) %
Operating revenue	4,530	3,732	798	21.38%
Operating income (loss)	447	78	369	473.08%
Profit (loss) before tax	444	54	390	722.22%
Profit (loss)	392	46	346	752.17%

<table>
<tr><th colspan="3">Item</th><th>2020</th><th>2019</th></tr>
<tr><td rowspan="4">Individual profitability</td><td>Operating Income Margin (%)</td><td rowspan="2">Ratio：
Paid-in capital</td><td>7.78</td><td>1.78</td></tr>
<tr><td>Profit (loss) before Tax Margin (%)</td><td>10.29</td><td>1.17</td></tr>
<tr><td colspan="2">Net Profit (Loss) Margin (%)</td><td>11.95</td><td>1.57</td></tr>
<tr><td colspan="2">Earnings Per Share (NT Dollar)</td><td>0.97</td><td>0.11</td></tr>
</table>

3. Research and development

The Company spared no effort in the research of production process in response to the business development of cement, slag powder, stone, and waste disposal. Also, we had simultaneously significant results that achieved the requirements under the environmental protection policy of Government on the research and development of environmental pollution prevention and control. As for the global focus of energy conservation and carbon reduction, the talent and manpower have been committed by the Company in order to achieve the goals of Government policy.

4. Subsidiary business

(1) Dasheng Enterprise Co., Ltd. (“Dasheng Enterprise”)

The company invests the land located in the Daganlin area of Anle Dist., Keelung City. The land is under grading stage. The first phase of the project is planning to build houses with 1+1 to 4 rooms, the building ping is ranging from 18 to 40 pings, and it is estimated that about 520 households can be built in the planning. Due to the request of the Keelung City Government to move the 2 hectare school land to the south area in the second phase of the rezoning area, the process of changing the urban plan is currently in progress.

The company suffered a net loss amount NT$ 14,060,000 in 2020.

(2) Lucky Cement Corp., Japan (“Lucky Cement, Japan”)

In 2020, the sales revenue of cement was NT$52,540,000 and net profit was NT$250,000.

(3) Luckicon Ready-mixed Concrete Factory Co., Ltd (“Luckicon Ready-mixed Concrete”)
In 2020, the sales revenue was NT$1,672,040,000 and net profit was NT$104,900,000.

(4) Luckyship Marine Co., Ltd (“Luckyship Co.”)
The sales revenue in 2020 was NT$ 68,240,000 and net loss was NT $8,820,000.

(5) Fuyu Development Company (“Fuyu Development Co.”)
In 2020, the sales revenue was NT$ 83,740,000 and net profit was NT$3,910,000.

1.3 2021 Business Plans

Production & Marketing Plans in 2021：

Unit : tons

Products	Production	Sales
Cement, Slag Powder	750,000～900,000	900,000～1,200,000
Stone	2,000,000～2,500,000	900,000～2,000,000

In 2020, de to the appropriate epidemic prevention measures of the Taiwan government and the continuous return of Taiwanese businessmen, the real estate market has recovered and the Company has benefited from this. The Company conservatively estimates the cement-related industry market in 2021, it is expected that the Company's production and sales of cement and slag powder will be between 750,000 to 1,200,000 tons, and the production and sales of stone will be between 900,000 to 2,500,000 tons.

II Company History

1974:	"Lucky Cement Corporation" was established on May 7, 1974.
1979:	Dongao Plant was commenced civil construction.
1981:	The first cement production line in Dongao Plant was completed in operation and its annual production capacity was 600,000 tons.
1983:	The second cement production line was commenced in Dongao Plant.
1985:	The second cement production line in Dongao Plant was completed in operation and its annual production capacity was 800,000 tons.
1986:	Renovated the first cement production line in Dongao Plant and its annual production capacity was increased to 800,000 tons.
1987:	Invested in Dasheng Building Enterprise Co., Ltd. Invested in establishment of Lucky Cement Corp., Japan.
1989:	Dasheng Building Enterprise Co., Ltd. was renamed to Dasheng Enterprise Co., Ltd.
1990:	Class A stock IPO. Nankang Storage & Transportation Station was completed for operation.
1991:	Taichung Storage & Transportation Station was completed for operation, promoting delivery capacity of cement for the central Taiwan.
1992:	Acquired the land, plant and equipment of Puxin Cement Plant of Yungkang Industrial Co., with which the cement annual production capacity was 200,000 tons.
1993:	Technical renovated the first cement production line of Dongao Plant and annual production capacity was increased to 1 million tons. Established Luckyship Marine Co., Ltd Established Luckicon Ready-mixed Concrete Factory Co., Ltd
1994:	The third cement grinding system in Puxin Plant completed construction at the end of year and annual production capacity was increased to 1.4 million tons.
1995:	The first rotary kiln equipment of Dongao plant was improved, and clinker annual production capacity was increased to 1.2 million tons. At this point, two cement rotary kiln equipment in the Company's Dongao plant had clinker annual production capacity was 2 million tons; Dongao plant and Puxin plant had a total grinding production capacity of cement was 3 million tons. Taichung storage & transportation station add a cement silo to improve additional cement delivery capacity to the Central Taiwan.

Phase 1 expansion construction of Horen mining began, which was used to reinforce quality of developed mining source.

Puxin Plant researched and developed slag powder product and promote to customers.

Established Luckyship Navigation S.A.

Established Luckipar Professional Basketball Co., Ltd

1996: Slag powder was firstly available on the market.

Dongao & Puxin Plants ISO9002. certified

1997: Phase 1 expansion construction of Horen mining completed (limestone transport and crushing equipment).

Dongao Plant production rationalization project completed

1998: Puxin Plant additional slag powder production equipment completed, with which increase annual production capacity to 300,000 tons.

1999: The production equipment of fly ash in Puxin Plant was completed, with which annual production capacity was 260,000 tons.

2000: Added waste disposal projects to increase operating revenue.

Established Just Bright（BVI）Co.

Established Hojen Harbour Development Co., Ltd.

2001: Established Changxin photoelectric Co., Ltd.（renamed to ELUMINA Technology Inc.）.

2002: Kaohsiung Storage & Transportation Station was completed for operation, promoting cement delivery capacity for the Southern Taiwan.

Luckipar Professional Basketball Co., Ltd was dismissed for liquidation.

2003: Wudu Storage & Transportation Station was completed that replace Nankang Storage & Transportation Station to be the Delivery Center for Northern Taiwan.

Luckyship Navigation S.A. was dismissed for liquidation.

2004: Phase 2 expansion construction of Horen mining began, with which to increase mining source and develop a variety of limestone products for incremental sales revenue.

2006: Stone product was firstly available on the market.

Luckyship Marine Co., Ltd purchased a vessel from its affiliated Company named Luckyship Navigation S.A.

2007: The second rotary kiln in Dongao Plant was renovated to reduce the production cost.

Established Fuyu Development Company to explore and deliver a variety of limestone products.

2008: Phase 2 expansion construction of Horen mining completed.

The Company passed Quality Certification of ISO9001:2008.

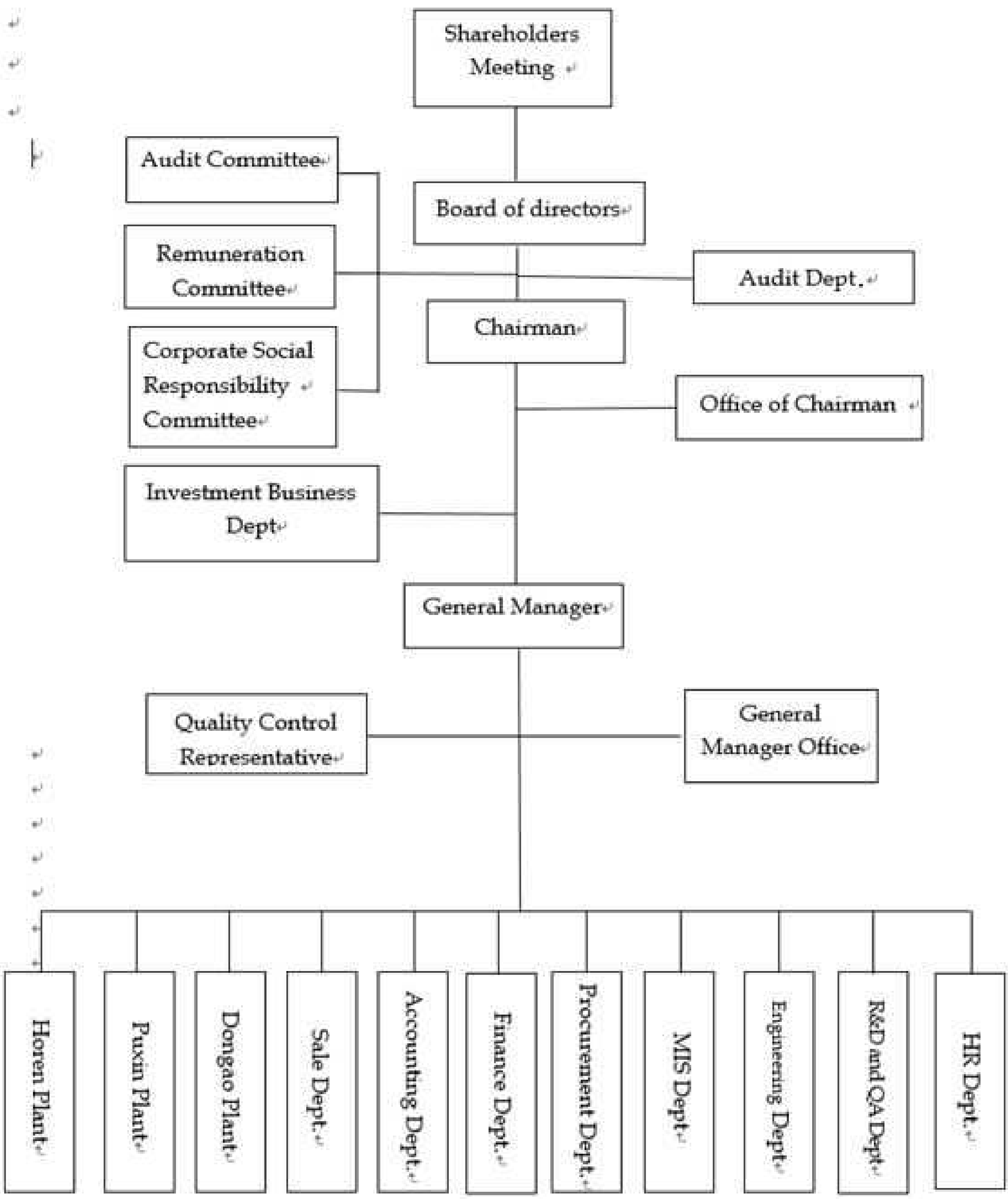
2012: Luckyship Navigation S.A. concluded in the liquidation.

2015:	Luckyship Marine Co., Ltd purchased a vessel
	ELUMINA (Xiamen) Technology Inc., the subsidiary of ELUMINA Technology Inc., conducts dissolution and liquidation procedures
2016:	Hojen Harbour Development Co., Ltd. proceeded in dismissal and liquidation in September 2016.
2018:	Elumina Technology Inc. was granted dissolution registration on November 8, 2018.
2019:	The board of directors decided to end the operation of Just Bright Ltd (BVI) on December 27, 2019.

III Corporate Governance Report

3.1 Organization

1. Organization chart



2. Major Corporate Functions

Department	Functions
General Manager's Office	Assisting General Manager to handle all affairs.
Dongao and Puxin Plant	Production of cement, slag powder and fly ash. Dongao plant is in charge waste disposal business.
Hojen Mining	Excavation, production of limestone, dimension stone and sandstone and shipping management for all relevant products.
Sales Department	Sales, dispatch and delivery domestic and export cement, slag powder, fly ash, dimension stone and sandstone.
Financial Department	Fund raising and management.
Accounting Department	Accounting and taxation.
Procurement Department	Domestic and oversea raw materials, spare parts procurement.
Engineering Department	Research and improvement of production facilities and production procedure and construction.
HR Department	Employee recruitment and training and general affairs.
MIS Department	Plan, design, Integration and maintenance for company computerized information.
Audit Department	Consistency and appropriateness of auditing and evaluation on each business operation control.
R&D and Quality Assurance Department	Research and development for new and relevant products of cement.
Business Investment Department	Domestic and International Investment and management.

3.2 Directors, Supervisors and Management Team

1. Directors

April, 30, 2021

Title (Note1)	Nationality/ County of Origin	Name	Gender	Date Elected	Term (Years)	Date First Elected (Note2)	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) （Note3）	Other Position	Executive, Directors or Supervisors who are spouses or within two degrees of kinship			Note (Note4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Institutional Director	ROC	Shiyi Cement Co., Ltd.	–	June 12, 2019	3	June 13, 2007	3,634,588	0.90 %	6,632,588	1.64 %	–	–	–	–	–	–	–	–	–	
	ROC	Representative : Chen, Liang-Chuan	Male	June 12, 2019	3	June 6, 1990	6,754,627	1.67 %	6,158,497	1.52 %	None	–	None	–	Chengzhou Elementary School	Chairman of Yungsheng Development Industrial Co., Luckicon Ready-mixed Concrete, Luckyship Co., Dasheng Enterprise and Lucky Cement, Japan Chairman & General Manager of Lucky Cement Co.	Executive Deputy General Manager	Chen, Yun-Ju	Father and daughter	Note4
	ROC	Shiyi Cement Co., Ltd.	–	June 12, 2019	3	June 13, 2007	3,634,588	0.90 %	6,632,588	1.64 %	–	–	–	–	–	–	–	–	–	
	ROC	Representative : Chen, Yun-Ju	Female	June 12, 2019	3	December 30, 2001	7,951,298	1.96 %	7,951,298	1.96 %	None	–	None	–	EMBA of Tulane University	Chairman of Liguang Construction Co. Executive Deputy General Manager of Lucky Cement Co.	Chairman and General Manager	Chen, Liang-Chuan	Father and daughter	
Director	ROC	Zhang, Xiang-Lin	Male	June 12, 2019	3	June 13, 2007	7,539,587	1.86 %	7,539,587	1.86 %	None	–	None	–	Datong Middle School	General Manager of Xuhe Building Materials Co., Ltd	None	–	–	
	ROC	Cheng, Shang-Kai	Male	June 12, 2019	3	June 12, 2019 (Note5)	1,832,666	0.45 %	1,832,666	0.45 %	None	–	None	–	MBA of Suffolk University	Manager of Haihua Investment Co., Ltd.	None	–	–	
Independent Director	ROC	Chen, Yan	Female	June 12, 2019	3	June 15, 2016	–	–	–	–	None	–	None	–	Bachelor of Department of Accounting, Tamkang University	Financial consultant of Eorex corporation Senior Vice President of ZOYI Management Consulting Co., Ltd.	None	–	–	
	ROC	Wang, Zhi-Cheng	Male	June 12, 2019	3	June 15, 2016	–	–	–	–	None	–	None	–	PhD of College of Law, National Chengchi University	The dean of the law school, Chinese Culture University Independent Director of Dyaco International Inc. Independent Director of CTBC Financial Holding Co., Ltd.	None	–	–	
	ROC	Shao, Yang-Wei	Male	June 12, 2019	3	June 12, 2019	–	–	–	–	None	–	None	–	Ph. D. Graduate Institute of Engineering Technology, National Taipei University of Technology	General Manager of Jabes Construction Company Limited Vice Chairman of Chung Hua Association for Financial and Economic Strategies Honorary Chairman of CCIM Taiwan	None	–	–	

Note 1：The institutional shareholders shall list the names of the institutional shareholders and their representatives separately (a representative of the institutional shareholders shall indicate the name of the institutional shareholder), and shall fill in the following table 1

Note 2：Fill in the time when you first served as a company's director or supervisor. If there is any disruption, it should be noted.

Note 3：Experiences related to the current position, such as the auditing of a certified public accountant firm or a related company during the period of the previous disclosure, should be stated in terms of their job title and responsible position.

Note 4：Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent directors and more than half of the directors should not serve as employees or managers etc.).

The chairman of the Company is the establisher and the general manager with rich industry experience, the succession plan is in progress and there are 3 Independent Directors of the 7 seats, more than half of the directors do not serve as employees or managers of the Company.

Note 5：The director of the Company Mr. Cheng Shang-Kai was the supervisor of the Company before the re-election of the board of Directors on June 12, 2019.

(1)Table 1 : Major Shareholders of the institutional shareholders

April 30, 2021

Name of Institutional Shareholders (Note 1)	Major Shareholders （Note 2）
Shiyi Cement Co., Ltd.	Changheng Investment Co. (32.49%), Liguang Construction Co. (20.38%), Chen, Yun-Ju (34.05%)

Note 1： Directors and supervisors who are representatives of institutional shareholders should fill in the name of the institutional shareholders.

Note 2： Fill in the name of the major shareholder of the institutional shareholders (its shareholding percentage in the top ten) and its shareholding percentage. If its major shareholder is a juridical person, the following table 2 should be added and filled.

Note 3： If a institutional shareholder is not a company organizer, the name of the shareholder and the shareholding ratio that should be disclosed are the name of the funder or donor and its contribution or contribution ratio

(2) Table 2：Major shareholders of the Company’s major institutional shareholders

April 30, 2021

Name of Institutional Shareholders (Note 1)	Major Shareholders （Note 2）
Liguang Construction Co.	Changrun Water Resources (29.45%), Jinli Investment Co., Ltd. (19.48%), Changheng Investment Co. (50.63%)
Changheng Investment Co.,	Shiyi Cement Co., Ltd. (99.85%)

Note 1： As listed in Table 1, the major shareholder is a juridical person should be filled in the name of the juridical person.

Note 2： Fill in the name of the major shareholder of the institutional shareholders (its shareholding percentage in the top ten) and its shareholding percentage.

Note 3： If a institutional shareholder is not a company organizer, the name of the shareholder and the shareholding ratio that should be disclosed are the name of the funder or donor and its contribution or contribution ratio

(3)**The information of Directors：The qualifications of Directors**

April 30, 2021

Criteria / Name (Note 1)	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria（Note 2）												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Shiyi Cement Co., Ltd. Representative：Chen, Liang-Chuan			V					V	V			V		V		None
Shiyi Cement Co., Ltd. Representative：Chen, Yun-Ju			V						V	V		V		V		None
Zhang, Xiang-Lin			V	V			V	V	V	V	V	V	V	V	V	None
Cheng, Shang-Kai			V	V		V	V	V	V	V	V	V	V	V	V	None
Chen, Yan (Independent Director)			V	V		V	V	V	V	V	V	V	V	V	V	None
Wang, Zhi-Cheng (Independent Director)	V		V	V		V	V	V	V	V	V	V	V	V	V	2
Shao, Yang-Wei (Independent Director)			V	V	V	V	V	V	V	V	V	V	V	V	V	None

Note 1：The number of columns can be adjusted to the actual number.

Note 2：Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

（1）Not an employee of the Company or its affiliates.

（2）Not a Director or Supervisor of the Company or its affiliates. (Not applicable in cases where the person is an Independent Director of the Company or its parent company, subsidiary or subsidiaries of the same parent company are set up according to the Act or local laws).

（3）Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of he Company or ranking in the top 10 in holdings.

（4）Not a spouse, second-degree relative or third-degree relative of the managers in (1) or persons in (2) or (3).

（5）Not a director, supervisor, or employees of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company or that holds shares ranking in the top five in holdings or is the representative being assigned as the director or supervisor of the Company by in accordance with Article 27, Paragraph 1 or 2 of the Company Act, (Not applicable in cases where the person is an Independent Director of the Company or its parent company, subsidiary or subsidiaries of the same parent company are set up according to the Act or local laws).

（6）Not a director, supervisor or employee of other company which has over half of the number of directors' seats or shares with voting rights of the Company and is controlled by the same person (Not applicable in cases where the person is an independent director of the Company, its parent company, any subsidiary or subsidiaries of the same parent company established in accordance with the Act or local laws).

（7）Not a director, supervisor or employee of other companies or institution which concurrently works as or in a spouse relationship to the chairman, general manager or personnel of relative duties of the Company (Not applicable in cases where the person is an independent director of the Company, its parent company, any subsidiary or subsidiaries of the same parent company established in accordance with the Act or local law).

（8）Not a director, supervisor, manager or a shareholder holing five percent or more of the shares of a company or institution that has a business or financial relationship with the Company(However, not applicable in cases where the person is an Independent Director of the Company or its parent company, subsidiary or subsidiary of the same parent company are set up according to the Act or local laws).

（9）Not a professional who provides auditing, nor a professional who provides commercial, legal, financial, accounting or consulting services to the Company or its affiliates with the cumulated remuneration within the last two years less than NT$500,000, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such service to the Company or its affiliates, however, this does not apply for members of Remuneration Committee, Public Tender Offer review committee or special committee for Merger/ Consolidation and Acquisition who exercise power in accordance with relevant laws and regulations in Securities and Exchange Act or Business Mergers and Acquisitions Act.

（10）Not having a marital relationship or a relative within the second degree of kinship to any other director.

（11）Situation listed in any circumstancesections of Article 30 of the Company Act did not occur.

（12）Not an elect in the name of a government institution, or its representative as defined in Article 27 of the Company Act.

Board diversity target: more than 25% female directors or 35% independent directors

The composition of the Company's 2020 board of directors is fully in line with the diversification goal, with female directors accounting for 28.6% and independent directors accounting for 42.9%.

Board Member Diversity and Core Competency Table

Name	Basic information				Industry experience				Professional background / Abilities					Professional Skills	Abilities (Note 1)							
	Gender	Employee of the Company	Age (Note 2)	Term of Independent Director (Note 3)	Cement	Banking	Construction	Securities	Accounting /Financing	Law	Marketing/ Sales	Production management	Management		Ability to make operational judgments	Ability to perform accounting and financial analysis	Ability to conduct management administration	Ability to conduct crisis management	Knowledge of the industry	An international market perspective	Ability to lead	Ability to make policy decisions
Chen, Liang-Chuan	Male	V	C		V						V	V	V		V	V	V	V	V	V	V	V
Chen, Yun-Ju	Female	V	A		V						V		V	EMBA	V	V	V	V	V	V	V	V
Zhang, Xiang-Lin	Male		B				V						V		V	V	V	V	V	V	V	V
Cheng, Shang-Kai	Male		A			V							V	MBA	V	V	V	V	V	V	V	V
Chen, Yan	Female		A	B		V			V						V	V	*	*	V	*	*	V
Wang, Zhi-Cheng	Male		A	B		V		V		V				Professor of Law	V	V	V	V	V	V	V	V
Shao, Yang-Wei	Male		A	A			V						V	Doctor of Engineering	V	V	V	V	V	V	V	V

Note 1 : * means partial ability

Note 2 : A is under 60 years old, B is 60-69 years old, C is 70 years

Note 3: A is under 3 years, B is 3-9 years, C is 9 years or more

2. Directors, Supervisors and Management Team

April 30, 2021
Unit : shares

Title (Note 1)	Nationality/ Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 2)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	ROC	Chen, Liang-Chuan	Male	December 1, 1994	6,158,497	1.52%	0	—	0	—	Chengzhou Elementary School	Chairman of Yungsheng Development Industrial Co., Luckicon Ready-mixed Concrete, Luckyship Co., Dasheng Enterprise and Lucky Cement, Japan	Executive Deputy General Manager	Chen, Yun-Ju	Father and daughter	Note 3
Executive Deputy General Manager	ROC	Chen, Yun-Ju	Female	April 1, 2001	7,951,298	1.96%	0	—	0	—	EMBA of Tulane University	Chairman of Liguang Construction Co.	General Manager	Chen, Liang-Chuan	Father and daughter	
Assistant Vice President	ROC	Huang, Zhen-Ku	Male	July 11, 2003	33,520	0.01%	0	—	0	—	National Taipei Institute of Technology Industrial Engineering	None	None	—	—	
Assistant Vice President	ROC	Fu, Yao-Ying	Male	January 30, 2020	0	—	0	—	0	—	Ming Hsin Engineering College Mechanical Engineering	None	None	—	—	
Financial Manager	ROC	Weng, Xiu-Chu	Female	July 1, 2002	13,717	0.00%	0	—	0	—	National Taipei Open College Business Administration	Director of Lucky Cement, Japan and Luckicon Ready-mixed Concrete Supervisor of Luckyship Co.,	None	—	—	
Accounting Manager	ROC	Chang, Ching-Tien	Male	December 27, 2019	21,000	0.01%	0	—	0	—	Chung Yuan Christian University Master of Accounting	None	None	—	—	
Auditing Manager	ROC	Wang, Wei-Ren	Male	November 18, 2009	0	—	0	—	0	—	Financial Master of Wright State University	None	None	—	—	

Note 1：Should include information of the general manager, deputy general managers, assistant vice president, managers of department and branch office, and where the position is equivalent to the general manager, deputy general manager or assistant vice president, regardless of the title, should also be exposed.

Note 2：Experiences related to the current position, such as the auditing of a certified public accountant firm or a related company during the period of the previous disclosure, should be stated in terms of their job title and responsible position.

Note 3：Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent directors and more than half of the directors should not serve as employees or managers etc.).

The chairman of the Company is the establisher and the general manager with rich industry experience, the succession plan is in progress and there are 3 Independent Directors of the 7 seats, more than half of the directors do not serve as employees or managers of the Company.

3. **Remuneration of Directors, General Manager, Deputy General Managers, Assistant Vice President, Managers of Department and Branch office**

(1-1) Remuneration of directors(including independent directors)（Individual disclosure of names and emoluments）

Unit: NT$1,000

Title	Name	Remuneration of Directors: Base Compensation (A)		Severance Pay (B)		Bonus to Directors (C) (Note 1)		Allowances (D)		Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees: Salary, Bonuses, and Allowances (E)		Severance Pay (F) (Note 2)		Profit Sharing- Employee Bonus (G) (Note 3)				Exercisable Employee Stock Options (H)		New Restricted Employee Shares (I)		Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock							
Director	Shiyi Cement Co., Ltd.	—	—	—	—	21,134	21,134	0	0	5.39%	5.39%	0	0	0	0	—	—	—	—	—	—	—	—	5.39%	5.39%	None
Director	Shiyi Cement Co., Ltd. Representative：Chen, Liang-Chuan	—	—	—	—	0	0	1,200	1,200	0.31%	0.31%	2,317	4, 815	124	274	1,402	—	1,402	—	—	—	—	—	1.29%	1.96%	
Director	Shiyi Cement Co., Ltd. Representative：Chen, Yun-Ju	—	—	—	—	0	0	600	600	0.15%	0.15%	1,724	1,724	92	92	1,043	—	1,043	—	—	—	—	—	0.88%	0.88%	
Director	Zhang, Xiang-Lin	4	4	—	—	752	752	600	600	0.35%	0.35%	0	0	0	0	—	—	—	—	—	—	—	—	0.35%	0.35%	
Director	Cheng, Shang-Kai	4	4	—	—	752	752	600	600	0.35%	0.35%	0	0	0	0	—	—	—	—	—	—	—	—	0.35%	0.35%	
Independent Director	Chen, Yan	—	—	—	—	0	0	840	840	0.21%	0.21%	0	0	0	0	—	—	—	—	—	—	—	—	0.21%	0.21%	
Independent Director	Wang, Zhi-Cheng	—	—	—	—	0	0	840	840	0.21%	0.21%	0	0	0	0	—	—	—	—	—	—	—	—	0.21%	0.21%	
Independent Director	Shao, Yang-Wei	—	—	—	—	0	0	840	840	0.21%	0.21%	0	0	0	0	—	—	—	—	—	—	—	—	0.21%	0.21%	

Note 1：The remuneration committee recommended 2020 proposed remuneration of directors is distributed in accordance with Article 30 of the Company's Articles of Incorporation.

Note 2：The amounts revealed by retirement pensions are the withheld amount.

Note 3：2020 proposed remuneration of employees is distributed in accordance with the Company's Articles of Incorporation.

Note 4 : According to the Company's "Rules of Director's Remuneration and Remuneration Payment Method", independent directors shall receive fixed remuneration. The monthly payment shall not exceed NT $ 100,000, and the board of directors shall be authorized to make a decision; and shall not participate in the remuneration of directors for the annual earning distribution.

(2-1) Remuneration of General manager and Deputy General manager （Individual disclosure of names and emoluments）

Unit: NT$1,000

Title	Name	Salary (A)		Severance Pay (B) (Note 1)		Bonuses and Allowances (C)		Profit Sharing- Employee Bonus (D) (Note 2)				Ratio of total compensation (A+B+C+D) to net income (%)		Exercisable Employee Stock Options		New Restricted Employee Shares		Compensation paid to the General manager and Deputy General manager from an Invested Company Other Than the Company's Subsidiary
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock							
General manager	Chen, Liang-Chuan	2,068	4,564	124	274	250	252	1,402	0	1,402	0	0.98%	1.66%	—	—	—	—	None
Executive Deputy General Manager	Chen, Yun-Ju	1,538	1,538	92	92	185	185	1,043	0	1,043	0	0.73%	0.73%	—	—	—	—	None

Note 1：The amounts revealed by retirement pensions are the withheld amount.

Note 2：2020 proposed remuneration of Employee is distributed in accordance with the Company's Articles of Incorporation.

(3-1) Remuneration of the top five remuneration executives for TWSE/GTSM Listed Companies（Individual disclosure of names and emoluments）

Unit: NT$1,000

Title	Name	Salary (A) (Note 2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Profit Sharing- Employee Bonus (D) (Note 4)				Ratio of total compensation (A+B+C+D) to net income (%) (Note 6)		Compensation paid to managers from an Invested Company Other Than the Company's Subsidiary (Note 7)
		The Company	All companies in the consolidated financial statements (Note 5)	The Company	All companies in the consolidated financial statements (Note 5)	The Company	All companies in the consolidated financial statements (Note 5)	The Company		All companies in the consolidated financial statements (Note 5)		The Company	All companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
—	A	2,068	4,564	124	274	250	252	1,402	—	1,402	—	0.98%	1.66%	None
—	B	1,538	1,538	92	92	185	185	1,043	—	1,043	—	0.73%	0.73%	None
—	C	1,504	1,504	91	91	194	194	937	—	937	—	0.69%	0.69%	None
—	D	1,272	1,272	73	73	123	123	792	—	792	—	0.58%	0.58%	None
—	E	1,163	1,163	73	73	126	126	725	—	725	—	0.53%	0.53%	None

Note 1："Top five remuneration executives" , the executives refer to the Company 's managers, the criteria for the identification of managers shall be applied in accordance with the scope of application of "managers" as stipulated in the letter Tái-Cái-Zhèng-Sān-Zì No. 0920001301 issued by the Securities and Futures Commission of the Ministry of Finance on March 27, 2003. For the calculation and determination principle of "the top five remunerations", the managers receive the salaries, retirement pensions, bonuses and special expenses from all companies in the consolidated financial statements, and the total number of employee remuneration (total number of A+B+C+D), the top five remuneration persons are recognized after the ranking. If the director serves concurrently as the smanager in the preceding paragraph, this table and the preceding table (1-1) should be filled.

Note 2：Salaries, post supplements and severance pay of the top five remuneration managers in the most recent year.

Note 3：Fill various kinds of bonuses, incentives, transportation fees, special expenses, various allowances, dormitory, Company car and other physical provision and other remuneration amounts of the top five remuneration managers in the most recent year. If the company provides houses, cars and other transportation or exclusive personal expenses, it should be disclosed the kind and cost of the provided assets, the actual rent or calculated at fair market value, fuel and other payments. In addition, if a personal driver provided by the Company, please note the relevant remuneration of the driver, but it is not included in the manager's remuneration. Salary expenses recognized in accordance with IFRS 2 "Share-based Payments" including such as granted employee stock warrants, new restricted employee shares and participating in the subscription right to the cash capital increase shall also be included in the remuneration.

Note 4：The employee remuneration distribution (cash and stock) of the top five managers is approved by the board of directors in the most recent year. If it is impossible to estimate, the proposed distribution amount of this year will be calculated according to the proportion of the actual distribution amount in last year and the Table 1-3 shall be filled.

Note 5：All companies (including the Company) in the consolidated financial statements pay the total remuneration of the top five remuneration managers.

Note 6：Net profit after tax refers to net profit after tax in the individual financial statements in the most recent year.

Note 7： a. The top five remuneration executives of the company should be clearly filled to receive compensation from invested companies other than the Company's subsidiaries or the parent company (If there is none, please fill in "none").

b. The remuneration is the remuneration, compensation (including the compensation of the employee, director and supervisor) and business execution fees received by the top five remuneration executives of the Company as directors, supervisors or managers of invested companies other than the Company's subsidiaries or the parent company.

* The remuneration disclosed in this table is different from the income concept of the "Income Tax Act", so the purpose of this table is for information disclosure, not for taxation.

（4-1）Remuneration of Managers

December 31, 2020 Unit：NT$1,000

	Title	Name	Employee Bonus - in Stock (Fair Market Value)	Employee Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
Manager	General manager	Chen, Liang-Chuan	None	6,112	None	1.56%
	Executive Deputy General Manager	Chen, Yun-Ju				
	Assistant Vice President	Huang, Zhen-Ku				
	Assistant Vice President	Fu, Yao-Ying				
	Manager	Weng, Xiu-Chu				
	Manager	Chang, Ching-Tien				
	Manager	Wang, Wei-Ren				

Note ：2020 proposed remuneration of Employee is distributed in accordance with the Company's Articles of Incorporation.

4. Comparison of Remuneration for Directors, General manager and Deputy General manager in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, General manager and Deputy General manager

(1)

Unit: NT$1,000

Title	2019				2020			
	The Company		All companies in the consolidated financial statements		The Company		All companies in the consolidated financial statements	
	Amount	%	Amount	%	Amount	%	Amount	%
Director	11,372	24.77%	14,019	30.54%	34,868	8.89%	37,516	9.56%
Supervisor *	326	0.71%	326	0.71%	－	－	－	－
General manager and Deputy General manager	4,134	9.01%	6,782	14.77%	6,702	1.71%	9,350	2.38%

* Supervisors resigned on June 12, 2019, and the Audit Committee was set up to replace the supervisor's authority.

(2) According to the Company’s Articles of Incorporation, the directors of the Company are paid monthly according to the standards for the same industry payments, regardless of whether the profits and losses are to be paid. In addition, the shareholders or directors of the Company act as managers or employees, and they are regarded as employees of the general staff to receive salary.

(3) If the Company has a profit as shown through the annual accounting closing, the Company will provide compensation for the directors' compensation and employee compensation according to the provisions in the Company's Articles of Incorporation. Directors’ remuneration is calculated and reviewed by the Remuneration Committee in accordance with the " Regulations for Performance Evaluation of the Board of Directors ", and submitted to the board of directors for approval so that the occurrence of risk may be minimized in the future. The Director performance evaluation includes 6 items such as alignment of the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationship and communication; the director's professionalism and continuing education; and internal control. The remuneration of managers is based on the "Articles of Incorporation " and " Regulations for Employee Performance Evaluation " to evaluate the performance including the Company's profitability, work performance, management ability, work attitude, departmental education and training, and employee development plans. The remuneration will be paid after the Remuneration Committee appraisal, and the results will be reported to the board of directors for approval.

3.3 Implementation of Corporate Governance

1. Board of Directors

Total of 6 (A) meetings of the Board of Directors were held in the previous period. The attendance of director and supervisor were as follows:

Title	Name (Note 1)	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】 (Note 2)	Note
Chairman	Shiyi Cement Co., Ltd. Representative： Chen, Liang-Chuan	6	0	100.00%	
Director	Shiyi Cement Co., Ltd. Representative：Chen, Yun-Ju	6	0	100.00%	
Director	Zhang, Xiang-Lin	6	0	100.00%	
Director	Cheng, Shang-Kai	6	0	100.00%	
Independent Director	Chen, Yan	6	0	100.00%	
Independent Director	Wang, Zhi-Cheng	6	0	100.00%	
Independent Director	Shao, Yang-Wei	6	0	100.00%	

Other mentionable items:

1. If one of the following situations occurs during the operation of the board of directors, the date, the period, the contents of the proposal, all independent director's opinions, and the Company's handling of the opinions of independent director should be clarified:
   Participation in the board meetings of independent directors

◎: Attend in person ☆: Entrust others to attend ✻: Not present

Independent Director	First Meeting	Second Meeting	Third Meeting	4th Meeting	5th Meeting	6th Meeting
Wang, Zhi-Cheng	◎	◎	◎	◎	◎	◎
Chen, Yan	◎	◎	◎	◎	◎	◎
Shao, Yang-Wei	◎	◎	◎	◎	◎	◎

(1) Listed items in the Article 14-3 of the Securities Exchange Act.
Please refer to page 41-42 "11" for details in the important resolutions of the meeting of the board of directors in 2020 and as of the publication of the annual report.

(2) Except for the previous issues, other board meeting decisions that have opposition or reservation opinions by independent director and have recorded or written statements.
There were 6 board meetings in 2020, three independent directors had many suggestions on the Board of Directors, but there were no objections or reservations. The suggestions of independent directors are detailed in the minutes of the board of directors.

2. In the implementation of the evasion of the interest-related cases, the directors should clarify the names of the directors, the contents of the bills, the reasons for avoiding the benefits, and the participation in voting.

Meeting Times Date	Content of the motion	Resolution situation	Implementation Status
First 2020/1/20	Discussion Matters： Case 1 : The Company's 2019 Year-end bonus payment of managers is proposed and submitted it for verification. (Proposed by the Remuneration Committee)	1. When the case was voted on, related party Representatives of juristic person Director (including Mr. Chen, Liang-Chuan and Ms. Chen, Yun-Ju) and Managers (including Ms. Weng Xiu-Chu, Mr. Wang, Wei-Ren and Mr. Chang, Ching-Tien) evaded. The chairman is entrusted by the present directors and is represented by independent director Ms. Chen Yan. 2. Independent director Mr. Wang Zhi-Cheng suggested: (1) Written information should be prepared according to the number of directors present, and indicate "confidential documents". The information will be retrieved after the meeting. (2) The employee bonus is allocated according to the annual budget, and it is hoped that the Company will allocate a higher proportion of this year's budget surplus to motivate staff morale. 3. The case was approved by the acting chairman and the directors present without objection.	Approved resolution. It was distributed on January 22, 2020

3. TWSE/GTSM Listed Companies should disclose information such as the evaluation cycle, period, scope, method and content of self-evaluation or peer evaluation of the Board of Directors and fill the implementation of the Company's board evaluation in the table as below.

The implementation of the Company's board evaluation

Evaluation Cycle	Evaluation Period	Evaluation scope	Evaluation method	Evaluation content
Once per year	The Company's board performance evaluation period is from January 1, 2020 to December 31, 2020.	The Company's board evaluation scope covers the evaluation of the board as a whole, individual directors and functional committees.	Methods of evaluations include the internal evaluation of the board, self-evaluation by individual board members, peer evaluation, and evaluation by appointed external professional institutions, experts, or other appropriate methods.	1. The Company shall take into consideration its condition and needs when establishing the criteria for evaluating the performance of the board of directors, which should cover, at a minimum, the following five aspects: participation in the operation of the company; improvement of the quality of the board of directors' decision making; composition and structure of the board of directors; election and continuing education of the directors; and internal control. 2. The criteria for evaluating the performance of the board members (on themselves or peers), should cover, at a minimum, the following six aspects: alignment of the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationship and communication; the director's professionalism and continuing education; and internal control. 3. The criteria for evaluating the performance of functional committees should cover, at a minimum, the following five aspects: participation in the operation of the company; awareness of the duties of the functional committee; improvement of quality of decisions made by the functional committee; makeup of the functional committee and election of its members and internal control.

4. Measures taken to strengthen the functionality of the board in this and recent fiscal years (such as the establishment of an Audit Committee and increase the information transparency) and evaluation of the implementation.

（1）There were total 6 times of board meetings in 2020 and important motions that are public announced via Market Observation Post System according to the law to ensure the information disclosure.

（2）Good corporate governance system of board of directors , the supervisory functions and strengthening management mechanisms were established in order to meet the rules of procedure of board of directors.

（3）The Company’s “Self-Evaluation or Peer Evaluation of the Board of Directors” was approved by the board of directors on November 10, 2015. Since 2020, the performance self-assessment questionnaire was issued to all board members and functional committees before the end of first quarter each year, in addition to assessing the overall operation of the board of directors and functional committees, it also conducted self-assessment on its own for the previous year. After the questionnaires are fully recovered before the end of first quarter each year, the Company’s board of directors and related units organize the analysis according to the previous methods and submits the results to the board of directors. The above methods and evaluation results were also disclosed on the Company's official website. Please check the important regulations of the Company as “Regulations for Performance Evaluation of the Board of Directors” under the section of Corporate Governance and the website address is http://www.luckygrp.com.tw/tw/index.asp?au_id=7&sub_id=49#.

（4）For the implementation status of the Company’s “The Performance Self-Evaluation of the board members”, please check the website and address is http://www.luckygrp.com.tw/tw/index.asp?au_id=7&sub_id=73#..

The latest (2020) Director’s performance evaluation results are as follows:

A. The performance evaluation of the board of directors: Total average score is 4.00 (Full score is 4.00).

B. The performance self-evaluation of the board members: Total average score is 4.00 (Full score is 4.00).

C. The performance self-evaluation of functional committees

a. The Audit Committee : Total average score is 4.00 (Full score is 4.00).

b. The Remuneration Committee : Total average score is 4.00 (Full score is 4.00).

c. Corporate Social Responsibility Committee : Total average score is 4.00 (Full score is 4.00).

Note 1： Director and Supervisor who is classified as legal person shall disclose the name of legal person shareholder and his representative.

Note 2： (1) Any director, supervisor who resigns by the end of the year shall note the date of resignation in the Remark column; the actual rate (%) shall be calculated by the number of directors who will be held during their term of office and their actual number of seats.

(2) If re-election of Director, supervisor is held by the end of the year, new and same Director, Supervisor shall be included, and indicate that the Director, supervisor is the same, On Board or re-elected and re-election date in Remark column. The actual rate (%) is calculated based on the number of meetings held by Director during his term of office and its actual number of seats.

2. The participates in the operation of the Audit Committee : The Company elected 3 independent directors at the regular shareholders meeting on June 12, 2019 and set up the Audit Committee to replace the supervisors’ authority in accordance with the Securities Exchange Act.

Total of 5 (A) meetings of the Audit Committee were held in 2020. The attendance of independent directors was as follows:：

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Note
Independent Director	Wang, Zhi-Cheng	5	0	100.00%	
Independent Director	Chen, Yan	5	0	100.00%	
Independent Director	Shao, Yang-Wei	5	0	100.00%	

Other mentionable items：

1. All matters listed in Article 14-5 of the “Securities and Exchange Act” that has not been approved with the consent of one-half or more of all audit committee members and been undertaken upon the consent of two-thirds or more of all directors, the information should be disclosed including the date of the board meeting, session, motion content, the resolution of the audit committee and the Company's response to the audit committee's opinion: No such thing.
2. Implementation of independent directors' avoidance of interest resolutions, the information should be disclosed including the name of independent

director, motion content, reason of interest avoidance and participation in voting : No such thing.

3. Communication between independent directors and internal audit managers and accountants(communications include major matters, methods and results on the Company's financial and business conditions).

(1) Communication with internal audit managers

Meeting Date	Type	Communication matters	Recommendations of Independent director	The results of the company's processing and execution
2020/11/11	Separate periodical (At least once a year)	1. Major tasks in the third quarter of 2020： ●The investment cycle review was completed in October. ●There are no major abnormalities of information system processing. 2.Some directors have not yet reached 6 hours of training. 3. The audit committee and the board of directors have many repetitive motions. How to judge those motions of the board meetings are unnecessarily included in the audit committee meeting. 4. In November, the Company propagated the prevention of insider trading in accordance with Article 157-1 of the Securities and Exchange Act.	1. Continuous tracking to improve the shortcomings and mistakes of the auditing. 2. For directors who have less than 6 hours of training hours, please complete the training hours before 12/31. 3. Please refer to Article 14-5 of the "Securities and Exchange Act" and the Company's Audit Committee Charter to determine which motions of the board meetings should be submitted to the audit committee first.。When it is impossible to judge whether some board meeting proposals should be submitted to the Audit Committee first, please consult independent directors before deciding whether to include the proposal in the Audit Committee meeting. 4. Independent director Mr. Wang Zhi-Cheng stated that While advocating the prevention of insider trading in the future, please do so together with Article 157 of the Securities and Exchange Act about Regulation of Short-term Trading, and remind insiders not to violate Articles 157 and 157-1 of the Securities and Exchange Act.	1. The Audit Department has performed SAP authority testing on the Accounting Department, sales Department, and Purchasing Department, and the deficiencies have been improved. 2. All directors completed 6 hours of advanced training before December 31, 2020. 3. The Audit Committee's agenda is handled in accordance with Article 14-5 of the "Securities and Exchange Act" and the Company's Audit Committee Charter. 4. It is scheduled to propagate that Article 157 prohibits short-term trading and Article 157-1 prohibits insider trading of the "Securities and Exchange Act".

(2) Communication with accountants

Meeting Date	Type	Communication matters	Recommendations of Independent director	The results of the company's processing and execution
2020/3/24	Separate periodical (At least once every six months)	1. Communicate with mining margin issues 2. Communicate the Company's ability to prepare financial statements on its own. 3. Communicate the .fair value evaluation of financial assets in the end of period. 4. Communicate inventory valuation losses of developing real estate and real estate to be developed.。 5. Communicate the review result of the MIS operations. 6. Communicate the 2019 audit result with the governance unit. 7. Description of the improvement of the major issues in the previous period.	Noted (No opinion)	Since the present members have no objections or reservations, there are no issues to deal with.
2020/11/11	Separate periodical (At least once every six months)	1. Communicate the 2020 audit planning matters with the governance unit. 2. Identify and communicate key audit items. 3. Communicate the Company's ability to prepare financial statements on its own. 4. Communicate the .fair value evaluation of financial assets in the end of period.。 5. Communicate the accounting process of major transactions. 6. Communicate the advance payment for equipment of Lucky Cement Co. 7. Communicate with the reasonableness of the purchase price of related parties. 8. Communicate the balance sheet of major account.	Noted (No opinion)	Since the present members have no objections or reservations, there are no issues to deal with.

4. The focus of the Audit Committee :

（1）The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.

（2）Assessment of the effectiveness of the internal control system.

（3） The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.

（4）Audit matters in which a director is an interested party.

（5）Audit asset transactions or derivatives trading of a material nature.

（6）Audit loans of funds, endorsements, or provision of guarantees of a material nature.

（7）Audit the offering, issuance, or private placement of equity-type securities.

（8）Audit the hiring or dismissal of a certified public accountant, or their compensation.

（9）Audit the appointment or discharge of a financial, accounting, or internal audit officer.

（10）Audit annual and semi-annual financial reports.

（11）Audit other material matters as may be required by this Corporation or by the competent authority.

Audit Committee	Proposal content and Subsequent processing	resolution	The Company handles the opinions of Audit Committee
First Term First session in 2020 March 24, 2020	Case 1: 2019 Business Report and Financial Statements.	All independent directors presented and passed the case without objection.	The board of directors passed the case after the chairman consulted with all attendance directors.
	Case 2. It is proposed distribution of the Company's employees' and directors' remuneration for 2019	All independent directors presented and passed the case without objection. Independent director Mr. Wang Zhi-Cheng suggested that the remuneration of directors will be directly reported to the board of directors by the remuneration committee, and the audit committee will only have to submit remuneration to employees in next time.	The board of directors passed the resolution as recommended by the audit committee after the chairman consulted with all attendance directors.
	Case 3. It is proposed to draft the Company's 2019 earnings distribution plan.	All independent directors presented and passed the case without objection.	The board of directors passed the case after the chairman consulted with all attendance directors.
	Case 4. It is proposed to establish the Company's "Regulations Governing the Exercise of Powers by Audit Committees".	Independent director Mr. Wang Zhi-Cheng suggested that there is no problem with the content, but Article 10-1, please change to Article 11, and then the article number will be deferred. All independent directors presented and passed the case without objection.	The board of directors passed the resolution as recommended by the audit committee after the chairman consulted with all attendance directors.
	Case 5. It is proposed to convene the 2020 shareholder meeting.	All independent directors presented and passed the case without objection.	The board of directors passed the case after the chairman consulted with all attendance directors.
	Case 6. It is proposed to increase investment in the subsidiary Luckicon Ready-mixed Concrete Factory Co., Ltd.	All independent directors presented and passed the case without objection. Independent director Mr. Wang Zhi-Cheng suggested that (1) In addition to borrowing from the parent company, the subsidiary Luckicon Ready-mixed Concrete shall ask the parent company for assistance in other required funds.(2) The plant and equipment to be built on the land purchased this time should meet the bidding standards for public projects, so as to increase the options for bidding for public projects and help expand financial resources.	The board of directors passed the resolution as recommended by the audit committee after the chairman consulted with all attendance directors.
	Case 7. It is proposed to increase investment in Jonfeng Mining Co., Ltd.	All independent directors presented and passed the case without objection.	The board of directors passed the case after the chairman consulted with all attendance directors.
First Term Second session in 2020 May 12, 2020	Case 1 The subsidiary, Dasheng Enterprise Co., Ltd. proposes to apply to the Company for financing limit due to business turnover.	All independent directors presented and passed the case without objection.	The board of directors passed the case after the chairman consulted with all attendance directors.
	Case 2. The replacement of the Company's CPA.	All independent directors presented and passed the case without objection.	The board of directors passed the case after the chairman consulted with all attendance directors.
First Term Third session in 2020 August 11, 2020	Case 1. It is proposed to draft the plan for ex-dividend date, the book closure period and cash dividend payment date.	All independent directors presented and passed the case without objection.	The board of directors passed the case after the chairman consulted with all attendance directors.
	Case 2. Amend the Company's Audit Committee Charter.	All independent directors presented and passed the case without objection. Independent director Mr. Wang Zhi-Cheng suggested that the first	The board of directors passed the resolution as recommended by the audit committee after the chairman consulted with all attendance

		paragraph of Article 5 of the Securities Act should be amended to the Securities and Exchange Act (hereinafter referred to as the "Securities Act") to complete the title of Act.	directors.
First Term Forth session in 2020 November 11, 2020	The proposed non-distribution of the Company's first half of 2020 cash dividend.	All independent directors presented and passed the case without objection.	The board of directors passed the case after the chairman consulted with all attendance directors.
First Term Fifth session in 2020 December 28, 2020	Case 1. It is proposed to formulate the business budget and capital expenditure budget for 2021.	All independent directors presented and passed the case without objection.	The board of directors passed the case after the chairman consulted with all attendance directors.
	Case 2. It is proposed to authorize the chairman of the board of directors to fully handle the credit line cases between the Company and financial institutions in 2021.	All independent directors presented and passed the case without objection.	The board of directors passed the case after the chairman consulted with all attendance directors.
	Case 3. It is proposed to pre-purchase forward exchange within the Company's foreign currency loan balance.	All independent directors presented and passed the case without objection.	The board of directors passed the case after the chairman consulted with all attendance directors.
	Case 4. It is proposed to provide an endorsement guarantee for the subsidiary Luckicon Ready-mixed Concrete Factory Co., Ltd.	All independent directors presented and passed the case without objection.	The board of directors passed the case after the chairman consulted with all attendance directors.
	Case 5. The subsidiary, Luckyship Marine Co., proposes to apply to the Company for financing limit due to business turnover.	All independent directors presented and passed the case without objection.	The board of directors passed the case after the chairman consulted with all attendance directors.
	Case 6. It is proposed to authorize the chairman of the board of directors to provide an endorsement guarantee to the Company’s subsidiaries and make a decision within a certain amount.	All independent directors presented and passed the case without objection.	The board of directors passed the case after the chairman consulted with all attendance directors.
	Case 7. It is proposed to schedule the 2021 internal audit plan.	Independent director Mr. Wang Zhi-Cheng suggested adding 3 additional project audits: (1) Luckicon Ready-mixed Concrete (2) Luckyship Marine Co., (3) Capital expenditures related to waste treatment at the Dongao plant, and the rest was approved by all independent directors present after the chairman’s inquiry without objection.	The board of directors passed the resolution as recommended by the audit committee after the chairman consulted with all attendance directors.
	Case 8. It is proposed to establish the Company’s “Regulations for apointment, dismissal, evaluation and review, salary and compensation of internal auditors”.	Independent director Mr. Wang Zhi-Cheng suggested that the text of Article 4 and Article 7 in the Regulations should be partially adjusted, and the rest was approved by all independent directors present after the chairman’s inquiry without objection.	The board of directors passed the resolution as recommended by the audit committee after the chairman consulted with all attendance directors.
	Case 9. Regularly (once per year) evaluate the independence and suitability of the Company's certified public accountant (CPA) and submit them for deliberation	All independent directors presented and passed the case without objection.	The board of directors passed the case after the chairman consulted with all attendance directors.
	Case 10. The replacement of the Company's CPA.	All independent directors presented and passed the case without objection.	The board of directors passed the case after the chairman consulted with all attendance directors.
	Case 11. The 2021 commission remuneration of CPA.	All independent directors presented and passed the case without objection.	The board of directors passed the case after the chairman consulted with all attendance directors.

3. Corporate Governance Implementation Status and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	✓		The board of Directors of the Company approved the "Corporate Governance Best Practice Principles" on December 26,2014. The Company makes timely amendments in accordance with the regulations of the Competent Authority and disclosures Corporate Governance Best Practice Principles in the Company's website (http://www.luckygrp.com.tw).	No difference.
2. Shareholding structure & shareholders' rights (1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure? (2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares? (3) Does the company establish and execute the risk management and firewall system within its conglomerate structure? (4) Does the company establish internal rules against insiders trading with undisclosed information?	✓ ✓ ✓ ✓		(1) The Company has established the spokesman and acting spokesperson system and coordinated with the stock affairs department of SinoPac Securities Corporation as the agent for stock affairs to deal with the investor relations, suggestions of shareholders and disputes. (2) To keep track of the shareholdings of directors, supervisors, managers, and major shareholders holding more than 10% of shares at any time. (3) All dealings or transactions are based on statutory regulations or legally established systems in the internal control system. (4) Internal control system: C2-103 that has regulated the management procedure to prevent any insiders trading	(1)No difference. (2)No difference. (3)No difference. (4)No difference.
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members?	✓		(1)①The Company has established the appropriate policy on diversity of Directors in according with the Chapter 3 of the Corporate Governance Best Practice Principles which approved by the Board of Directors. To make sure the diversity and independence of Directprs, the nomination and election of Directors are in accordance with Articles of Incorporation, Procedures for Election of Directors and Corporate Governance Best Practice Principles. ② The Company's Directors shall have diversity professional background such as sales, production, business management, finance, accounting and law to comply with relevant regulations. Please refer to Page 15 for the table of Board Member's diversified core competency. ③ Among the seven members of the Company's board of directors, 28.6% of the directors are employees, 42.9% of independent directors (the independent directors are not employees), 28.6% of the directors are female. 3 independent directors' terms are less than 6 years. As of the date of publication, the age distribution of directors is following: one is above 70 years old, one is among 60 to 69 years old, and 5 are under 60 years old.	(1)No difference.
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	✓		(2) Regulations of Remuneration Committee was approved by the Company's board of directors on December 23, 2011 to establish the Remuneration Committee accordingly that evaluate directors and managers of the salary and remuneration policy and system by the professional and objective position and report to the board of directors with the meeting minutes and implementation status. In addition, the board of directors passed a resolution setting out the "Regulations for Corporate Social Responsibility Committee" on May 10, 2017, and passed a resolution about the chairman to appoint members of the Corporate Social Responsibility Committee on July 10, 2017. The Company's "Organization Rules for Audit Committee" was approved by the board of directors on March 22, 2019 and cooperated with the re-election of directors to set up an audit committee on June 12, 2019.	(2)No difference.
(3) Does the company establish a standard to measure the performance of the Board, and implement it annually? Does the			(3) ① "Self-Evaluation or Peer Evaluation of the Board of Directors" was approved by the Company's board of	(3)No difference.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
comppany report the results of the performance evaluation to the board of directors and apply it to individual director’s remuneration and nomination renewal? \	✓		directors on November 10, 2015, and the board of directors approved to amend its name to the ” Regulations for Performance Evaluation of the Board of Directors” on August 11, 2020, the Company does regular performance evaluations every year and makes timely amendments in accordance with the regulations of the Competent Authority. The Company disclosures the performance evaluation in the Company’s website (http://www.luckygrp.com.tw/tw/index.asp?au_id=7&sub_id=73) ② "Self-Evaluation or Peer Evaluation of the Board of Directors” was amended by the Company’s board of directors on March 22, 2019, In addition to the original “performance evaluation of the board of directors” and “the performance evaluation of the board members”, added “the performance evaluation of functional committees”. On August 11, 2020, the board of directors passed the amendment and revised the name to " Performance Evaluation of the Board of Directors", " Performance Evaluation of Board Members" and " Performance Evaluation of Functional Committee ".On March 26, 2021, the board of directors reviewed and approved that the performance of all board members, the board of directors, and functional committees are in effective operation in 2020. ③ When electing or nominating members of the board of directors, the Company shall base its election on the evaluation results of the performance of the board and shall base its determination of an individual director's remuneration on the evaluation results of his or her performance in accordance with Article 9 of the Company’s Regulations for Performance Evaluation of the Board of Directors.	
(4) Does the company regularly evaluate the independence of CPAs?	✓		(4) The Regulations of Evaluation on Certified Public Accountant and Performance Assessment were approved by the Company’s board of directors on November 10, 2015, the board of directors approved some amendments of the provisions on March 24, 2020, and the board of directors evaluated and verified the independence and competency of CPAs once pre year on December 28, 2020 that was approved and confirmed. (Note)	(4)No difference.
4. Whether the company has an adequate number of corporate governance personnel with appropriate qualifications and appoint a chief corporate governance officer, who are responsible for corporate governance-related matters (including but not limited to providing directors and supervisors necessary information for performing business, assisting directors and supervisors with legal compliance, legally handling matters relating to board meetings and shareholders' meetings, conducting company registration and change of registration, making meeting minutes of board of directors and shareholders' meetings, etc.)	✓		The Company's corporate governance special (part-time) work unit is a corporate governance task force, which is composed of Executive Deputy General Manager and managers of various departments, and conducts related businesses in accordance with the Company's “Corporate Governance Best Practice Principles”. The annual execution is disclosured in the Company’s website http://www.luckygrp.com.tw/tw/index.asp?au_id=7&sub_id=97	No difference.
5. Whether the company establishes communication channels with interested parties (including but not limited to shareholders, employees, customers, suppliers, etc.), and establishes interested parties’ areas on the company's website, and appropriately responds to important corporate social responsibilities of interested parties’ issue?	✓		The Company has established the spokesman and acting spokesperson system, the designated webpage of the Company website (http://www.luckygrp.com.tw) is for communication channels with interested parties including shareholder relations, client relations, employee relations, customer relations, supplier relations, community relations and work ethics. The questions asked by different types of relations have their corresponding special supervisors to respond. Relevant processing information is disclosed in the Company's corporate social responsibility report every year The Company’s spokesman and acting spokesperson and the stock affairs department of SinoPac Securities Corporation as the agent for stock affairs to deal with and react to the suggestions and disputes of shareholders. The Company regularly (at least once a year) reports to the board	No difference.

Evaluation Item	Implementation Status: Yes	Implementation Status: No	Implementation Status: Abstract Explanation	Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
			of directors on the communication with shareholders and the Company's handling situation.	
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		Name, address and telephone of Stock transfer agency. Name: Stock affairs department of SinoPac Securities Corporation Address: 3F., 17, Boai Rd., Zhongzheng Dist., Taipei City Tel: (02)2381-6288 Website: http://www.sinotrade.com.tw	No difference.
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		(1) Related information is disclosed on the Company's website in accordance with laws. The company website is http://www.luckygrp.com.tw.	(1)No difference.
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓		(2) The Company has a spokesperson and an agent spokesperson responsible for the disclosure of information in accordance with the regulations, if necessary the synchronous press release will be issued. The Company held an earning conference in 2020, the relevant Chinese and English briefings were uploading to the Market Observation Post System (MOPS), and it was also announced on the Company website. The Company has an English website that provides information of business, finance and corporate governance.	(2)No difference.
(3) Is the company advised to publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.		✓	(3) The Company reports financial reports and monthly operations within the prescribed period.	(3) The Company only declares within the prescribed time limit.
1. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	✓		(1)The Company has established Staff Code of Practice and Staff Welfare Committee. (2)The Company has employee education and training to strengthen employees' professional knowledge and professional skills. (3)The important information of the Company is in full compliance with the relevant regulations from"Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities" in order to guarantee the interest of shareholders, interested parties and investors. (4)The Company has a sound internal control system and business operations (such as guarantee the rights of consumers or clients) are conducted by each department in accordance with the articles of Regulations to fully exercise the duties as the administrator. (5)Directors and supervisors of the Company conduct the relevant training in accordance with the reference example of Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies.	

Title	Name	Date	Hrs	Course Title
Institutional Director Representative	Chen, Liang-Chuan	Sep.14,2020	2	Taiwan Construction Research Institute - Seminar on sand and gravel technology development and resume promotion
		Sep.21,2020	3	Corporate Governance 3.0 -Sustainable Development Roadmap Forum
		Nov.11.2020	3	How do directors and supervisors assist companies in promoting the risk management of multinational enterprise groups
Institutional Director Representative	Chen, Yun-Ju	Sep.14,2020	2	Taiwan Construction Research Institute - Seminar on sand and gravel technology development and resume promotion
		Sep.21,2020	3	Corporate Governance 3.0 -Sustainable Development Roadmap Forum
		Nov.11,2020	3	How do directors and supervisors assist companies in promoting the risk management of multinational enterprise groups
Director	Zhang, Xiang-Lin	Nov.11,2020	3	How do directors and supervisors assist companies in promoting the risk management of multinational enterprise groups
		Nov.30,2020	3	Advanced seminar for directors and supervisors (including independent directors) and corporate governance executives- The value of information security in the post-epidemic era and the Sino-US trade war.
Director	Cheng, Shang-Kai	Oct.16,2020	3	2020 Corporate Governance and Anti-corruption Seminar
		Nov.11,2020	3	How do directors and supervisors assist companies in promoting the risk management of multinational enterprise groups
Independent Director	Chen, Yan	Aug.19,2020	3	2020 Conference for for TWSE/GTSM Listed Companies - Recognize the hedging transaction and

Evaluation Item	Implementation Status: Yes	Implementation Status: No	Implementation Status: Abstract Explanation	Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons

				operation of futures derivatives, and improve the sustainable operation of the enterprise.
		Nov.11,2020	3	How do directors and supervisors assist companies in promoting the risk management of multinational enterprise groups
Independent Director	Wang, Zhi-Cheng	Sep.2,2020	3	Operational Practices of the Board of Directors and Supervisors and Corporate Governance seminar-Reflections and Prospects on Risk Management and Control of Anti-Money laundering.
		Sep.2,2020	3	Operational Practices of the Board of Directors and Supervisors and Corporate Governance seminar-Development of corporate governance practices, corporate intellectual property management strategies.
		Nov.11,2020	3	How do directors and supervisors assist companies in promoting the risk management of multinational enterprise groups.
		Feb.23,2021	2	The sustainability trend of the financial industry and how to internalize the results of TCFD in the financial business – the TCFD recommendations from CTBC Financial Holding Co.,Ltd.
Independent Director	Shao, Yang-Wei	Oct.16,2020	3	2020 Corporate Governance and Anti-corruption Seminar
		Nov.11,2020	3	How do directors and supervisors assist companies in promoting the risk management of multinational enterprise groups

(6)Directors and supervisors of the Company have frequently read Financial Reports such as books and magazines and attend to all kinds of seminars in order to achieve the goal of corporate governance.

(7) The Company has purchased D&O insurance on June 20th 2020 from Cathy Century Insurance Co., Ltd or the directors and supervisors who are on the scope of business operations in accordance with the articles of incorporation and the insurance period is from June 28th 2020 to June 28th 2021 for Policy Number: 1501-09DO01119, it is approved by the Board of Directors on May 12, 2020.

(8) Supplier relations: Besides the purchase management, construction contract operation, the accreditation and evaluation of suppliers that were established by the Company, the code of conduct for suppliers has formulated by the Company due to on the mutually beneficial relations with the cooperative vendors and suppliers in order for and sustainable operation and exercise the civic social responsibility and the company is devoted to the corporate social responsibility, promote the sustainable development of environment, value the rights and health and safety of labors and maintain the basic human rights.

(9)The Company has established an information security risk management framework, including the "Network Security Policy", which has detailed specifications for information security, information security operations and protection, network security management, system access control management and irregular training of relevant personnel. The Company has not yet insured Information Security Insurance, but the Company regularly backups data, establishes firewall, access restrictions and other network security management, and updates the virus code at any time to ensure that the Company's information risk is minimized. As the issue of information security risk management becomes more and more important, the need for insurance security will be carefully evaluated in the future. Please refer to the Company's website for details.

(10)The Company's compensation system includes employee performance appraisal methods, the year-end bonus is issued based on the company's business performance and employee performance.

(11) The Company has set up a "succession plan for board members and key managers", please refer to the Company's website for related plans and operations.

9. Improvement was described from the evaluation results of corporate governance that was released by the corporate governance center of Taiwan Stock Exchange in recent fiscal years and strengthening or improving the affairs and measures was prior to promote to the companies without improvement. (Not applicable if it is not a listed company)

Improvement for 2020 corporate governance of the company as below:

(1) Based on the mutually beneficial cooperative relationship with partners or suppliers, we are committed to fulfilling our corporate social responsibilities and promoting sustainable development of the environment. The Company has formulated the "Supplier Code of Conduct" to pay attention to labor rights and safety and health and protect basic human rights. As of December 25, 2020, 98.79% suppliers signed the "Supplier Code of Conduct" and the Company reported the implementation to the board of directors.

(2) The Company has set up the contact windows on the corporate website for all related parties in order to understand and response to all the corporate social responsibility issues they cared and improve in time for problems.

(3) The Company has disclosed the reporting system with the contact windows under the corporation website that is to eradicate any illegal (including corruption) or unethical actions in order to prevent any illegal (including corruption) or unethical actions from the internal and external staff. The accepted reports report to the board of directors at least once a year.

(4) On November 5, 2020, the Company held an advocacy activity "Procedures for Preventing Insider Trading Management Operations" for the heads of various departments, and conducted publicity on Article 157-1 and Article 171 of the Securities and Exchange Act.

(Note) Accountant Evaluation and Performance Assessment Table（ 2020）

Item	Specific Index	Evaluation criteria
Independent Index (60 points)		
1	CPA and the client have no direct or no significant direct financial interest .	Get 5 points if no interest and 0 point if with interest
2	CPA and the client has no any inappropriate interest	Get 5 points if no inappropriate interest and 0 point if with inappropriate interest
3	No auditing and certification on the financial statements that is within 2 years of service institutes before practice.	Get 5 points if no violation and 0 point if with the violation
4	The name of CPA is not allowed others to use	Get 5 points if no others use the name and 0 point if others use it.
5	CPA and the members of auditing service are not allow to hold the shares of the client	Get 5 points if no shares and 0 point if with shares
6	No money is involved with the client	Get 5 points if no money is involved and 0 point if involving with the money
7	No relations with the client for common investment or sharing benefit.	Get 5 points if it is negative and 0 point if it is positive
8	No part-time job working with the client with the fixed salary.	Get 5 points if it is negative and 0 point if it is positive
9	No commission from any relevant business	Get 5 points if it is negative and 0 point if it is positive
10	Is CPA's term of office is more than 7 years	Get 5 points if it is negative and 0 point if it is positive
11	Provide the Company with non-audit services that may affect the independence of the audit.	Get 5 points if it is negative and 0 point if it is positive
12	Does the CPA issue a detached independent declaration.	Get 5 points if it is positive and 0 point if it is negative
Performance Indicators (40 Points)		
1	Official financial report is completed within 45 days before the season ends for the first 3 quarters or annual financial report is completed with 3months before the end of year.	Get 4 points if it is 3 days advance , 2 points if on time and 0 point if a delay
2	CPA completes the first 3 quarters account auditing of the Company and complete the first draft	Get 4 points if the audit report is within 30 days, 2 points if it is within 40 days and 0 point if it is more than 40 days
3	CPA completes the annual account auditing of the Company and complete the first draft of audit information.	Get 4 points if the audit report is within 60 days after the end of year, 2 points if it is within 70 days and 0 point if it is more than 70 days
4	CPA completes the annual account auditing of subsidiary and complete the first draft of audit information.	Get 4 points if the audit report is within 55 days after the end of year, 2 points if it is within 60 days and 0 point if it is more than 60 days
5	Does CPA interact frequently with the managers of the Company (internal auditing staff) and keep the record	Get 4 points if it is positive and 0 point if it is negative
6	Does CPA have the appropriate interaction with the directors and managers before the auditing plan and issuing the opinion of certification	Get 4 points if it is positive and 0 point if it is negative
7	Does CPA propose the proactive suggestion to Company policy and internal control and review and keep the record	Get 4 points if it is positive and 0 point if it is negative
8	Update the taxation and Securities and Exchange Commission and update revision of IFRS Accounting standards	Get 4 points if it is positive and 0 point if it is negative
9	Audit the personnel stability of service team	Get 4 points if it is positive and 0 point if it is negative
10	Assist for communication and coordination between the competent authorities	Get 4 points if it is positive and 0 point if it is negative
Total (Full points is 100)		

NOTE: If there are reasons that can be blamed on the Company and affect the evaluation results, the evaluation criteria for the relevant matters will be adjusted flexibly as appropriate.

4. The Remuneration Committee

(1) Members of the Remuneration Committee

Position （Note 1）	Criteria / Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria（Note 2）										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Member of the Remuneration Committee	Remark
		Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience	1	2	3	4	5	6	7	8	9	10		
Independent Director	Wang, Zhi-Cheng	V		V	V	V	V	V	V	V	V	V	V	V	2	
Independent Director	Shao, Yang-Wei			V	V	V	V	V	V	V	V	V	V	V	None	
Other	Cai, Cui-Juan			V	V	V	V	V	V	V	V	V	V	V	None	

Note 1：Please fill Director, Independent Director or other in Position.

Note 2：Each member who meets the following conditions during the two years prior to the appointment and during his term of office, please tick "Ｖ" in the space under each condition code.

① Not an employee of the Company or its affiliates。

② Not a Director or Supervisor of the Company or its affiliates, (however, this does not apply, in case where the person is an Independent Director of the Company or its parent company, subsidiary or subsidiary of the same parent company are set up according to this Act or local country laws).

③ Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranking in the top ten in holdings.

④ Not a spouse, second-degree relative or third-degree relative of the managers in (1) or persons in (2) or (3).

⑤ Not a director, supervisor, or employees of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company or that holds shares ranking in the top five in holdings or is the representative being assigned as the director or supervisor of the Company by in accordance with Article 27, Paragraph 1 or 2 of the Company Act, (However, this does not apply, in case where the person is an Independent Director of the Company or its parent company, subsidiary or subsidiary of the same parent company are set up according to this Act or local country laws).

⑥ Not a director, supervisor or employee of other company which has over half of the number of directors' seats or shares with voting rights of the Company and is controlled by the same person (however, this does not apply, in case where the person is an Independent Director of the Company or its parent company, subsidiary or subsidiary of the same parent company are set up according to this Act or local country laws).

⑦ Not a director, supervisor or employee of other companies or institution which concurrently works as or in a spouse relationship to the chairman, general manager or personnel of relative duties of the Company (however, this does not apply, in case where the person is an Independent Director of the Company or its parent company, subsidiary or subsidiary of the same parent company are set up according to this Act or local country laws).

⑧ Not a director, supervisor, manager or a shareholder holing five percent or more of the shares of a company or institution that has a business or financial relationship with the Company, (however, this does not apply, in case where the specific company or institution holds over 20% but less than 50% of the total number of issued shares of the Companyand the person is an Independent Director of the Company or its parent company, subsidiary or subsidiary of the same parent company are set up according to this Act or local country laws).

⑨ Not a professional who provides auditing, nor a professional who provides commercial, legal, financial, accounting or consulting services to the Company or its affiliates with the cumulated remuneration within the last two years less than NT$500,000, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such service to the Company or its affiliates, however, this does not apply for members of Remuneration Committee, Public Tender Offer review committee or special committee for Merger/ Consolidation and Acquisition who exercise power in accordance with relevant laws and regulations in Securities and Exchange Act or Business Mergers and Acquisitions Act.

⑩ Situation listed in any circumstancesections of Article 30 of the Company Act did not occur.

(2) The Operational Situation of the Remuneration Committee

I. There are three committees in the Company's Remuneration Committee.

II. The current term of committee is from June 12, 2019 to June 11, 2022. Total of 3(A) meetings of the Remuneration Committee were held in the previous period. The attendance of Committee member were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【Ｂ/Ａ】(Note)	Remark
Convener	Wang, Zhi-Cheng	3	0	100.00%	
Committee	Shao, Yang-Wei	3	0	100.00%	
Committee	Cai, Cui-Juan	3	0	100.00%	

Remuneration Committee	Proposal content and Subsequent processing	resolution	The Company handles the opinions of Remuneration Committee
Fourth Session, 2020 First Meeting 2020.01.20	The Company's 2019 Year-end bonus payment of managers	Approved resolution by all the members present at the meeting.	Proposed to Board of Directors and approved resolution by all Directors.
Fourth Session, 2020 Second Meeting 2020.03. 20	Case 1. Amend the Company's "Governing the Appointment and Exercise of Powers by the Remuneration Committee".	Amend the texts of paragraph 1, 2 , and 3 of Article 6.	Proposed to Board of Directors and approved resolution by all Directors.
	Case 2. 2019 Directors' Remuneration Distribution Proposal.	All the present members approved to appropriate Directors' Remuneration according to the Company's "Articles of Incorporation"	Proposed to Board of Directors and approved resolution by all Directors.
Fourth Session, 2020 Third Meeting 2020.08.11	Case 1. 2019 Directors' Remuneration Distribution Proposal.	All the present members agreed to apply in accordance with the "Regulation for the remuneration payment of Directors and Supervisors".	Proposed to Board of Directors and Approved resolution by all Directors.
	Case 2. Amend the Company's	Approved resolution by all the members	Proposed to Board of Directors

	"Remuneration Committee Charter".	present at the meeting.	and Approved resolution by all Directors

Other mentionable items:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the response of the company to the opinion of remuneration committee (e.g., the remuneration was approved by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None
2. Resolutions of the remuneration committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all opinions of members and the response to the opinion of members should be specified: None
3. Scope of the remuneration committee's duties:
   (1) Establishing and periodically reviewing the performance assessment standards and the policies, systems, standards, and structure for the compensation of the directors, independent directors of audit committee, managerial officers of the Company.
   (2) Periodically reviewing the compensation levels of directors, independent directors of audit committee, managerial officers of the Company.。

Note：

(1) At the end of the year, if there is a remuneration committee member who leaves the Company, the date of separation shall be noted in the remarks column, and the actual attendance rate (%) is calculated based on the number of meetings of the remuneration committee and its actual attendance during his/her job tenure.

(2) At the end of the year, if there is a re-election of the remuneration committee, the new and former members of the remuneration committee shall be filled in, and that the member is an old, new or re-elected member and the re-election date shall be noted in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of its remuneration committee and his/her actual attendance.

5.Implementation Status of Corporate Social Responsibility and Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
1. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?	✓		The Company has actively conducted risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the principle of materiality, and formulate relevant risk management policies according to the amendment of the " Corporate Social Responsibility Best Practice Principles". The policies are implemented after the resolution approved by the board of directors. The scope of the Company's risk management includes "strategic risk", "operational risk", "financial risk", "information security risk", and "the risk of climate change and non-compliance with environmental protection, climate-related regulations and other international regulatory agreements". The Company has established a risk management team to identify risks, measure risks, and control risks within an acceptable range according to the scope of work of each department on a regular basis every year. Report to the board of directors at least once a year on the risk environment and the risk control measures adopted and the operation of the risk management. Please refer to the Company's website for the implementation of the 2020 risk management policy http://www.luckygrp.com.tw/tw/index.asp?au_id=11&sub_id=120。	No difference.
2. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	✓		The Company has established the part-time unit that is in charge by the Quality Assurance Center for promoting Corporate Social Responsibility. It executed relative operating in accordance with the Company's "Corporate Social Responsibility Best Practice Principles", please check the Company website for details. The implement status will be reported to Corporate Social Responsibility Committee and the board of directors at least one time yearly.	No difference.
3. Topic of Environment (1) Does the company establish proper environmental management systems based on the characteristics of their industries? (2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment? (3) Does the Company evaluate the potential	 ✓ ✓		(1) The Company has established the safety environment section and rules of the labor safety and health and exclusively dedicated staff authorized to be in charge of detection on air pollution and wastewater on a regular basis. (2) Announcement of waste from other plants has been recycling in order to achieve the policy goals of sustainable resources development and more resources can be kept for next generation by reducing excessive exploitation of natural resources. (3) Climate change has current and future potential risks to	(1)No difference. (2)No difference. (3)No difference.

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
risks and opportunities of climate change to the Company now and in the future, and take measures to deal with climate-related issues.	✓		the production of the Dongao plant, including abnormal weather, drought and heavy rain affecting the normal water supply of the cooling cycle of rotary kilns, mills and other equipment, and equipment shutdowns cause production losses. Specific response measures:short term ① Strengthen the unobstructed return pipeline of the plant area. ② Check for leaks in the water collection pipeline in the plant area. ③ Regularly patrol the catchment area and remove debris from water pipes. Mid-term ① Add two sets of water filters to filter weeds and sundries before entering the water tank. ② Apply for an additional groundwater pumping facility under the permission of the law. Long term: Design and transform the closed circulation cooling system of the rotary kiln syste.	
(4) Does the Company count the greenhouse gas emissions, water consumption and total weight of waste in previous two years, and formulate policies for energy saving and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management.	✓		(4) Since 2014, the Company has participated in the voluntary greenhouse gas reduction report of the Industrial Development Bureau of the Ministry of Economic Affairs every year, and annually calculates and reports greenhouse gas emissions. The Company's greenhouse gas emissions have obtained ISO-14064 third-party verification. The Company has relevant energy-saving and carbon-reduction policies, including greenhouse gas emission reduction policy and energy management policy and the use of recycled water to wash vehicles to reduce water use policy. The relevant goals are as follows: 1% annual electricity saving policy and The total annual greenhouse gas emissions are reduced by more than 10% compared to 2013 (base year) emissions. All targets for 2020 have been achieved.	(4)No difference.
4. Topic of Social (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(1) The Company has established relevant human resource management rules such as the "Employees' Work Rules" in accordance with the Labor Standards Act and relevant government laws and regulations, and recognizes and supports the United Nations Global Compact, the Universal Declaration of Human Rights, the ILO Declaration of Fundamental Principles and Rights at Work and other internationally recognized human rights standards, and formulate a " Human Rights Policy", the specific management measures are as follows: ① Respect for human rights and implement gender equalit. ② Do not hire people under the 16 years old. ③ Give female employees the time to breastfeed, physiology, maternity leave, maternal leave, maternity leave, etc. ④ Give workers reasonable rest and not force labor in accordance with law. ⑤Objects of employee hiring, promotion, exhortation, and rewards are prohibited from any type of discrimination. ⑥ Respect for employees are freedom of association, join labor unions, seek representation and participate in the labor committee according to the law. ⑦ Comply with the laws and regulations of labor health and occupational safety and health, reduce the dangers and potential hazards in the work environment, and prevent occupational disasters. ⑧ The salary policy is in compliance with relevant laws and regulations. Employees' salaries must not be lower than the basic salary, and they enjoy statutory benefits, reasonable rest and overtime pay. ⑨ Prevention of sexual harassment and sexual assault policies.	(1)No difference.

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
(2)Does the Company formulate and implement reasonable employee welfare measures (including salary, vacation and other benefits etc.), and appropriately reflect the corporate business performance or achievements in the employee remuneration policy?	✓		(2)The Company formulates and implements reasonable employee welfare measures, including salary, vacation and other benefits. For details, please refer to Chapter 5 Labor Relations and the Company's website (http://www.luckygrp.com.tw/tw/index.asp?au_id=7&sub_id=99)。 If the company makes a profit, it should allocate 3% to employees' compensation according to the Company's "Articles of Incorporation".	(2)No difference.
(3) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		(3)In order to ensure the safe and healthy working environment of the employees, the Company has formulated the "Safety and Health work rules " in accordance with the "Occupational Safety and Health Act" and the "Enforcement Rules of the Occupational Safety and Health Act". The announcement implements regulations on safety and health management matters, provides employees to follow, and regularly implements safety and health automatic inspections to protect the personal safety of workers. The Company has held the labors health checkup and health and safety seminar on a regular basis. Please refer to the Company website for the related information. (http://www.luckygrp.com.tw/tw/index.asp?au_id=7&sub_id=101)	(3)No difference.
(4)Does the Company provide its employees with career development and training sessions?	✓		(4)The Company reviews the employees' career development plans with the employees' performance appraisal yearly. The training coordinated by the heads of various departments to implement.	(4)No difference.
(5)Does the Company follow relevant laws and international standards for customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant consumer protection policies and appeal procedures?	✓		(5)Portland cement must meet the standards of CNS and has obtained the CNS Mark and ISO certification. All departments of the Company can accept the complaints, the Company's website also has contact windows for related parties to accept opinions and suggestions, relevant opinions and appeal cases will be forwarded to the releealvant department for processing as soon as possible. The Company discloses the number of related customer complaints and the resolution status in the corporate social responsibility report every year.	(5)No difference.
(6)Does the Company formulate supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor human rights and its implementation?	✓		(6) The Company has established a supplier management policy, including five dimensions: ① Supplier development and management. ② Supplier evaluation and assessment. ③ Supplier Code of Conduct and Commitment to Ethics and Integrity. ④ Supplier review, training, communication and coaching. ⑤ Operation Mode. Every year, the purchasing department organizes a task force to conduct supplier self-evaluation and inspection, and provide guidance, follow-up and improvement in accordance with the relevant supplier regulations of the Company and major issues such as environmental protection, occupational safety and health, and labor human rights. Suppliers whose results are not up to the standard will be audited every year, and those who have not achieved improvement after more than three years are classified as suspended or rejected. Report the implementation status to the board of directors at least once a year. In the contract signed between the Company and the supplier, the supplier is required to comply with the relevant provisions of the "Labor Standards Act". In terms of environment, the "Air Pollution Control Act" and other relevant environmental protection laws and regulations should be followed, and appropriate preventive measures should be taken. In terms of labor safety, suppliers should abide by the provisions of the	(6)No difference.

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			"Occupational Safety and Health Act", and must take necessary protective measures in advance for various possible disasters or accidents, and must insure labor insurance or accident insurance for employees. In terms of information security, it is not allowed to infringe on the intellectual property rights of others or the rights and interests of others. Since 2016, the Company has started to promote the "Supplier Code of Conduct", which includes major issues such as ethical corporate management, human rights and environmental protection. The Company requires suppliers to comply together. If the supplier violates and damages the Company's goodwill or corporate image, the contract may be terminated at any time. The Company has set up "Supplier evaluation and assessment methods" to regularly conduct supplier evaluations to ensure that suppliers comply with relevant specifications. The Company disclosed the implementation of "Supplier Code of Conduct" in the corporate social responsibility report.	
5.Does the Company make reference to general international reporting standards or guidelines for preparing corporate social responsibility reports and other reports that disclose non-financial information? Has the aforementioned report obtained the confidence or assurance opinion of the third-party verification unit?	✓		The Company prepares its corporate social responsibility report based on Standards issued by Global Reporting Initiative (GRI).	No difference.

6. If the Company has established the corporate social responsibility principles based on "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and their implementation: None.

7. Other important information to facilitate better understanding of corporate social responsibility practices of the Company：

The Company has focused on environmental protection and frequently participated in and sponsored the community activities, promoted traditional culture and aboriginal culture, assisted community development, participated in local environmental protection activities (e.g., Greening, adoption and purification of beaches and maintenance of the community public facilities), sponsored the scholarships for outstanding students of elementary and junior high schools, taken environmental protection as the core competency and handled actively the resources recycling and conservation.

(1) The Company's recycling of waste is the re-use of the client plant through the announcement and government permits to reduce the impact of waste on the social environment, to fully re-use resources, and reduce the over-exploitation of natural resources.

(2) The Company has provided the assistance timely to the communities nearby such as maintenance and support of machines and power for Dongao fishing port, beautification and purification of Dongao bay, the scholarships for Dongao community, expressed sympathy for the elderly, and Cháng Qīng canteen.

(3) The factories and mines of the Company spare no effort in water pollution prevention and control, stationary pollution source prevention and control, soil and water conservation, environmental monitoring, greening and beautification of re-vegetation and periodic environmental inspection due to the consideration of energy efficiency and carbon reduction and environmental protection and input the necessary manpower and material resources.

(4) The Company has utilized the reconstruction of No.2 kiln that is to upgrade the preheated cyclone from the level 4 to level 5 to increase heat transfer efficiency and reduce the carbon and lower the consumption of natural resources. The Company has adopted the production process of low-NOx to reduce the emissions of NOx to lower the impact on the natures and set up continuous and automatic monitoring system in the exhaust chimney for controlling air quality strictly.

(5) Total expenditure on giving back to the local due to fulfilling social responsibilities is NT$1,071,000 in 2020. Related activities include sponsoring 2 community activities, participating in 23 community (neighboring residents) care activities, and 3 donating to humanities education and traditional culture.

(6) The goal of the Company for electricity saving: the goal of 1% electricity saving annually from 2015 to 2020, more than 1% each year.

(7) The Company's greenhouse gas emission reduction policy

- Committed to the registration of the company's greenhouse gas inventory.
- Really grasp the company's greenhouse gas emission status.
- Propose feasible solutions for greenhouse gas reduction.
- Really implement the greenhouse gas reduction work plan.
- Fulfill the social responsibility of circular economy.
- Sustainable development of green environment.

Energy policy：

- Use high-efficiency energy-saving equipment.
- Improve energy efficiency.
- All employees participate in energy saving and carbon reduction.
- Comply with relevant government laws and regulations.
- Achieve the energy goals.

(8) The specific results of the 2020 energy saving measures improvement plan and the 2021 energy saving measures and implementation plans are detailed as bellow:

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	

2020 The specific results of the energy saving measures improvement plan	2021 energy saving measures and implementation plans
1.The constant frequency spiral air compressor in the packaging room was replaced with a frequency conversion spiral air compressor. (cross-year effect) 2.The pump of the humidifying tower of No. 2 preheater was changed into frequency conversion operation. 3.No. 2 coal mill liner replaced. 4.Clinker Roller Refurbishment. 5.Non-hazardous sludge and waste oil blends are used as alternative fuels. 6.Organic sludge is used as an alternative fuel. 7.Management measures are in response to Government Demand Response(DR).	1. No. 2 coal mill liner replaced. (cross-year effect) 2. Clinker Roller Refurbishment. (cross-year effect) 3. The pump of the spray tower tower of the No. 2 preheater is changed to frequency conversion operation4. No.2 raw mill liner replaced and the ratio of steel balls was adjusted. 5. In No.1 bin of No. 2 cement mill, the liner replaced and the ratio of steel balls was adjusted. 6. .Organic sludge is used as an alternative fuel. 7. Non-hazardous sludge and waste oil blends are used as alternative fuels. 8. Management measures are in response to Government Demand Response.
878,190 KW electricity savings in 2020. 5196 tons of coal savings in 2020.	

(8) The statistical data of the Company's greenhouse gas emissions, water consumption and total waste treatment weight in the past two years are as follows:

Year	Total greenhouse gas emissions	Water consumption	Total waste treatment weight *
2019	646,473.84 TonsCO_2e/Year	953,036 M^3	65,190.76 Tons
2020	673,832.54 TonsCO_2e/Year	1,004,104 M^3	73,992.22 Tons

* The Company is committed to a circular economy and conducts waste treatment business.

(9)The Company has a corporate social responsibility committee composed of three directors, including two independent directors, whose responsibilities include:

A.Declaring the corporate social responsibility policy and systems.
B.Review annual plan and strategic direction of corporate social responsibility.
C.Review projects and activity plans of corporate social responsibility.
D.Approval of corporate social responsibility report.
E.Other board of directors entrusts the review of corporate social responsibility and public affairs participation.

The Corporate Social Responsibility Committee meets at least once a year. Please refer to our website for its operation (http://www.luckygrp.com.tw/tw/index.asp?au_id=11&sub_id=102)

CSR Committee Member Information：

Name	Position	Title	Related professions
Chen, Yun-Ju	Director	Chairman	EMBA, Over 20 years experience in the cement industry
Chen, Yan	Independent Director	Committee	Financial management expertise
Wang, Zhi-Cheng	Independent Director	Committee	Juris Doctor, Director of Securities and Futures Investors Protection Center, Director of Financial Ombudsman Institution and Advisory Committee of Central Deposit insurance Corporation.

6. Ethical Corporate Management and Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons：

The Board of Directors of the Company has approved and developed the "Ethical Corporate Management Best Practice Principles" on November 7, 2014; and the ISO operations and related management practices have been fulfilled the terms of Ethical Corporate Management Best Practice Principles, such as the terms of Service Discipline set forth in the employees work rules and a variety of relevant norms set forth in regulations for procurement, so the performance of the ethical corporate management and the operation of the measures is still good.

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1.Establishment of ethical corporate management policies and programs (1)Does the Company formulate ethical corporate management policies that approved by the board of directors, and declare the policies and practices of operating in the regulations and external documents, as well as the commitment from its board and executives to implement the policies?	✓		(1)The Company formulated the " Ethical Corporate Management Best Practice Principles " which approved by the Board of Directors with reference to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies " on November 7, 2014. The Principles serve as the underlying basic premise to facilitate ethical corporate management and timely make amendments in accordance with the requirements of the competent authority. The Company promotes the policy of ethical corporate management through education and training and the signing of the "Supplier Code of Conduct". The implementation status is reported to the board of directors at least once a year. For related work plans and implementation status, please refer to our website (http://www.luckygrp.com.tw/tw/index.asp?au_id=7&sub_id=51). The Board of Directors approved the Company's " Regulations	(1)No difference.

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			Governing for Reporting Case of Illegal and Unethical or Dishonest Conduct" on March 28, 2016. Actively implement the promises of business policies.	
(2) Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, and the preventive measures cover at least the circumstances of Article 7 paragraph 2 of the " Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies "?	✓		(2) Through the establishment of good corporate governance, risk control and management mechanism, and consummated internal regulations, the Company actually implements the prevention of the circumstances of Article 7 paragraph 2 of the " Ethical Corporate Management Best Practice Principles” and prevents the occurrence of dishonesty to create a sustainable business environment.	(2)No difference.
(3) Does the Company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies and regularly review and revise the previous policies?	✓		(3) The Company has the working rules for employees, which stipulates that employees shall not use their power to seek illegal benefits, and accept entertainment, gifts, rebates, embezzlement of public funds, or other illegal interests, hoping to prevent dishonesty from affecting business relations or trading behavior. The Company has a report webpage and appeal system, and reports the implementation status to the board of directors at least once a year and as the basis for review and amendment.	(3)No difference.
2.Fulfill operations ethical policy (1) Does the Company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	✓		(1) The Company has to ensure factuality via Department of Commerce, Ministry of Economic Affairs R.O.C. (MOEA) while trading and purchasing and check the transaction performance of vendors by all kinds of channels (such as credit investigation) in order to be sure the business ethics of the vendors who is trading with. The Company has to summarize and report the conditions of clients and suppliers at sales and operation meetings, the Company will immediately control credit transaction if trading partners are found to be involved with unethical conduct and the Company will seriously evaluate if it is necessary to terminate the contract with the clients after the knowledge of risk management for the Company.	(1)No difference.
(2) Does the Company establish a dedicated unit that is under the board of directors and regularly (at least once a year) report the Ethical Corporate Management policy and the plan to prevent dishonesty, and supervise the implementation?	✓		(2) The Chairman Office is responsible for ethical corporate management policy and human resources department part-time promotes and implements in order for a sound ethical corporate management. It is reported to the board of directors at least one time yearly and released the results on the Company website.	(2)No difference.
(3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		(3) Base on the board of directors meetings regulations of the Company , any director or a juristic person represented by a director is an interested party with respect to the below agenda items, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the Company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter. ① The relationship or the interested party relationship is likely to prejudice the interests of the company. ② Directors shall enter recusal voluntarily. ③ Recusal is determined by the board of directors.。	(3)No difference.
(4) Has the Company established effective systems for both accounting and internal control to facilitate ethical corporate management, based on the assessment results of the dishonesty risk, the internal audit unit prepares the relevant audit plan and checks the compliance with the plan to prevent dishonesty, or entrusts CPAs to perform an audit?	✓		(4) The Company has established the strict accounting system, all the financial statements with auditing and certification by Certified Public Accountants to ensure the fairness for each statement. The Company has an exclusively dedicated audit unit to conduct all kinds of internal auditing by the annual auditing plan on a regular basis, the audit manager reports the auditing status to Independent Director at least once a year.	(4)No difference.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td>(5) Does the Company regularly hold internal and external educational trainings on ethical corporate management?</td><td>✓</td><td></td><td>(5) The Company continued to hold ethical corporate management education training for new recruits from time to time and reported implementation situation to the board of directors.
The implementation of education and training in 2020:
<table><tr><th>Course theme</th><th>Training hours</th><th>Total attendance</th></tr><tr><td>Ethical Corporate Management Best Practice Principles</td><td>30 mins/each</td><td>24</td></tr></table></td><td>(5)No difference.</td></tr>
<tr><td>3. Operation of the Company's whistleblowing system.
(1)Does the Company establish specific whistleblowing and reward system, and establish a convenient reporting channel, and assign appropriate personnel to accept the complaint?

(2) Does the Company establish standard operating procedures for the investigation of the complaint, the follow-up measures to be taken after the investigation is completed, and the relevant confidentiality mechanism?

(3) Does the Company provide proper whistleblower protection?</td><td>✓

✓

✓</td><td></td><td>(1) The Company has an evaluation and reward/punishment rules. If any employee violates the ethical corporate rules, the Company's authority and responsibility department mana`gers will jointly review the employee's rewards and penalties, and the relevant awards and penalties will be announced to relevant colleagues through personnel orders.

(2) The Company's standard operating procedures for the investigation of accused matters are handled in accordance with the "Procedures for reporting cases of illegal and unethical or dishonest conduct". After investigation, the Company wil take corresponding measures and appropriate protective measures in accordance with the law to protect the personal information and privacy of the whistleblower.

(3) The company handles whistleblowing cases. We will keep the personal information of the whistleblower confidential, unless otherwise provided by law. Take appropriate protective measures in accordance with the law to protect the whistleblower’s personal information and privacy, and avoid improper punishment for the whistleblowing.</td><td>(1)No difference.

(2)No difference.

(3)No difference.</td></tr>
<tr><td>4.Strengthening information disclosure
(1)Does the Company disclose its “Ethical Corporate Management Best Practice Principles” and the implementation results on the Company’s website and MOPS?</td><td>✓</td><td></td><td>The eEthical corporate management policies have been expressly disclosed on the Company website http://www.luckygrp.com.tw.</td><td>No difference.</td></tr>
<tr><td colspan="5">5.If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation.：None</td></tr>
<tr><td colspan="5">6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies): None</td></tr>
</table>

7. Corporate Governance Guidelines and Regulations：

The Board of Directors of the Company has passed and developed the "Corporate Governance Best Practice Principles " on December 26, 2014, please refer to the Company’s website at http://www.luckygrp.com.tw/tw/index.asp?au_id=7&sub_id=49# for other relevant regulations under the “Corporate Governance” for important company regulations and other content.

8. Other Important Information Regarding Corporate Governance：

The Board of Directors of the Company has passed and developed the “Corporate Social Responsibility Best Practice Principles”, “Ethical Corporate Management Best Practice Principles” and “Guidelines for the Adoption of Codes of Ethical Conduct” on November 7, 2014. The Board of Directors has also passed and developed the “Corporate Governance Best Practice Principles”, and the amendments of “Corporate Social Responsibility Best Practice Principles” and “Ethical Corporate Management Best Practice Principles” on December 26, 2014. The Board of Directors has also passed the amendments of “Corporate Governance Best Practice Principles” and “Guidelines for the Adoption of Codes of Ethical Conduct” on March 24, 2015. The Board of Directors has also passed the amendments of “Ethical Corporate Management Best Practice Principles” on December 21, 2015. In addition, the Board of Directors of the Company has passed and developed “Procedures for reporting cases of illegal and unethical or dishonest conduct” on March 28, 2016

The Company amended some provisions of the “Corporate Social Responsibility Best Practice Principles” in accordance with the letter Tái-Zhèng-Zhì-Lǐ-Zi No.1090002299 issued on February 13, 2020, the amendment has been proposed by Corporate Social Responsibility Committee and amended by the resolution of the Board of Directors’ meeting on March 24, 20, 2020.

The Company amended some provisions of the “Ethical Corporate Management Best Practice Principles ” in accordance with the letters Tái-Zhèng-Zhì-Lǐ-Zi No.10800083781 issued on May 23, 2019 and Tái-Zhèng-Zhì-Lǐ-Zi No.1090002299 issued on February 13, 2020. The amendments have been amended by the resolution of the Board of Directors’ meeting on August 12, 2019 and March 24, 2020

The Company amended some provisions of the “Codes of Ethical Conduct” in accordance with the letter Tái-Zhèng-Zhì-Lǐ-Zi No. 10900094681 issued on June 3, 2020. The amendments have been amended by the resolution of the Board of Directors’ meeting on August 11, 2020.

9. Implementation of internal control system

(1) The Internal Control statement

Lucky Cement Corporation
The Internal Control statement

March 26, 2021

The Company’s 2020 internal control statement according to self-assessment is as bellow:

1. The Company is sure that establishing, implementing and maintaining the internal control system is the responsibility of the board of directors and managers of the Company. The Company has established this system. its purpose is to provide reasonable assurance of the achievement of performance and efficiency on operations (including profitability, performance and security of assets, etc.), reliability, timeliness, transparency, compliance with relevant regulations, and compliance with relevant laws and regulations.
2. The internal control system has its inherent limitations. Regardless of how well the design is completed, an effective internal control system can only provide reasonable assurance on the achievement of the above three goals. Moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may vary change. However, the Company’s internal control system has a self-monitoring mechanism. Once the lack is identified, the Company will take corrective action.
3. The company determines the effectiveness of the design and implementation of the internal control system based on the judgment items of the effectiveness of the internal control system as stipulated in the " Regulations Governing Establishment of Internal Control Systems by Public Companies " (hereinafter referred to as the "Processing Guidelines"). The judgment items of the internal control system adopted by the “Processing Guidelines” are based on the process of management control. The internal control system is divided into five components: (1) Control environment, (2) Risk assessment, (3) Control operation, (4) Information and communication, and (5) Supervision of operations. Each component includes several items. For the aforementioned items, please refer to the provisions of the "Processing Guidelines"
4. The Company has adopted the above-mentioned judgment items of the internal control system to assess the effectiveness of the design and implementation of the internal control system.
5. Based on the above assessment results, the Company believes that the Company's internal control system (including the supervision and management of its subsidiaries) as of December 31, 2020 is effective in its design and execution, and can reasonably ensure the achievement of the target. Which is Including the understanding of the achievement of operational effectiveness and efficiency, the report is reliable, timely, transparent and in compliance with relevant regulations and compliance with relevant laws and regulations.

6. This statement will become the main content of the Company's annual report and public statement, and will be made public. If any of the above disclosed content is false or hidden, it will involve the legal obligations of Article 20, Article 32, Article 171, and Article 174 of the Securities Exchange Act.
7. This statement was approved by the board of directors of the Company on March 26, 2021. Among seven directors, no one held any objection. All of them agreed with the contents of this statement and made this statement.

Lucky Cement Corporation

Chairman：Chen, Liang-Chuan

General Manager：Chen, Liang-Chuan

(2) The Company did not commission an accountant project to audit the internal control system in this year

10. In the most recent year and as of the printing date of the annual report, the company and its internal personnel were punished according to law, and the company internal personnel violated the internal control system regulations for penalties, major defects, and improvements： Please refer to Environmental Protection Expenditure Information on page 60 (5.4) for the details.

11. The important resolutions of the shareholders' meeting and the meeting of the board of directors in the most recent year and up to the publication date of the annual report:

(1) Contents and Implementation of Important Resolutions of the 2020 Shareholders' Meeting:

Date	Important Resolutions
2020/06/18	1. Approved 2019 Business Report and Financial Statements. 2. Approved the 2019 earnings distribution proposal. 3. Approved to amend some Articles of “Rules of Procedure for Shareholders Meetings” of the Company.
Implementation	1. The Company’s Business Report, Financial Statements and Earnings Distribution Proposal of 2019, the profit after taxation is NT$45,904,871. Except for the amount of NT$ 912,776, which was used to make up the losses of previous years in accordance with laws and “Articles of Incorporation” , the proposed cash dividend per share is NT$ 0.15, calculated as NT $ 60,710,707. On August 11, 2020, the board of directors passed a resolution to set the relevant cash dividend ex-dividend date, the book closure period and the cash dividend payment date. 2. The amendments of “Rules of Procedure for Shareholders Meetings” were approved and announced in the Company website.

(2) The important resolutions of the meeting of the board of directors in 2020 and as of the publication of the annual report

Times	Date	Important Resolutions	Listed items in the Article 14-3 of the Securities Exchange Act.
1st	2020/01/20	1. Approved the 2019 year-end bonuses distribution of the Company’s managers that was proposed and audited by the remuneration committee.	V
2nd	2020/03/24	1. Approved to recognize an endorsement guarantee case of the subsidiary Dasheng Enterprise Co., Ltd. to provide the loan commitments NT$60,000,000 for commercial papers issued by Ta Ching Bills Finance corporation.	V
		2. Approved the Business report and financial statements in 2019.	V
		3. Approved to distribute the remuneration of the Company's employees and directors and supervisors in 2019.	
		4. Approved the company's 2019 earnings distribution proposal.	V
		5. Approved to issue the 2019 Internal Control statement.	V
		6. Approved the Company's performance evaluation case of “Self-Evaluation or Peer Evaluation of the Board of Directors”.	
		7. Approved to amend some Articles of the " Regulations for Accountant assessment and Performance Evaluation “.	
		8. Approved to amend some Articles of the “Rules of Procedure for Board of Directors Meetings”.	
		9. Approved to amend some Articles of the “Corporate Governance Best Practice Principles”.	
		10. Approved to amend some Articles of the “Ethical Corporate Management Best Practice Principles”.	
		11. Approved to establish the “Regulations Governing Appointment of Independent Directors and Compliance Matters”.	
		12. Approved to amend some Articles of the “Corporate Social Responsibility Best Practice Principles”.	
		13. Approved to establish the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee”.	
		14. Approved to establish the “Regulations Governing the Exercise of Powers by Audit Committees”.	
		15. Approved to amend some Articles of the “Rules of Procedure for Shareholders Meetings”.	
		16. Approved the date of the Company's 2020 regular shareholders meeting and related issues	
		17. Approved the Shareholders' proposal right.	
		18. Approve to increase the investment amount of NT$ 250,000,000 to the subsidiary Luckicon Ready-mixed Concrete Factory Co., Ltd..	V
		19. Approve to increase the investment to Jonfeng Mining Co., Ltd..	V
3rd	2020/05/12	1. Approved to recognize an endorsement guarantee case of the subsidiary Luckicon Ready-mixed Concrete Factory Co., Ltd. provided a short-term turnover guarantee amount of NT$70,000,000 for Mega International commercial Bank Tianmu Branch.	V
		2. Approved an endorsement guarantee case of the subsidiary Lucky Cement Corp., Japan to provide short-term loan commitments at JPY ￥50,000,000 for Mega International commercial Bank Osaka Branch.	V
		3. Approved the case of subsidiary, Dasheng Enterprise Co., Ltd. to apply to the Company for loan commitments at NT$ 200,000,000 due to business turnover needs.	V
		4. Approved to continuously insure Directors’ and Important Staffs’ Liability Insurance for the Company’s directors.	
		5. Approved the Company's CPA replacement case (due to the need for internal adjustments of the accounting firm)	V
		6. Approved the formulation of the company's "Risk Management Policy".	
4th	2020/08/11	1. Approved to recognize an endorsement guarantee case of the subsidiary Dasheng Enterprise Co., Ltd. to provide the loan commitments at NT$ 60,000,000 for commercial papers issued by Grand Bills Finance Corp.	V
		2. Approved the renewal of Directors’ and Important Staffs’ Liability Insurance for the Company’s directors.	
		3. Approved to set the relevant cash dividend ex-dividend date, the book closure period and the cash dividend payment date.	V
		4. Approved the 2019 director governance scoring proposal submitted by the Remuneration Committee.	
		5. Approved the 2019 directors' remuneration distribution proposal submitted by the Remuneration Committee.	
		6. Approved the formulation of the Company's "Rules Governing Financial and Business Matters Between the Corporation and its Affiliated Enterprises ".	
		7. Approved to amend some Articles of “Rules of Procedure for Shareholders Meetings” of the Company.	
		8. Approved to amend some Articles of “Rules Governing the Scope of Powers of Independent Directors” of the Company.	
		9. Approved to amend some Articles of “Self-Evaluation or Peer Evaluation of the Board of Directors”.	
		10. Approved to amend some Articles of” Codes of Ethical Conduct”.	
		11. Approved to amend some Articles of” Remuneration Committee Charter” by the Remuneration Committee”.	
		12. Approved to amend some Articles of” Audit Committee Charter” by the Audit Committee”.	
5th	2020/11/11	1. Approved to the Company's cash dividends in first half of 2019 be not distributed.	V
		2. Approved to amend some Articles of the “Rules of Procedure for Board of Directors Meetings”.	

Times	Date	Important Resolutions	Listed items in the Article 14-3 of the Securities Exchange Act.
6th	2020/12/28	1. Approved the Company's operating budget and capital expenditure budget in 2021.	V
		2. Approved to authorize Chairman of the Board of Directors to fully handle the Company's credit line with financial institutions in 2021.	V
		3. Approved that within the amount of the foreign currency loan balance of the Company, foreign exchange forward contract can be pre-ordered.	V
		4. Approved an endorsement guarantee case of NT$300 million for KGI Bank's short-term project loan for the subsidiary Luckicon Ready-mixed Concrete Factory Co., Ltd.	V
		5. Approved the case of the subsidiary Luckyship Marine Co., Ltd to apply to the Company for loan commitments at NT$ 20,000,000 due to business turnover needs.	V
		6. Approved to authorize Chairman of the Board of Directors to provide an endorsement guarantee for the Company's subsidiary, and to execute the case within a certain amount.	V
		7. Approved the proposal of internal audit plans of 2021.	
		8. Approved to establish the "Regulations for appointment, dismissal, evaluation and review, salary and compensation of internal auditors".	
		9. Evaluated the independence and suitability of the Company's certificated accountants on a regular basis (once a year).	
		10. Approved the replacement of the Company's CPA (Due to the need of internal adjustment of the accounting firm).	V
		11. Approved accountant appointment remuneration of the Company in 2021.	V

Times	Date	Important Resolutions	Listed items in th Article 14-3 of th Securities Exchang Act.
1st	2021/02/01	1. Approved the 2020 year-end bonuses distribution of the Company's managers that was proposed and audited by the remuneration committee.	V
		2. Approved the 2019 employee compensation distribution of the Company's managers that was proposed and audited by the remuneration committee.	V
2nd	2021/3/26	1. Approved to recognize an endorsement guarantee case of the subsidiary Dasheng Enterprise Co., Ltd. to provide the loan commitments NT$60,000,000 for commercial papers issued by Ta Ching Bills Finance corporation.	V
		2. Approved the Business report and financial statements in 2020.	V
		3. Approved to distribute the remuneration of the Company's employees and directors in 2020.	
		4. Approved the company's 2020 earnings distribution proposal.	V
		5. Approved to issue the 2020 Internal Control statement.	V
		6. Approved the proposal for 2020 "Performance evaluation of the board of directors ".	
		7. Approved to amend some Articles of "Rules of Procedure for Shareholders Meetings" of the Company.	
		8. Approved the date of the Company's 2020 regular shareholders meeting and related issues.	
		9. Approved the case of Shareholders' proposal rights.	

12. Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors： None

13. A summary of the dismissal of the company's relevant personnel

April 30, 2021

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal

Note 1 : From January 1, 2020 to April 30, 2021, relevant persons of the Company have not been dismissed.

Note 2 :The relevant personnel refer to Chairman, General manager, Accounting Manager, Financial Manager, Audit Manager, Corporate Governance Manager and R&D Manager.

3.4 Information Regarding the Company's Audit Fee and Independence

1. Audit Fee

Accounting Firm	Name of CPA		Period Covered by CPA's Audit	Remark
Deloitte & Touche	Huang, Hai-Yue	Chao-Mei Chen.	2020/01/01~2020/12/31	Due to the need of internal adjustment of the accounting firm

Unit：NT$1,000

Fee Range \ Fee Item		Audit Fee	Non-Audit Fee	Total
1	Under NT$2,000,000		✓	✓
2	NT$2,000,001 ~ NT$4,000,000	✓		✓
3	NT$4,000,001 ~ NT$6,000,000			
4	NT$6,000,001 ~ NT$8,000,000			
5	NT$8,000,001 ~ NT$10,000,000			
6	Over NT$100,000,000			

Unit：NT$1,000

Accounting Firm	Name of CPA	Audit Fee	Non-Audit Fee					Period Covered by CPA's Audit	Remark
			System of Design	Company Registration	Human Resource	Others	Subtotal		
Deloitte & Touche	Huang, Hai-Yue	3,710	－	－	－	320	3,710	2020/01/01 ~ 2020/12/31	Others are public expenses for the transfer pricing report
	Chao-Mei Chen.								

2. **When non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm is one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed**: None

3. **When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed:** None

4. **When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None**

5. **Information on replacement of certified public accountant:** None

The accounting firm that audited the financial report for the Company is Deloitte & Touche. Due to the needs of the internal business adjustment of the accounting firm, CPA Hai-Yueh Huang and CPA Yung-Fu Liu were originally responsible for the audit. Starting from the first quarter of 2020, the certified accountants have been replaced by CPA Hai-Yueh Huang and CPA Chao-Mei Chen in charge of audit.

3.5 Other matters to be clarified

1. **Where the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm:** None

2. **The personnel who are related to the transparency of the financial information and obtained the relevant license designated by the competent authority is as follows:**

(1) Certified Internal Auditor (CIA)： 1 person in audit department.

3. Changes, Transfers and pledges in Shareholding of Directors, Supervisors, Managers and Major Shareholders

(1) Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders

Title （Note）	Name	2020		As of April 30, 2021	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Shiyi Cement Co., Ltd.	0	0	0	0
	Representative：Chen, Liang-Chuan	(291,000)	(2,000,000)	0	0
Director	Shiyi Cement Co., Ltd.	0	0	0	0
	Representative：Chen, Yun-Ju	0	2,000,000	0	0
Director	Zhang, Xiang-Lin	0	0	0	0
Director	Cheng, Shang-Kai	0	0	0	0
Independent Director	Chen, Yan	0	0	0	0
Independent Director	Wang, Zhi-Cheng	0	0	0	0
Independent Director	Shao, Yang-Wei	0	0	0	0
General manager	Chen, Liang-Chuan	(291,000)	(2,000,000)	0	0
Executive Deputy General Manager	Chen, Yun-Ju	0	2,000,000	0	0
Assistant Vice President	Huang, Zhen-Ku	0	0	0	0
Assistant Vice President	Fu, Yao-Ying	0	0	0	0
Manager	Weng Xiu-Chu	0	0	0	0
Manager	Wang, Wei-Ren	0	0	0	0
Manager	Chang, Ching-Tien	15,000	0	0	0
Major Shareholders	Changheng Investment Co.,	0	0	0	0

Note：Shareholders holding more than 10% of the total shares of the company should be marked as major shareholders and listed separately.
Note：Those who are related to the transfer of equity or equity pledges should still fill in the following table.

(2) Shares Trading with Related Parties:

April 30, 2021

Name (Note 1)	Reason for Transfer (Note 2)	Date of Transaction	Transferee	Relationship between Transferee and Directors, Supervisors, Managers and Major Shareholders	Shares	Transaction Price (NTD)
Chen, Liang-Chuan	Disposition (Gift)	April, 2020	Xiao Wei-Ju	Grandparents and grandchild	145,500	—
Chen, Liang-Chuan	Disposition (Gift)	April, 2020	Xiao Yu-Xiang	Grandparents and grandchild	145,500	—

Note 1：Fill the Name of Director, Supervisor, Manager and Shareholders with a shareholding of more than 10%.
Note 2：Fill in the acquisition or disposition

(3) Shares Trading with Related Parties: None

April 30, 2021

Name (Note 1)	Reason of collateral change （Note 2）	Date of Transaction	Opposite Party of Trade	The Relationship between the opposite Party of trade and the company, Director, Supervisor, manager and shareholders with more than 10% of shares held	Number of Share	Shareholding ratio	Collateral ratio	Amount of loan with collateral （redemption）
—	—	—	—	—	—	—	—	—

Note 1：Fill the Name of Director, Supervisor, Manager and Shareholders with a shareholding of more than 10%
Note 2：Fill in pledge or redemption

4. Relationship among the Top Ten Shareholders

Name (Note 1)	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees (Note 3)		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Changheng Investment Co.,	52,631,034	13.00%	0	0%	0	0%	—	—	—
Changheng Investment Co., Responsible person：Li Ji	855	0.00%	0	0%	0	0%	—	—	—
Changrun Water Resources Technology Co., Ltd.	30,378,008	7.51%	0	0%	0	0%	Chen, Yun-Ju	Major Shareholders	—
Changrun Water Resources Technology Co., Ltd. Responsible person：Liu Jun-Lin	0	0%	0	0%	0	0%	—	—	—
Jinli Investment Co., Ltd.	25,230,451	6.23%	0	0%	0	0%	Chen, Liang-Chuan	Major Shareholders	—
Jinli Investment Co., Ltd. Responsible person：Lin Zheng-Liang	69,228	0.02%	0	0%	0	0%	—	—	—
Liguang Construction Co. (Note4)	22,658,066	5.60%	0	0%	0	0%	Yungsheng Development Industrial Co., Ltd. Takming University Lucky construction Co., Ltd	Responsible person's relatives within one degree The same person as the responsible person	—
Yungsheng Development Industrial Co., Ltd.	22,514,509	5.56%	0	0%	0	0%	Takming University	The same person as the responsible person	—
Yungsheng Development Industrial Co., Ltd. Responsible person：Chen, Liang-Chuan	6,158,497	1.52%	0	0%	0	0%	Chen, Yun-Ju Lucky construction Co., Ltd Liguang Construction Co.	Relatives within one degree Responsible persons of these two companies are relatives within one degree	—
Lucky construction Co., Ltd (Note4)	22,091,152	5.46%	0	0%	0	0%	Yungsheng Development Industrial Co., Ltd. Takming University Liguang Construction Co.	Responsible person's relatives within one degree The same person as the responsible person	—
Takming university of Science and Technology ("Takming University")	11,794,250	2.91%	0	0%	0	0%	Yungsheng Development Industrial Co., Ltd.	The same person as the responsible person	—
Takming University Responsible person：Chen, Liang-Chuan	6,158,497	1.52%	0	0%	0	0%	Chen, Yun-Ju Lucky construction Co., Ltd Liguang Construction Co.	Relatives within one degree Responsible persons of these two companies are relatives within one degree	—
Dazhong Investment Co.	10,868,294	2.69%	0	0%	0	0%	—	—	—
Dazhong Investment Co. Responsible person: Cheng Hai-Bin	7,203,724	1.78%	5,307,053	1.31%	0	0%	—	—	—
Lin Zhi-Sheng.	8,071,000	1.99%	0	0%	0	0%	—	—	—
Chen, Yun-Ju	7,951,298	1.96%	0	0%	0	0%	Yungsheng Development Industrial Co., Ltd. Takming University Lucky construction Co., Ltd Liguang Construction Co.	Responsible person's relatives within one degree Responsible person	—

Note 1： The top ten shareholders should be listed in full, and the juristic person shareholders should list the names of juristic person shareholders and the names of their representatives.

Note 2： The calculation of the shareholding ratio refers to the calculation of the shareholding percentage in the name of themselves, their spouse, their minor children or the use of others.

Note 3： The shareholders listed above, including juristic persons and natural persons, shall disclose their relationship with each other in accordance with the criteria for the preparation of the issuer's financial report.

Note 4： Chen, Yun-Ju is the responsible person of Lucky construction Co., Ltd and Liguang Construction Co., She has been listed as the top ten shareholders not listed again.

5. Ownership of Shares in Affiliated Enterprises

Unit: Shares; %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Dasheng Enterprise Co., Ltd.	157,295,283	99.99%	2,359	0.00%	157,297,642	99.99%
Luckicon Ready-mixed Concrete Factory Co., Ltd	47,000,000	100.00%	0	0.00%	47,000,000	100.00%
Luckyship Marine Co., Ltd	8,499,994	99.99%	2	0.00%	8,499,996	99.99%
Lucky Cement Corp., Japan	6,800	100.00%	0	0.00%	6,800	100 .00%
Just Bright Ltd.(Note)	50,000	100.00%	0	0.00%	50,000	100 .00%

(Note) The Company's board of directors decided to end the operation of Just Bright Ltd (BVI) on December 27, 2019. The cancellation procedure has not yet been completed.

IV Fund Raising

Capital and shares

4.1 Source of Capital

1. Source of Capital

April 18, 2021
The date for suspension of share transfer for a shareholder meeting
Unit:Shares

Month/ Year	Par Value (NT$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
3/1974	100	4,000,000	400,000,000	1,000,000	100,000,000	Capital Increased by Cash		
8/1976	100	4,000,000	400,000,000	1,500,000	150,000,000	Capital Increased by Cash		
7/1977	100	4,000,000	400,000,000	2,500,000	250,000,000	Capital Increased by Cash		
9/1977	100	2,500,000	250,000,000	2,500,000	250,000,000	Capital Increased by Cash		
11/1977	100	8,000,000	800,000,000	4,000,000	400,000,000	Capital Increased by Cash		
6/1978	100	8,000,000	800,000,000	4,500,000	450,000,000	Capital Increased by Cash		
9/1979	100	8,000,000	800,000,000	5,500,000	550,000,000	Capital Increased by Cash		
12/1979	100	8,000,000	800,000,000	6,500,000	650,000,000	Capital Increased by Cash		
3/1980	100	8,000,000	800,000,000	8,000,000	800,000,000	Capital Increased by Cash		
12/1980	10	80,000,000	800,000,000	80,000,000	800,000,000	Change par Value		
12/1985	10	130,000,000	1,300,000,000	130,000,000	1,300,000,000	Capital Increased by Cash		
10/1986	10	136,000,000	1,360,000,000	136,000,000	1,360,000,000	Capital Increased by Cash		
5/1990	10	200,000,000	2,000,000,000	200,000,000	2,000,000,000	Capital Increased by Cash 334,000,000，earnings transferred to capital 306,000,000		
8/1990	10	215,000,000	2,150,000,000	215,000,000	2,150,000,000	earnings transferred to capital		
8/1991	10	225,750,000	2,257,500,000	225,750,000	2,257,500,000	capital surplus transferred to capital		
8/1992	10	248,325,000	2,483,250,000	248,325,000	2,483,250,000	earnings transferred to capital 112,875,000，capital surplus transferred to capital 112,875,000		
9/1993	10	273,157,500	2,731,575,000	273,157,500	2,731,575,000	earnings transferred to capital 124,162,500，capital surplus transferred to capital 124,162,500		
8/1994	10	314,131,125	3,141,311,250	314,131,125	3,141,311,250	earnings transferred to capital 191,210,250，capital surplus transferred to capital 218,526,000		
8/1995	10	329,837,682	3,298,376,820	329,837,682	3,298,376,820	earnings transferred to capital		
8/1996	10	346,329,567	3,463,295,670	346,329,567	3,463,295,670	earnings transferred to capital		
7/1997	10	520,000,000	5,200,000,000	363,646,046	3,636,460,460	earnings transferred to capital		
7/1999	10	498,646,046	4,986,460,460	385,434,809	3,854,348,090	earnings transferred to capital	Note1	
9/2000	10	498,646,046	4,986,460,460	404,738,049	4,047,380,490	earnings transferred to capital	Note2	

Note1：7/21/1999(88) Tai-Cai-Zheng(1) No. 67585 Official Letter
Note2：7/19/2000(89) Tai-Cai-Zheng (1)No. 62554 Official Letter

2. Type of Stock

April 18, 2021
The date for suspension of share transfer for a shareholder meeting
Unit:shares

Share Type	Authorized Capital			Remark
	Issued Shares (Note)	Un-issued Shares	Total Shares	
Ordinary Shares	404,738,049 (Listed)	93,907,997	498,646,046	—

Note: Please Indicate whether the stock is listed or OTC stock (if it is a restricted listing or an OTC trader, it should be remarked.

3. Information for Shelf Registration

April 30, 2021

Securities Type	Preparing to Issue Amount		Issued Amount		Purpose and Effect for Issued Shares	Issue Period for Unissued Shares	Remarks
	Total Shares	Authorized Amount	Shares	Price			

Note：This table is not applicable to the Company.

4.2 Composition of Shareholders

April 18, 2021
Base date: The date for suspension of share transfer for a shareholder meeting
Unit:shares

Status of Shareholders / Amount	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	4	29	18,275	39	18,347
Shareholding (shares)	—	16,003	212,229,110	184,895,266	7,597,670	404,738,049
Percentage	0%	0%	52.44%	45.68%	1.88%	100.00%

Note：The first listing (OTC) company and Emerging Stock company shall disclose the proportion of the holdings of the capital investment from Mainland China. Capital Investments from Mainland China means the people, juridical persons, organizations, other institutions of the mainland area as stipulated in Article 3 of the Investment Permit Rule for People invest in Taiwan from Mainland China.

4.3 Shareholding Distribution Status

April 18, 2021

Base date: The date for suspension of share transfer for a shareholder meeting

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	7,579	1,166,311	0.29%
1,000 ~ 5,000	8,117	18,130,161	4.48%
5,001 ~ 10,000	1,467	12,593,379	3.11%
10,001 ~ 15,000	281	3,635,785	0.90%
15,001 ~ 20,000	316	6,073,632	1.50%
20,001 ~ 30,000	187	5,087,042	1.26%
30,001 ~ 50,000	155	6,443,091	1.59%
50,001 ~ 100,000	113	8,394,581	2.07%
100,001 ~ 200,000	49	7,104,572	1.76%
200,001 ~ 400,000	20	5,497,808	1.36%
400,001 ~ 600,000	10	5,163,000	1.28%
600,001 ~ 800,000	5	3,386,360	0.84%
800,001 ~ 1,000,000	3	2,769,041	0.68%
1,000,001 or over	45	319,293,286	78.89%
Total	18,347	404,738,049	100.00%

4.4 List of Major Shareholders

April 18, 2021

Base date: The date for suspension of share transfer for a shareholder meeting

Shares / Major Shareholders	Shareholding (Shares)	Percentage
Changheng Investment Co.,	52,631,034	13.00%
Changrun Water Resources Technology Co., Ltd	30,378,008	7.51%
Jinli Investment Co., Ltd.	25,230,451	6.23%
Liguang Construction Co.	22,658,066	5.60%
Yungsheng Development Industrial Co., Ltd.	22,514,509	5.56%
Lucky construction Co., Ltd	22,091,152	5.46%
Takming university of Science and Technology	11,794,250	2.91%
Dazhong Investment Co.	10,868,294	2.69%
Lin Zhi-Sheng.	8,071,000	1.99%
Chen, Yun-Ju	7,951,298	1.96%

The shareholders' names, amount and proportion of shares held of the shareholders with more than 5% shareholdings or shareholder proportions representing the top ten shareholders.

4.5 Market Price, Net Worth, Earnings, and Dividends per Share

Item			2019	2020	As of March 2021 (Note8)
Market Price per Share (Note1)	Highest Market Price		8.81	13.30	13.50
	Lowest Market Price		6.67	5.31	10.45
	Average Market Price		7.27	9.54	11.88
Net Worth per Share (Note2)	Before Distribution		10.68	11.51	—
	After Distribution		10.53	10.81	—
Earnings per Share	Weighted Average Shares		404,738	404,738	404,738
	Earnings per Share (Note3)		0.11	0.97	—
Dividends per Share	Cash Dividends (Note9)		0.15	0.70	—
	Issuance of Bonus Shares	—	—	—	—
		—	—	—	—
	Accumulated Undistributed Dividends (Note4)		—	—	—
Return on Investment	Price / Earnings Ratio (Note 5)		66.09	9.84	—
	Price / Dividend Ratio (Note 6)		48.47	13.63	—
	Cash Dividend Yield Rate (Note 7)		2.06%	7.34%	—

＊When issuance of shares with earnings or capital surplus transferred to capital , the Information of market price and cash dividend adjusted retrospectively based on the number of issued shares shall be disclosed.

Note 1：List the highest and lowest market prices for common stock for each year, and calculate the average market price for each year based on the annual transaction value and trading volume.

Note 2：Please specify the number of shares that have been issued at the end of the year and the distribution of the resolutions of the shareholders meeting of the next year.

Note 3：If there are retrospective adjustments due to circumstances such as issuance of bonus shares, the pre-adjustment and adjusted earnings per share should be presented.

Note 4：If there is a requirement for issuance of equity securities that does not release dividends for the year to be accumulated in the surplus year, the accumulated unpaid dividends for the current year shall be disclosed separately.

Note 5：Price / Earnings Ratio＝Average closing price per share in current year ／Earnings per share

Note 6：Price / Dividend Ratio＝Average closing price per share in current year／Cash dividends per share

Note 7：Cash Dividend Yield Rate＝Cash dividends per share／Average closing price per share in current year

Note 8：Before the publication date of the annual report, there was no latest financial information audited (reviewed) by the accountants. Therefore, no disclosure of the net asset value of each share and earnings per share was made.

Note 9： The distribution of cash dividends in 2020 was approved by the board of directors on March 26, 2021.

4.6 Dividend Policy and Implementation Status

1. **Dividend Policy：**

   To taking into account the future funding needs and long-term financial planning of the Company, and to meet the cash inflow demand of the shareholders, if net profit is available at the end of a fiscal year, in addition to making up for losses, 10% of net profit shall be set aside as legal earnings reserve and the special surplus reserve shall be withdrawn in respect of the decrease in the other shareholders' equity of the fiscal year, and the 40%-80% of the total of the balance and the overdue earnings of the previous year and the adjusted amount of earnings which is not allocated for the current year shall be allocated. If the distributed amount of dividends per share calculated at the rate of 80% is still less than NT$ 0.1, it shall be retained and not distributed, and then the board of directors shall proposed an allocation motion for the shareholders to recognize.

   The above ratio of the earnings distribution and the cash ratio of the shares shall be decided by the board of directors based on the actual profit and financial situation of the current year, and the investment capital needs and the dilution degree of earning per share shall be considered as well, which will be paid appropriately in cash dividend or stock dividends. However, the allotment of dividends of the Shares shall not be more than 20% of the issued share capital.

   When the Company assigns the apportionable earnings, except for the calculation provided in paragraph 2, if the retention of earnings transferred in or the earnings after tax in the current year which is not enough to be listed in the amount of the deduction from other shareholders' equity, the earnings shall still be allotted after the retention of earnings or the overdue earnings for the previous year has been withdrawn or re-withdrawn as special capital reserve based on the provisions of the acts.

2. **Proposed Dividend Distribution of the Shareholders' Meeting:** Proposed to distribute cash dividend NT$ 0.70 per share.

4.7 The effect of this issuance of bonus shares on company's operating performance and earnings per share : Not applicable

4.8 Employee Compensation and Directors' Remuneration：

1. **The compensation proportion of employees and directors set forth in the articles of incorporation:**

   The compensation of employees, directors, supervisors set forth in the articles of incorporation: If any profit after the annual accounts, the Company shall allocate 3% for employees' compensation, and the Board of Directors shall decide that the distribution shall be in stock or cash, and the objects include the employees in the subsidiary companies who comply with a certain conditions; based on the above profit amount, the Board of Directors of the Company may resolve to allocate not more than 5 % as the compensation of directors.

2. **The estimated basis of the current allocation of employees' compensation and directors' compensation amount, the basis for calculating the number of shares of the stock compensation distribution and the accounting treatment when the actual amount of the allocation is different from the estimated amount:**

It is distributed in accordance with the percentage of the compensation of the employees, directors and supervisors set forth in the articles of incorporation, which means if there is any profit after the annual accounts, 3 % of which shall be allocated for employees' compensation, and the board of directors shall resolve to distribute in stock or cash, and the objects include the employees in the subsidiary companies who comply with a certain conditions; based on the above profit amount, the Board of Directors of the Company may resolve to allocate not more than 5 % as the compensation of directors. If the actual distribution amount differs from the estimated amount, it will be deemed as changes in accounting estimates, which will be included as profit or loss for the year of distribution.

3. The board of directors adopted the proposed distribution of employees' compensation:

(1) This year (2021), in accordance with Article 30 of the Company's Articles of Incorporation, the board of directors has resolved to allocate NT$13,582,983 for 2020 employee compensation and the Remuneration Committee recommended that 5% of the surplus in the 2020 final accounts to allocate to director remuneration and the amount is NT$ 22,638,305, all above amounts are paid in cash

(2) The proposed distribution of stock compensation and the ratio of net profit after tax and the total amount of employee compensation: Not applicable.

4. The actual distribution of the compensation of the directors for the previous year:

On March 24, 2020, the board of directors approved the distribution NT$ 2,569,738 for director remuneration and NT$1,541,843 for employee remuneration. The proposal was submitted to the shareholders meeting on June 18, 2020. When the actual distribution is made, the director remuneration and employee remuneration are fully paid and total amount is same as the estimated amount on the account.

4.9 Buyback of Shares of the Company：None

4.10 Bonds and Preferred Stock Issued：None

4.11 Status of Overseas Depositary Receipts, Employees' Warrants, and Mergers and Acquisitions or Transfer of New Issued Shares to Other Companies：None

4.12 Implementation of Capital Allocation Plans：

The Company has not issued or private equity securities have not been completed in the last three years.

V Operational Highlights

5.1 Business Activities

1. Business Scope

（1）The main contents of the business:

① C901050 cement and concrete products manufacturing industry.

② C901990 other non-metallic mineral products manufacturing industry.

③ B202010 non-metallic mining industry.

④ J101030 Waste removal industry.

⑤ J101040 Waste disposal industry.

⑥ In addition to the permitted business, a business which is not prohibited or restricted by acts may be operated.

（2）Main business and its proportion

Items	Product Proportion in 2020
Cement and Clinker	46.14%
Cement Product	36.85%
Other	17.01%

（3） The current commodity projects and new products development

A. Existing products:：

① Portland Type I Cement

② Portland Type II Cement

③ Slag powder

④ Cement Product（Ready Mixed Concrete）

⑤ Stone（Limestone, Specification stone, Gravel）

B. New products Development：None

2. Industry Overview

(1) Industry Status and Development

Cement industry have reached maturity, and there is still a certain demand under the economic policy and civil construction of the government plans.

Cement industry is the basic industry of people's livelihood and the national construction, from residential to various public works, defense facilities are all based on cement as the basic building materials. With the bulky volume, high transport costs, not durable storage, the sale of the cement is mainly domestic sales, so it is a domestic demand industry, the prosperity and decline of the industry depends on the driving of the business of the construction industry and public works.

The prosperity in the cement products market which is downstream of the cement industry is highly related to the cement market. The sandstone price which is the highest proportion of the production cost is deeply affected by the import sandstone volume from Mainland China and also affected the final sales price of cement products.

The production plant of the Company is located in Dongao, Yilan County, and the limestone source is from Heren, Hualien County. In recent years, due to the impact of the environmental and resource constraints, local tax increase and related cost in accordance with tightened Mining Law, thereby the cost of limestone raw materials has been increasing.

Looking forward to 2021, due to Taiwanese firms leave China and bring their investments home, which is conducive to the increase in domestic demand, and the government's promotion of public works and the appropriate measures to prevent the Covid-19, the 2021 cement market is still optimistic.

(2) The relevance of the upstream, middle stream and downstream of cement industry

The cement industry includes the upper reaches of the provision of limestone, clay, silica sand, iron slag, gypsum and other soil and stone mining industry, metal mining and steel smelting industry, as well as the power supply industry, railway and road transport industry, fuel gas supply industry and other industries which cooperate during the process; and the downstream industries which have the direct demand for cement products supply such as construction industry, concrete industry, cement products industry (such as cement tiles, asbestos board, cement culvert, etc.).

The combination of the Company and its subsidiary companies of Dasheng Enterprise Co., Ltd., Luckicon Ready-mixed Concrete Factory Co., Ltd. and Luckyship Marine Co., Ltd. is a business strategy with vertical integration.

(3) Product Trends and Competition

For a long time, there has not been a considerable product can completely replace the use of cement, but in order to reduce costs, the ready mixed concrete industry adds slag powder, and besides the production of cement, the Company also produces slag powder to supply the needs of the industry to make up for reduced cement sales.

The mass and weight of cement and slag powder products are heavy, which is a local industry. In addition to improving production efficiency, reducing cost and maintaining quality. In order to provide customers with products quickly, the Company will continue to optimize logistics conditions, improve capabilities of product scheduling and increase overall competitiveness.

3. Overview of Technology and R&D

（1） The Company has no technical and R&D expenses incurred during the year of 2020.

（2） No R&D plan in the next three years.

4. Long-term and Short-term Development

（1） Short-term development：

Taiwan has entered the developed country stage, the domestic cement industry is not easy to grow substantially. The Company will continue to optimize logistics conditions, improve product despatching capabilities to satisfy customer's request. In addition, cooperate with the distribution-channel creation of the ready-mix plant to maintain market share, and continuously promote the land development projects of the Subsidiary Dasheng Enterprise Co., Ltd. to increase return on investment.

（2） Long-term Development：

① For sustainable operation, actively invest in capital expenditures, improve equipment to increase production efficiency, and reduce production costs. Fully use the advantages of the rich and fine limestone in the Horen Mine Plant, and develop sandstone and other raw material-related products to increase revenue and profits.

② Apply the three high process characteristics of cement kiln "high temperature, high residence time, high turbulence", combine with the waste disposal business, strive for high gross profit orders, and increase the use of alternative fuels and raw materials for renewable resources, continue to develop the value chain of circular economy and increase profitability.

5.2 Market and Sales Overview

1. Market Analysis

(1) Sales Region

Region	The proportion of major commodity sales regions in 2020
Northern	72.96%
Central	15.84%
Hualien & Taitung	9.46%
Others	1.74%

The Company has two cement plants, located in Dongao, Yilan County and Puxin, Taoyuan City and three ready-mixed concrete plants, and a mine to produce the cement of Lucky brand, slag powder, cement goods, limestone and stones. Wherein there are a number of delivery centers and business locations for cement in Taiwan, and the domestic sales are to mainly supply the military, public and private customers in north, central, south and Hualien-Taitung of Taiwan. The sale volume is ranked the third in domestic cement producers, only less than Taiwan Cement Corporation and Asia Cement Corporation. The ready mixed concrete are mainly supplied and sold in the northern Taiwan.

(2) Market Share

The cement and cement goods of the Company dominate the domestic market, and the market share of cement products is about 8 to 10%, 1~2 % for cement goods.

(3) The situation and growth of market future supply and demand

The domestic cement market is mature, the increases of import cement with the lower cost and capture the domestic market. Moreover, the demand of the civil construction industry is still stable, plus the onging government's strategic public construction, the supply and demand of cement may still be balanced between each other.

(4) Advantages and disadvantages of development prospects

The favorable and unfavorable factors in the development prospects of the cement industry are as follows：

① Favorable factors：

Taiwan has entered the developed country stage, the demand growth is not easy to increase significantly. For the long term, Taiwanese firms leave China and bring their investments home, the demand of the civil construction industry is still stable, plus the onging government's public construction plan and urban renewal program etc., the operation of the cement industry should still maintain stable and sustainable development. The Company has a ready-mix plant, the Horen mine plant and other factories in the cement industry-related value chain, which also helps the Company's sustainable development in the cement industry.

② Unfavorable factors：

- Imported cement continues to seize the market with its cost advantage.
- Due to the domestic CO2 emissions restrictions and the rising environmental awareness, it is not easy to expand.
- Cargo taxes, air pollution charges and raw material local taxes and other taxes have a negative impact on the cement industry.

2. Important Application and Production Procedures of Main Products

（1） Important Application

① Product：Portland Type I Cement

Application：For general civil and construction works.

② Product：Portland Type II Cement

Application：

- Underground infrastructure works such as sewers, underground roads, tunnels, underground MRT and etc.
- Mass concrete works: bridges, water tyrants, reservoirs and etc.
- Works which may be eroded by sea water and sea breeze: wharfs, breakwater, caissons, harbor works and etc.

③ Product：Slag Powder

Application：For general civil and construction, normally for ready mixed concrete industry.

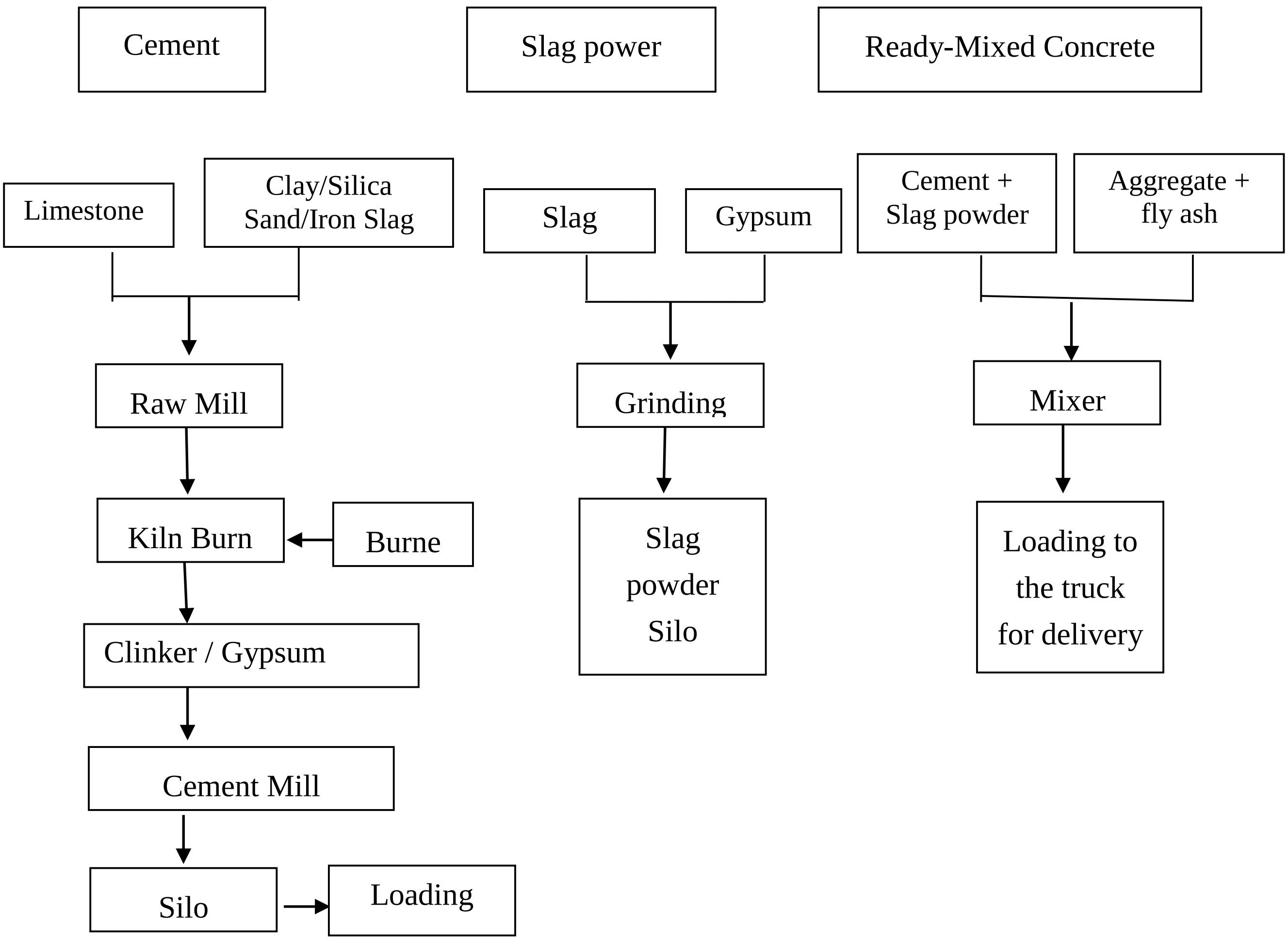
④ Product：Cement product （Ready Mixed Concrete）

Application：For a variety of construction

⑤ Product：Stone（Limestone, Specification stone, Gravel）

Application：Limestone is the main raw material for the cement industry, specification stone is for steel mills and petrochemical plants, and gravel is one of the main materials for ready mixed concrete industry.

（2） Process



3. Supply Status of Main Materials

Materials	Supply status	Note
Limestone	A small part of self-mining and majority of Domestic purchasing	—
Clay	Domestic purchasing	—
Iron Slag	A partial of domestic purchasing and a partial of importing from Japan	—
Silica Sand	Domestic purchasing	—
Gypsum	Domestic purchasing	—
Coal	Importing from Australia and Russia	—
Slag	Importing from Japan	—
Fly Ash	Domestic purchasing	—
Gravel	A partial of domestic purchasing and a partial of importing from Japan	—

All major raw materials except limestone and gravel were self-manufactured, and some of them were purchased domestically; others had more than two suppliers to stabilize their sources of supply.

4. Major Suppliers and Clients in the last Two Years

（1）Major Suppliers in the Last Two Calendar Years

Unit: NT$1,000,000

Item	2019				2020 (Note1)				As of March 31, 2021 (Note3)			
	Company Name (Note2)	Amount	Percent	Relation with Issuer	Company Name (Note2)	Amount	Percent	Relation with Issuer	Company Name (Note2)	Amount	Percent	Relation with Issuer
1	M Company	254	16.3	Raw Material Supplier	M Company	297	14.7	Raw Material Supplier				
2	D Company	190	12.2	Raw Material Supplier	D Company	233	11.5	Raw Material Supplier				
3												
4												
5												
6												
7	Other	1,112	71.5		Other	1,495	73.8					
	Net purchase	1,556	100.0		Net purchase	2,025	100.0					

Note 1： Cause of change：None.
Note 2： The procurement contract stipulates that the name of the supplier cannot be disclosed.
Note 3： As of the date of publication of the annual report, there was no recent financial information audited (reviewed) by the accountants and it was not disclosed.

（2） Major Clients in the Last Two Calendar Years

Unit: NT$1,000,000

Item	2019				2020 (Note1)				As of March 31, 2021 (Note3)			
	Company Name (Note2)	Amount	Percent	Relation with Issuer	Company Name (Note2)	Amount	Percent	Relation with Issuer	Company Name (Note2)	Amount	Percent	Relation with Issuer
1	H Company	256	6.9	Customer	H Company	248	5.5	Customer				
2												
3												
4												
5	Other	3,476	93.1		Other	4,282	94.5					
	Net Sales	3,732	100.0		Net Sales	4,530	100.0					

Note 1: Cause of change：None.
Note 2: The sales contract stipulates that the customer name cannot be disclosed.
Note 3: As of the date of publication of the annual report, there was no recent financial information audited (reviewed) by the accountants and it was not disclosed.

5. The Most Recent Biennial Production

Cement, Slag Powder Unit：1,000 tons；
Cement Product Unit：1,000M³；
Output value Unit：NT$1,000

Production Quantity Value / Year / Main Products	2019			2020		
	Capacity	Quantity	Output Value	Capacity	Quantity	Output Value
Cement, Slag Powder	2,000	799	1,205,723	2,000	875	1,166,657
Cement Product	-	616	1,058,591	-	578	1,015,427
Other	-	1,934	478,422	-	2,135	452,943

Note 1： Capacity refers to the quantity that can be produced under normal operation using existing production equipment after the company has measured the necessary shutdown, holidays and other factors.

Note 2： If the production of each product is substitutable, it can be combined to calculate its production capacity and note it.

6. Sales in the Last Two years

Cement, Slag Powder Unit：1,000 tons；
Cement Product Unit：1,000 M³；
Output value Unit：NT$1,000

Sales / Year / Main Products	2019				2020			
	Domestic sales		Export		Domestic sales		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Cement, Slag Powder	827	1,809,209	—	—	948	2,082,244	—	—
Cement Product	—	1,242,991	—	—	—	1,669,310	—	—
Stone	689	281,628	—	—	685	322,445	—	—
Other	—	397,868	—	—	—	456,173	—	—
Total	—	3,731,696	—	—	—	4,530172	—	—

5.3 Employee Information in the Last Two Year and up to the Date of Publication of the Annual Report

April 30, 2021

Year		2019	2020	As of April 30, 2021
Number of Employees	Direct Labor in factory	256	249	251
	Indirect Labor in factory	112	112	115
	Administration Staff in the Company	126	129	128
	Total	494	490	494
Average Age		49.62	49.49	49.52
Average Years of service		12.69	12.40	12.31
Education	Ph.D.	0.61	0.61	0.61
	Masters	2.63	2.65	2.63
	Bachelor's degree	30.77	34.90	33.81
	Senior High School	42.31	39.59	40.89
	Below Senior High School	23.68	22.25	22.06

5.4 Environmental Protection Expenditure

1. Loss due to environmental pollution in the most recent year and as of the date of publication of the annual report：

	2019	2020	As of April 30, 2021
Pollution status (Category, Condition)	Stacking and conveying fugitive Particulate Matter Pollution.	A large amount of pollutants were discharged due to careless operation, which was not notified in accordance with	The automatic monitoring efficiency of the discharge pipeline is not up to the standard.
Object of compensation or competent authority	Environmental Protection Bureau	Environmental Protection Bureau	Environmental Protection Bureau
Compensation amount or punishment	NT$100,000	NT$100,000	NT$100,000
Other Losses	None	None	None

2. Countermeasures：

（1）In order to make the sewage treatment operates efficiently, in addition to improving the equipment, the Company also added new facilities for sewage diversion and one more layer for precipitation, so that the discharge of water may reach the standard provided by the acts and regulations.

（2）In order to keep the machinery in the plants maintain the normal situation from time to time to reduce the cost of folding replacement, the Company has established the "Regulations Governing the Mechanical Maintenance and Maintenance" for the machinery to which plant it belongs, and the maintenance shall be conducted according to a certain maintenance procedures and inspection.

3. Improvement plan:

（1） Strengthen the maintenance and update of mechanical parts to reduce sudden failure.

（2）Strengthen professional training and management to reduce human negligence and enhance the competence to emergencies.

（3）Stop the treatment of sludge with strong odor and add sludge treatment system to reduce the odor.

（4）When the on-site unit installs new equipment, it is necessary to inform the safety and environmental department to change the relevant operation permit or apply for a license.

4. Future Environmental Key Works：

（1） To strengthen the operation and maintenance of equipment to ensure the normal operation of environmental protection equipment and execute earnestly the industrial waste reduction to avoid pollutants.

（2） Strengthen the study of waste recycling technology.

（3） Strengthen the cleanliness of the environment the green plant environment.

（4） Conduct a sewage separation system to improve the pollution of the discharged water.

（5） Strengthen management to ensure that all operations are executed in accordance with the quality assurance plan, and implement the application and change of various licenses.

（6） The total amount of environmental protection expenditure in 2020 was NT$21,329,000.

5.5 Labor Relations

1. Employee benefits policy：

(1) Employee benefits measures:：

① The Company has set a staff welfare committee, and allocates the welfare fund for the welfare activities based on the laws. The annual staff welfare fund allocated of the year of 2020 is NT$6,054,000.

② Award the gold memorial medal and diploma to praise outstanding colleagues.

③ Issue three Chinese festival bonus and education grant.

④ Continuously enhance the improvement of the working environment on site.

⑤ Conduct employee group insurance and employee health check. The related expenditure for the year of 2020 was NT$1,337,000.

（2） Implementation of improvement and training system：

The Company has a staff training program that provides staff training and implementation. The company's on-the-job training includes organizing various workshops, training courses and the cooperative appointment training with other training institutions or schools, or the Company may hold short-term work exercises based on job needs. The training fees for various types of training were NT$ 375,000.

（3） Retirement system：

The "Labor Pension Act" has been in operation since 1 July 2005, Those who were employed before June 30 and still served on July 1 may choose to continue to apply the pension provisions of the Labor Standards Act, or the pension system to which the ordinance applies and retain the job tenure before the application of the conditions. After July 1, 2005, new employees may only apply to the pension system of the "Labor Pension Act".

The Company developed the regulations of employee pension in accordance with the "Labor Pension Act", which are the regulations of determining allocating the pension. Since July 1, 2005, 6% of each employee's monthly salary has been allocated to the individual pension accounts of Bureau of Labor Insurance.

The Company developed the regulations of employee retirement based on the "Labor Standards Act", which are the regulations of determining paying the pension. The payment of employee pension is calculated on the basis of the service year and the average salary of the last six months before retirement, and the company contributes pension reserves monthly based on the provisions, which is submitted to the Labor Retirement Reserve Monitoring Committee for management, and the pension is saved in the Central Trust of China in the name of such committee

In the current year, 13 people retired and the pensions totaled NT$ 23,287,000.

2. **Protection measures of employee rights :**

A harmonious labor relation is the cornerstone of enterprise development, and the labor relations of the Company have been in a harmonious, stable and prosperous relationship over the years. In addition to promoting employee benefits, welfare and improving the working environment, the Company also maintains the smooth flow of labor communication channels, and provided the general discussion of the trade union in the factory to understand the difficulties and needs of employees. All levels of executives attached importance to each problems and responses and helped for the solutions.

3. **Labor dispute situation:**

（1）No labor dispute occurred during the latest year and up to the printing date of this annual report.

（2）Estimative the amount of current and future possible losses: None

4. **Social Responsibility Implementation:**

（1）Coordinate labor relations, promote labor management cooperation, and improve work efficiency, labor-management conferences are held regularly.

（2）Human resources department handles employees' complaints and cases related to employees who are not satisfied with the punishment.

（3）The Company has established the Regulations on the Prevention of Sexual Harassment (which has already submitted to the county government).

（4）Encourage employees to participate in external sexual abuse and sexual harassment prevention and related educational training, and the participants will be provided with business trip registration and budget subsidy, and the relevant information will be disclosed in an obvious place of the workplace publicly as well.

Service Line：03-9986110 #103 or #109
02-25092188 #2517

Service Fax:：03-9986066
02-25093033
Service dedicated mailbox or e-mail：yu@luckygrp.com.tw
kevinlee@luckygrp.com.tw

（5）The Company shall handle safety and hygiene work in accordance with the relevant laws and regulations on labor safety and hygiene.

（6）Employees shall comply with the relevant provisions of safety and health, and yield to the guidance of the personnel of safety and health management.

（7）Safety and hygiene of labors：

① Each on-site worker is provided with a hard hat and safety shoes, and according to the work nature, the appropriate protective equipment that meets the needs of the work is provided. For example, high temperature, dust, and noise workplaces are equipped with fireproof clothing, fireproof shoes, dust masks, earplugs, etc., to ensure the health and safety of employees.

② The Company has formulated the occupational safety and health policy, requiring all employees to abide by occupational safety and health laws and regulations, and providing employees with the necessary education and training, including the new employee orientation, regular on-the-job training, disaster prevention and fire fighting, first aid, escape and other drills, In each workplace, an obvious notice board is used to inform and remind employees of what hazards exist in the workplace, how to prevent and use what kind of protective equipment, in order to predict and take the correct safety protection measures.

③ In order to protect the safety of employees and reduce accidents, the Company not only strengthened equipment maintenance to ensure safe operation, but also improved the surrounding equipment, such as the installation of safety nets, stairs, railings improvement, and required the contractor to perform the work in accordance with the Company's management regulations and relevant safety and health regulations. Moreover, an inspection team composed by the security environment division carried out the dynamic inspection to enable employees and contractors to work in compliance with safety regulations.

④ The total expenditure on labor safety in 2020 amounted to approximately NT$4,923,000.

To build a sound safety and health management system, the Company hired a consulting company in December 2018 to provide guidance on the establishment of the ISO 45001: 2018 Occupational Health and Safty Management Systems. In July 2019, the system certification was implemented by TUV NORD International Verification Agency, and. obtained ISO 45001: 2018 certificate on August 26, 2019. Validity period of the certification is from August 26, 2019 to August 25, 2022

5. Specific measures to enhance employee benefits or rights compared to those in the previous year：None

5.6 Important Contracts

April 30, 2021

Agreement	Counterparty	Period	Major Contents	Restrictions
Loan Agreement	Taiwan Cooperative Bank Ximen Branch	4/12/2018-4/12/2023	Mid-term land building mortgage loan	—
Loan Agreement	O-Bank Sales Department	11/21/2017-11/21/2022	Mid-term land mortgage loan	—
Loan Agreement	Bank of Taiwan, Zhongshan Branch	11/12/2019-11/12/2022	Mid-term land mortgage loan	
Sale and Purchase Agreement	Shi-Jia Industrial Ltd.	9/28/2018-9/30/2021	Self-provided trucks' four-level overhaul renewal parts	—
Construction Contract	Shi-Jia Industrial Ltd.	9/28/2018-9/30/2021	Self-provided trucks' four-level overhaul renewal project	—
Sale and Purchase Agreement	Shi-Jia Industrial Ltd.	1/1/2019-12/31/2022	Self-provided trucks' third-level maintenance material fee	—
Construction Contract	Hao Hong Construction Company	02/01/2018-12/31/2021	The second phase of Keelung's Self-hosted city re-division project	—

VI Financial Information

6.1 Five Year Financial Summary

1. Condensed Balance Sheet & the statements of Comprehensive Income

(1) Consolidated Condensed Balance Sheet

Unit：NT$1,000

Item		Financial Summary for the last Five Year （Note1） 2016	2017	2018	2019	2020	As of March 31, 2021 (Note 3)
Current assets		5,360,762	5,121,071	4,938,529	5,087,148	5,259,278	
Property, Plant and Equipment （Note 2）		1,899,736	1,648,561	1,877,077	1,711,806	2,223,887	
Intangible assets		—	—	—	—	—	
Other assets (Note2)		492,146	467,220	477,891	529,923	544,142	
Total assets		7,752,644	7,236,852	7,293,497	7,328,877	8,027,307	
Current liabilities	Before distribution	2,604,897	1,925,148	1,736,069	1,617,131	2,151,262	
	After distribution (Note 4)	2,847,740	—	—	1,677,842	—	
Non-current liabilities		345,911	883,162	1,330,430	1,390,809	1,219,126	
Total liabilities	Before distribution	2,950,808	2,808,310	3,066,499	3,007,940	3,370,388	
	After distribution (Note 4)	3,193,651	—	—	3,068,651	—	
Equity attributable to owners of parent		4,771,695	4,402,119	4,226,920	4,320,860	4,656,845	
Share capital		4,047,380	4,047,380	4,047,380	4,047,380	4,047,380	
Capital surplus		8	8	8	8	9	
Retained earnings	Before distribution	696,907	357,972	182,653	269,466	605,001	
	After distribution (Note 4)	454,064	—	—	208,755	—	
Other equity interest		27,400	(3,241)	(3,121)	4,006	4,455	
Treasury shares		—	—	—	—	—	
Non-controlling interest		30,141	26,423	78	77	74	
Total equity	Before distribution	4,801,836	4,428,542	4,226,998	4,320,937	4,656,919	
	After distribution (Note 4)	4,558,993	—	—	4,260,226	—	

Note 1 : All financial statements have been audited by a certified public accountant from 2016 to 2020.

Note 2 : Asset revaluation has not been handled in 2020.

Note 3 : As of the date of publication of the annual report, there was no recent financial information audited (reviewed) by the accountants and it was not disclosed.

Note 4 : The proposal to earning distribution in 2020 is still waiting for shareholders' resolution, so the number of "after distribution" is missing.

(2) Consolidated Condensed Statement of Comprehensive Income

Unit : NT$1,000

Item \ Year	2016	2017	2018	2019	2020	As of March 31, 2021 (Note 2)
	Financial Summary for The Last Five Years (Note 1)					
Operating revenue	4,251,061	3,434,454	3,330,601	3,731,696	4,530,172	
Gross profit from operations	662,493	128,501	46,767	298,881	716,675	
Net operating income (loss)	426,326	(100,344)	(155,142)	77,882	447,475	
Non-operating income and expenses	(24,996)	(18,667)	(36,520)	(23,968)	(3,067)	
Profit (loss) before tax	401,330	(119,011)	(191,662)	53,914	444,408	
Profit (loss) from continuing operations	324,202	(102,303)	(200,942)	45,904	392,269	
Loss from discontinued operations	(9,125)	(775)	(672)	—	—	
Profit (loss)	315,077	(103,078)	(201,614)	45,904	392,269	
Other comprehensive income [abstract]	(11,471)	(25,623)	4,965	48,035	4,426	
Comprehensive income	303,606	(128,701)	(196,649)	93,939	396,695	
Profit (loss), attributable to owners of parent	315,334	(101,111)	(176,971)	45,905	392,269	
Profit (loss), attributable to non-controlling interests	(257)	(1,967)	(24,643)	(1)	—	
Comprehensive income, attributable to owners of parent	303,872	(126,733)	(172,004)	93,940	396,695	
Comprehensive income, attributable to non-controlling interests	(266)	(1,968)	(24,645)	(1)	—	
Earnings per share(Note 3)	0.78	(0.25)	(0.44)	0.11	0.97	

Note 1 : All financial statements have been audited by a certified public accountant from 2016 to 2020.

Note 2 : As of the date of publication of the annual report, there was no recent financial information audited (reviewed) by the accountants and it was not disclosed.

Note 3 : Calculated by the number of shares after retrospective adjustment.

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(3) Parent Company Only Consolidated Condensed Balance Sheet

Unit：NT$1,000

Item \ Year		Financial Summary for The Last Five Years （Note 1） 2016	2017	2018	2019	2020	As of March 31, 2021 (Note 2)
Current assets		2,022,199	1,845,673	1,492,830	1,579,785	1,574,530	
Property, Plant and Equipment （Note 2）		1,787,670	1,557,708	1,786,763	1,628,604	1,586,499	
Intangible assets		—	—	—	—	—	
Other assets (Note2)		3,333,405	3,054,914	3,268,057	3,257,170	3,581,028	
Total assets		7,143,274	6,458,295	6,547,650	6,465,559	6,742,057	
Current liabilities	Before distribution	2,087,743	1,717,161	1,548,661	1,319,757	1,428,277	
	After distribution (Note 3)	2,330,586	—	—	1,380,468	—	
Non-current liabilities		283,836	339,015	772,069	824,942	656,935	
Total liabilities	Before distribution	2,371,579	2,056,176	2,320,730	2,144,699	2,085,212	
	After distribution (Note 3)	2,614,422	—	—	2,205,410	—	
Equity attributable to owners of parent		4,771,695	4,402,119	4,226,920	4,320,860	4,656,845	
Share capital		4,047,380	4,047,380	4,047,380	4,047,380	4,047,380	
Capital surplus		8	8	8	8	9	
Retained earnings	Before distribution	696,907	357,972	182,653	269,466	605,001	
	After distribution (Note 3)	454,064	—	—	208,755	—	
Other equity interest		27,400	(3,241)	(3,121)	4,006	4,455	
Treasury shares		—	—	—	—	—	
Non-controlling interest		—	—	—	—	—	
Total equity	Before distribution	4,771,695	4,402,119	4,226,920	4,320,860	4,656,845	
	After distribution (Note 3)	4,528,852	—	—	4,260,149	—	

Note 1 : All financial statements have been audited by a certified public accountant from 2016 to 2020

Note 2 : Asset revaluation has not been handled in 2020.

Note 3 : The proposal to earning distribution in 2020 is still waiting for shareholders' resolution, so the number of “after distribution” is missing.

(4) Parent Company Only Consolidated Condensed Statement of Comprehensive Income

Unit ： NT$1,000

Item \ Year	Financial Summary for The Last Five Years（Note1）					As of March 31, 2021
	2016	2017	2018	2019	2020	
Operating revenue	3,507,773	2,957,370	2,810,497	2,931,247	3,282,149	
Gross profit from operations	603,150	244,893	150,288	244,861	524,148	
Net operating income (loss)	416,288	70,426	(22,019)	72,054	314,697	
Non-operating income and expenses	(34,586)	(186,473)	(138,161)	(24,771)	101,848	
Profit (loss) before tax	381,702	(116,047)	(160,180)	47,283	416,545	
Profit (loss) from continuing operations	315,334	(101,111)	(176,971)	45,905	392,269	
Loss from discontinued operations	—	—	—	—	—	
Profit (loss)	315,334	(101,111)	(176,971)	45,905	392,269	
Other comprehensive income [abstract]	(11,462)	(25,622)	4,967	48,035	4,426	
Comprehensive income	303,872	(126,733)	(172,004)	93,940	396,695	
Profit (loss), attributable to owners of parent	303,872	(126,733)	(172,004)	93,940	396,695	
Profit (loss), attributable to non-controlling interests	—	—	—	—	—	
Comprehensive income, attributable to owners of parent	303,872	(126,733)	(172,004)	93,940	396,695	
Comprehensive income, attributable to non-controlling interests	—	—	—	—	—	
Earnings per share(Note 2)	0.78	(0.25)	(0.44)	0.11	0.97	

Note 1 : All financial statements have been audited by a certified public accountant from 2016 to 2020.

Note 2 : Calculated by the number of shares after retrospective adjustment.

2. CPAs and their's Audit Opinions from 2015 to 2019

Year	CPA		Audit Opinion
2016 (Note1)	Huang, Hai-Yue	Liu, Yong-Fu	Unreserved opinions
2017	Huang, Hai-Yue	Liu, Yong-Fu	Unreserved opinions
2018	Huang, Hai-Yue	Liu, Yong-Fu	Unreserved opinions
2019	Huang, Hai-Yue	Liu, Yong-Fu	Unreserved opinions
2020 (Note 2)	Huang, Hai-Yue	Chen, Chao-Mei	Unreserved opinions

Note 1: Coordinated with the internal rotation of the certified accounting firm in 2016.

Note 2. Coordinated with the internal rotation of the certified accounting firm in 2020.

6.2 Five Year Financial Analysis

(1-1) Consolidated Financial Analysis

Item (Note 3) \ Year (Note1)		Financial Summary for The Last Five Years 2016	2017	2018	2019	2020	As of March 31, 2021 (Note2)
Financial structure (%)	Debt Ratio	38.06	38.81	42.04	41.04	41.99	
	Ratio of long-term capital to property, plant and equipment	270.97	322.20	296.07	333.67	264.22	
Solvency %	Current ratio	205.80	266.01	284.47	314.58	244.47	
	Quick ratio	60.17	61.47	66.03	86.96	72.19	
	Times Interest Earned	13.85	(2.87)	(4.91)	2.36	14.91	
Operating performance	Accounts receivable turnover (times)	5.05	4.98	5.57	4.94	4.56	
	Average collection period	72.27	73.29	65.52	73.88	80.04	
	Inventory turnover (times)	1.01	0.89	0.89	0.96	1.08	
	Accounts payable turnover (times)	7.84	7.21	8.91	9.45	7.31	
	Average days in sales	361.38	410.11	410.11	380.20	337.96	
	Property, plant and equipment turnover (times)	2.24	2.08	1.77	2.18	2.04	
	Total assets turnover (times)	0.55	0.47	0.46	0.51	0.56	
Profitability	Return on asset (%)	4.37	(1.03)	(2.40)	1.06	5.44	
	Return on equity (%)	6.53	(2.23)	(4.66)	1.07	8.74	
	Pre-tax income to paid-in capital (%)	9.92	(2.94)	(4.74)	1.33	10.98	
	Profit ratio (%)	7.41	(3.00)	(6.05)	1.23	8.66	
	Earnings per share (NTD)	0.78	(0.25)	(0.44)	0.11	0.97	
Cash flow	Cash flow ratio (%)	9.46	4.21	2.99	16.25	38.68	
	Cash flow adequacy ratio (%)	180.69	152.00	100.18	88.69	68.15	
	Cash reinvestment ratio (%)	(0.58)	(0.95)	0.29	1.64	4.74	
Leverage	Operating leverage	4.30	(11.65)	(7.14)	18.63	4.74	
	Financial leverage	1.08	0.77	0.83	2.04	1.08	

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

This year, due to increased market demand and cost control, both revenue and gross profit have increased compared with last year. Related profitability indicators such as return on asset, return on equity, ratio of net profit before tax to paid-in capital, profit ratio, and earnings per share have all increased significantly compared with last year. The growth of operating activities has led to a substantial increase in net cash flows from operating activities, leading to an increase in the cash flow ratio. The growth in revenue and net operating income and the decrease in overall borrowing also increased the interest coverage ratio, while the operating leverage and the financial leverage decreased.

In terms of investment activities, the Company's capital expenditures increased due to the construction of factories, fixed assets and related short-term payables increased, resulting in a decline in the ratio of long-term capital to fixed assets and the current ratio, which also led to a decline in the cash flow adequacy ratio and an increase in the cash reinvestment ratio.

Note 1 : All financial statements have been audited by a certified public accountant from 2016 to 2020.

Note2 : As of the date of publication of the annual report, there was no recent financial information audited (reviewed) by the accountants and it was not disclosed.

Note 3 : The calculation formula is listed at the end of this table.

（1-2）Parent Company Only Financial Analysis

Item （Note 3）	Year （Note 1）	2016	2017	2018	2019	2020	As of March 31, 2021 （Note2）
		Financial Summary for The Last Five Years					
Financial structure （%）	Debt Ratio	33.20	31.84	35.44	33.17	30.93	
	Ratio of long-term capital to property, plant and equipment	282.80	304.37	279.78	315.96	334.94	
Solvency %	Current ratio	96.86	107.48	96.39	119.70	110.24	
	Quick ratio	68.50	62.38	55.48	80.88	73.21	
	Times Interest Earned	18.04	(5.09)	(6.71)	2.66	21.91	
Operating performance	Accounts receivable turnover (times)	6.04	5.88	6.39	5.60	5.30	
	Average collection period	60.43	62.07	57.12	65.17	68.86	
	Inventory turnover (times)	8.10	5.20	4.93	6.46	7.38	
	Accounts payable turnover (times)	7.66	7.25	9.44	10.57	9.62	
	Average days in sales	45.06	70.19	74.03	56.50	49.45	
	Property, plant and equipment turnover (times)	1.96	1.90	1.57	1.80	2.07	
	Total assets turnover (times)	0.49	0.46	0.43	0.45	0.49	
Profitability	Return on asset (%)	4.65	(1.25)	(2.46)	1.06	6.18	
	Return on equity (%)	6.58	(2.20)	(4.10)	1.07	8.74	
	Pre-tax income to paid-in capital (%)	9.43	(2.87)	(3.96)	1.17	10.29	
	Profit ratio (%)	8.99	(3.42)	(6.30)	1.57	11.95	
	Earnings per share (NTD)	0.78	(0.25)	(0.44)	0.11	0.97	
Cash flow	Cash flow ratio (%)	10.76	17.83	24.47	21.23	47.95	
	Cash flow adequacy ratio (%)	145.18	136.63	110.51	106.15	118.34	
	Cash reinvestment ratio (%)	(0.63)	0.34	1.96	1.85	4.05	
Leverage	Operating leverage	2.62	9.83	(26.70)	9.03	2.78	
	Financial leverage	1.06	1.37	0.51	1.66	1.07	

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

This year, due to increased market demand and cost control, both revenue and gross profit have increased compared with last year. Related profitability indicators such as return on asset, return on equity, ratio of net profit before tax to paid-in capital, profit ratio, and earnings per share have all increased significantly compared with last year. The growth of operating activities has led to a substantial increase in net cash flows from operating activities, leading to an increase in the cash flow ratio. The growth in revenue and net operating income and the decrease in overall borrowing also increased the interest coverage ratio, while the operating leverage and the financial leverage decreased.

In terms of investment activities, the Company's capital expenditures increased due to the construction of factories, and the cash reinvestment ratio increased.

Note 1 : All financial statements have been audited by a certified public accountant from 2016 to 2020.

Note 2 : As of the date of publication of the annual report, there was no recent financial information audited (reviewed) by the accountants and it was not disclosed.

Note 3 : The calculation formula is listed at the end of this table.

Calculation Formula

1. Financial structure
   (1) Debt ratio＝ Total liabilities／Total assets
   (2) Ratio of long-term capital to property, plant and equipment＝（Total equity＋Non-current liabilities）／property, plant and equipment, Net.
2. Solvency
   (1) Current ratio＝Current assets／Current liabilities
   (2) Quick ratio＝（Current assets－Inventory－Prepayments）／Current liabilities
   (3) Times Interest Earned＝Earnings before interest and taxes／total interest expense in the current period
3. Operating performance
   (1) Accounts receivable turnover (including accounts receivable and notes receivable from operating)＝ Net sales revenue／Balance of average accounts receivable in each period(including accounts receivable and notes receivable from operating)
   (2) Average collection period＝365／Accounts receivable turnover
   (3) Inventory turnover＝Cost of sales／Average Inventory
   (4) Accounts payable turnover (including accounts payable and notes payable from operating)＝ Cost of sales／Balance of average accounts payable in each period(including accounts payable and notes payable from operating)
   (5) Average days in sales＝365／Inventory turnover
   (6) Property, plant and equipment turnover＝Net sales revenue／Average net of Property, plant and equipment turnover
   (7) Total assets turnover＝Net sales revenue／Average total assets
4. Profitability
   (1) Return on asset＝〔post-tax profit or loss＋interest expense×（1－ tax rate）〕／ Average total assets
   (2) Return on equity＝Post-tax profit or loss／Average total equity
   (3) Profit ratio＝Post-tax profit or loss／Net sales revenue
   (4) Earnings per share＝（Profit (loss), attributable to owners of parent－preference dividends）／Weighted average number of issued shares（Note5）
5. Cash flow
   (1) Cash flow ratio＝Net cash flows from (used in) operating activities／Current liabilities
   (2) Cash flow adequacy ratio＝Net cash flows from (used in) operating activities in the last five years／(Capital expenditure＋Increase in Inventory＋cash dividends) in the last five years
   (3) Cash reinvestment ratio＝(Net cash flows from (used in) operating activities－cash dividends)／(Gross amount of Property, plant and equipment＋long-term investment＋other non-current assets＋Working capital) (Note6)
6. Leverage：
   (1) Operating leverage＝(Net sales revenue－variable operating cost and expenses) ／ Operating income (Note7)。
   (2) Financial leverage＝Operating income ／ (Operating income －interest expense)

Note 4：The formula for above earnings per share should pay special attention to the following matters when measuring:
（1）It is based on the weighted average number of ordinary shares, not based on the number of issued shares at the end of the year.
（2）Where there is a capital increased by cash or a treasury share transaction , the weighted average number of shares shall be calculated during the period of circulation.
（3）Where there are an earnings transferred to capital or a capital surplus transferred to capital, when

calculating the earnings per share for previous years and semi-annual earnings per share, it should be adjusted retrospectively according to the proportion of capital increase, and there is no need to consider the issuance period of such capital increase.

（4）If the special shares are non-convertible accumulation special shares, their current year dividends (whether distributed or not) shall be calculated by subtracting the after-tax net profit or increasing the after-tax net loss. If the special shares are non-cumulative, there are net profits after tax, the special share dividends shall be deducted from the net profit after tax; if there are losses that will not have to be adjusted.

Note 5：When measuring cash flow, special attention should be paid to the following items:

（1）Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows

（2）Capital expenditure refers to the number of cash outflows per year of capital investment.

（3）The increase of inventories is only included when the balance in the end of period is greater than the balance in the beginning of period , and if the inventory at the end of the year decreases, it is calculated as zero.

（4）Cash dividends include cash dividends from ordinary shares and special shares.

（5）Gross amount of property, plant and equipment refers to the total amount of property, plant and equipment before deducting accumulated depreciation.

Note 6：The issuer should classify the various operating costs and operating expenses into fixed and variable categories. If there is an estimate or subjective judgment, the issuer should pay attention to its reasonableness and maintain consistency.

Note 7：If the company’s shares are no par value stocks or if the denomination of each share is not NT$10, the previous calculation of the ratio of Pre-tax income to paid-in capital was calculated based on the ratio of equity attributable to owners of parent in the balance sheet.

6.3 Audit Committee's Review Report on the 2020 Financial Statements

Audit Committee's Review Report

The Board of Directors has perepared the Company's 2020 Business Report, Financial Statements and the proposal for allocation of earnings. The CPA firm of Deloitte & Touche was retained to the audit the Company's Financial Statement and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements and earnings allocation proposal have been reviewed and determined to be correct and accurated by the Audit Committee of the Company. Therefore, this report is presented in accordance with Article 14-4 of the "Securities and Exchange Act "and the Article 219 of the "Company Act", please proceed to approve.

With kind regards

2021 The Shareholders' Meeting of the Company

Lucky Cement Corporation

Convener of the Audit Committee: Chin-Cheng, Wang

March 26, 2021

6.4 2020 Parent Company Only Financial Statements

INDEPENDENT AUDITORS' REPORT
The Board of Directors and Stockholders
Lucky Cement Co.

Opinion

We have audited the accompanying financial statements of Lucky Cement Co. (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019 and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the financial statements for the year ended December 31, 2020 are as follows:

The Existence of Sales Revenue from Key Customers

The Company's sales revenue mainly comes from merchandise sales of cement, stone materials and other cement subsidiary products. The amount of the sales revenue in 2020 arising from the new key customers or customers whose sales revenue increased over Performance Materiality is NT$634,069,000, as 19% of the total sales revenue. Since the sales revenue from key customers fluctuates and whether the revenue has truly occurred is the presumed significant risk of the ISA, the key audit matters are listed.

Please refer to Note 4 (11) of the financial statement for accounting policies of the revenue recognition; Note 22 (1) for the disclosure related to the revenue.

Our key audit procedures performed in respect of the above area included the following:
1. Understood the internal control system of the sale of goods and assessed the design and effectiveness of the implementation of the internal control.
2. Gained the summary of sales transactions of the key customers across the year, adjusted and ensured the completeness of related transactions. In addition, selecting the samples from the summary, and reviewing the evidence and vouchers to verify the existence of sales revenue.
3. Obtained the post-period general ledger of sales revenue, inspecting whether significant sales return and allowance incurred, to ensure the accuracy of the revenue recognition.

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

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

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hai-Yueh Huang and Chao-Mei Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 26, 2021

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

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

LUCKY CEMENT CO.

BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Notes 4 and 6)	$ 256,364	4	$ 165,724	3
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 28)	6,290	-	980	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 28)	28,213	1	15,962	-
Financial assets at amortized cost - current (Notes 4, 9 and 30)	72,155	1	90,165	1
Notes receivable (Notes 4, 10 and 22)	487,705	7	413,731	6
Notes receivable from related parties (Notes 4, 10, 22 and 29)	26,948	-	59,119	1
Accounts receivable (Notes 4, 10 and 22)	74,085	1	92,559	2
Accounts receivable from related parties (Notes 4, 10, 22 and 29)	18,868	-	64,786	1
Other receivables (Notes 4 and 10)	13,670	-	87,240	1
Other receivables from related parties (Notes 4 and 29)	61,398	1	59,595	1
Current tax assets (Note 24)	-	-	17,519	-
Inventories (Notes 4 and 11)	381,467	6	365,885	6
Prepayments (Note 12)	147,367	2	146,520	2
Total current assets	1,574,530	23	1,579,785	24
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	14,703	-	19,465	-
Financial assets at amortized cost - non-current (Notes 4, 9 and 30)	164,062	3	106,908	2
Investments accounted for using the equity method (Notes 4 and 13)	2,980,403	44	2,649,638	41
Property, plant and equipment (Notes 4, 14, 29 and 30)	1,586,499	24	1,628,604	25
Right-of-use assets (Notes 4 and 15)	73,400	1	115,920	2
Deferred tax assets (Notes 4 and 24)	96,040	1	102,042	2
Refundable deposits (Note 29)	175,506	3	174,728	3
Other non-current assets (Note 16)	76,914	1	88,469	1
Total non-current assets	5,167,527	77	4,885,774	76
TOTAL	$ 6,742,057	100	$ 6,465,559	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 30)	$ 150,000	2	$ 226,700	3
Short-term bills payable (Notes 17 and 30)	99,941	1	99,820	2
Contract liabilities (Note 22)	342,967	5	267,633	4
Notes payable (Note 18)	115,973	2	128,089	2
Notes payable to related parties (Notes 18 and 29)	32,635	1	30,823	-
Accounts payable (Note 18)	142,921	2	70,584	1
Accounts payable to related parties (Notes 18 and 29)	20,006	-	32,138	-
Other payables (Note 19)	169,913	3	105,252	2
Other payables to related parties (Note 29)	9,290	-	4,060	-
Current income tax liabilities (Note 24)	20,722	-	1,201	-
Lease liabilities - current (Notes 4 and 15)	33,548	1	42,993	1
Current portion of long-term borrowings (Notes 17 and 30)	290,000	4	310,000	5
Other current liabilities	361	-	464	-
Total current liabilities	1,428,277	21	1,319,757	20
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 17 and 30)	540,000	8	670,000	10
Deferred tax liabilities (Notes 4 and 24)	20,663	-	23,792	-
Lease liabilities - non-current (Notes 4 and 15)	40,475	1	74,069	1
Net defined benefit liabilities (Notes 4 and 20)	23,294	-	26,481	1
Guarantee deposits received	32,503	1	30,600	1
Total non-current liabilities	656,935	10	824,942	13
Total liabilities	2,085,212	31	2,144,699	33
EQUITY (Note 21)				
Share capital				
Common stock	4,047,380	60	4,047,380	63
Capital surplus	9	-	8	-
Retained earnings				
Legal reserve	170,899	3	166,309	3
Special reserve	14,135	-	17,256	-
Unappropriated earnings	419,967	6	85,901	1
Total retained earnings	605,001	9	269,466	4
Other equity	4,455	-	4,006	-
Total equity	4,656,845	69	4,320,860	67
TOTAL	$ 6,742,057	100	$ 6,465,559	100

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

LUCKY CEMENT CO.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUES (Notes 4, 22 and 29)				
Sales	$ 3,283,042	100	$ 2,931,465	100
Less: Discounts and allowances	(893)	-	(218)	-
Total operating revenues	3,282,149	100	2,931,247	100
OPERATING COSTS (Notes 11, 23 and 29)	2,758,001	84	2,686,386	92
GROSS PROFIT	524,148	16	244,861	8
OPERATING EXPENSES (Notes 10, 23 and 29)				
Selling and marketing expenses	101,652	3	99,093	3
General and administrative expenses	107,879	3	78,048	3
Expected credit gain	-	-	(214)	-
Total operating expenses	209,531	6	176,927	6
OTHER OPERATING INCOME AND EXPENSES (Note 23)	80	-	4,120	-
PROFIT FROM OPERATIONS	314,697	10	72,054	2
NON-OPERATING INCOME AND EXPENSES (Notes 4, 8, 14, 23 and 29)				
Interest income	2,041	-	2,932	-
Rental income	18,256	1	18,886	1
Other income	10,392	-	9,437	-
Gain on disposal of non-current assets held for sale	15,724	-	-	-
Foreign exchange gain	2,227	-	1,896	-
Fair value changes of financial assets	330	-	124	-
Other losses	(8,823)	-	(9,209)	-
Interest expense	(19,921)	(1)	(28,524)	(1)
Share of profit of loss of subsidiaries	81,622	3	(20,313)	(1)
Total non-operating income and expenses	101,848	3	(24,771)	(1)
PROFIT BEFORE INCOME TAX	416,545	13	47,283	1
INCOME TAX EXPENSE (Notes 4 and 24)	(24,276)	(1)	(1,378)	-
NET PROFIT FOR THE YEAR	392,269	12	45,905	1

(Continued)

LUCKY CEMENT CO.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	2,114	-	18,855	1
Remeasurement of a defined benefit plan (Note 20)	3,172	-	8,232	-
Share of the other comprehensive income/(loss) of subsidiaries accounted for using the equity method	(909)	-	20,350	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	25	-	(210)	-
Share of the other comprehensive income/(loss) of subsidiaries accounted for using the equity method	24	-	808	-
Other comprehensive income, net of income tax	4,426	-	48,035	2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 396,695	12	$ 93,940	3
EARNINGS PER SHARE (Note 25)				
Basic	$ 0.97		$ 0.11	
Diluted	$ 0.97		$ 0.11	

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

LUCKY CEMENT CO.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity		
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain on Financial Assets at Fair Value through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2019	$ 4,047,380	$ 8	$ 166,309	$ 17,376	$ (1,032)	$ 7,660	$ (10,781)	$ 4,226,920
Appropriation of 2018 earnings								
Special reserve	-	-	-	(120)	120	-	-	-
Net profit for the year ended December 31, 2019	-	-	-	-	45,905	-	-	45,905
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	5,442	(210)	42,803	48,035
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	51,347	(210)	42,803	93,940
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 21)	-	-	-	-	35,466	-	(35,466)	-
BALANCE AT DECEMBER 31, 2019	4,047,380	8	166,309	17,256	85,901	7,450	(3,444)	4,320,860
Appropriation of 2019 earnings								
Legal reserve	-	-	4,590	-	(4,590)	-	-	-
Cash dividends distributed by Lucky Cement Co.	-	-	-	-	(60,711)	-	-	(60,711)
Special reserve	-	-	-	(3,121)	3,121	-	-	-
Net profit for the year ended December 31, 2020	-	-	-	-	392,269	-	-	392,269
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	2,380	25	2,021	4,426
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	394,649	25	2,021	396,695
Difference between consideration and carrying amount of subsidiaries acquired (Note 13)	-	1	-	-	-	-	-	1
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 21)	-	-	-	-	1,597	-	(1,597)	-
BALANCE AT DECEMBER 31, 2020	$ 4,047,380	$ 9	$ 170,899	$ 14,135	$ 419,967	$ 7,475	$ (3,020)	$ 4,656,845

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

LUCKY CEMENT CO.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 416,545	$ 47,283
Adjustments for:		
Depreciation expense	175,604	218,882
Amortization and depletion expense	12,460	11,750
Expected credit loss recognized on trade receivables	-	(214)
Net (gain)/loss on fair value changes of financial assets at fair value through profit or loss	(330)	(124)
Interest expense	19,921	28,524
Interest income	(2,041)	(2,932)
Dividend income	(3,720)	(5,169)
Gain on disposal of property, plant and equipment	(80)	(4,120)
Share of (profit)/loss of subsidiaries accounted for using the equity method	(81,622)	20,313
Gain on disposal of non-current assets held for sale	(15,724)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(4,980)	-
Notes receivable	(73,974)	(161,680)
Notes receivable from related parties	32,171	(19,767)
Accounts receivable	18,474	(4,605)
Accounts receivable from related parties	45,918	(27,817)
Other receivables	(65)	170
Other receivables from related parties	(7)	62
Inventories	(15,582)	100,082
Prepayments	(847)	21,095
Contract liabilities	75,334	68,300
Notes payable	(12,116)	29,841
Notes payable to related parties	1,812	(12,874)
Accounts payable	72,337	(10,505)
Accounts payable to related parties	(12,132)	8,481
Other payables	34,134	12,668
Other payables to related parties	5,230	2,513
Other current liabilities	(103)	(47)
Net defined benefit liabilities	(15)	(14,233)
Cash generated from operations	686,602	305,877
Interest received	2,724	2,947
Interest paid	(20,151)	(28,499)
Income tax paid	15,637	(179)
Net cash generated from operating activities	684,812	280,146
CASH FLOWS FROM INVESTING ACTIVITIES		

(Continued)

LUCKY CEMENT CO.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	$ (39,081)	$ (56,924)
Proceeds from sale of financial assets at fair value through other comprehensive income	37,158	143,479
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	5,125	-
Purchase of financial assets at amortized cost	(39,144)	-
Proceeds from sale of financial assets at amortized cost	-	15,066
Proceeds from sale of non-current assets held for sale	20,741	-
Payments for property, plant and equipment	(46,361)	(17,968)
Proceeds from disposal of property, plant and equipment	80	4,120
Decrease in other receivables	65,000	-
Increase in other receivables from related parties	(1,800)	-
Decrease in other receivables from related parties	-	10,650
Increase in refundable deposits	(778)	-
Decrease in refundable deposits	-	876
Increase in other non-current assets	(17,775)	(13,186)
Other dividends received	3,099	58,076
Proceeds from capital reduction of subsidiaries	-	1,593
Net cash (used in) generated from investing activities	(13,736)	145,782
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(76,700)	(621,500)
Decrease in short-term bills payable	-	(60,000)
Proceeds from long-term borrowings	200,000	320,000
Repayments of long-term borrowings	(350,000)	-
Increase in guarantee deposits received	1,903	1,368
Repayment of the principal portion of lease liabilities	(44,926)	(42,609)
Cash dividends paid	(60,711)	-
Acquisition of subsidiary	(250,002)	-
Net cash used in financing activities	(580,436)	(402,741)
NET INCREASE IN CASH	90,640	23,187
CASH AT THE BEGINNING OF YEAR	165,724	142,537
CASH AT THE END OF YEAR	$ 256,364	$ 165,724

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

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

1. GENERAL INFORMATION

Lucky Cement Co. (the "Company") was established in 1974; its main business is production and sale of Portland cement. The Company listed its shares on the Taiwan Stock Exchange in June 1990.

The financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 26, 2021.

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

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendment to IFRS 16 "Covid-19 - Related Rent Concessions"	June 1, 2020

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

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
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, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 4)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 5)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 6)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 7)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 5: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 6: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 7: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

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

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

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

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

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

When preparing the Company's financial statements, the Company accounts for its investments in subsidiaries by using the equity method. In order for the amounts of the net profit and other comprehensive income and equity for the year in the Company's financial statements to be the same as the amounts attributable to the parent company in its consolidated financial statements, adjustments arising from the differences in the accounting treatment between the parent company only basis and the consolidated basis were made to the investments accounted for by the equity method, the share of other comprehensive income of subsidiaries and the related equity items, as appropriate, in the parent company only financial statements.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within twelve months after the reporting period; and

3) Cash unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

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

d. Foreign currencies

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary 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.

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

For the purpose of presenting financial statements, the financial statements of the Company's foreign operations that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

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

f. Investment in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution of earnings received. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investments and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses, if any.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

h. Impairment of property, plant and equipment and right-of-use assets

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

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs 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 on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

i. Non-current assets held for sale

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

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Such assets classified as held for sale are not depreciated.

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial asset at FVTPL

Financial asset is classified as at FVTPL when such financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 28.

ii. Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

A financial asset is credit-impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

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

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

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 181 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

k. Revenue recognition

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

Revenue from sale of goods

Revenue from sale of goods comes from sales of cement, stone materials and other cement products. Sales of cement, stone materials and other cement products are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

l. Leasing

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

m. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments to the benefit plan are recognized as an expense when the employees have rendered service entitling them to the contribution.

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

The net defined benefit liability represents the actual deficit in the Company's defined benefit plans.

n. Taxation

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

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of tax jurisdiction.

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

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

2) Deferred tax

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

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

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

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

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

3) Current tax and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

The Company did not have critical accounting judgments and key sources of estimation uncertainty that need to be reported.

6. CASH

	December 31	
	2020	**2019**
Cash on hand and revolving funds	$ 1,114	$ 1,139
Checking accounts and demand deposits	255,105	163,644
Foreign currency demand deposits	145	941
	$ 256,364	$ 165,724

Market interest rate range for cash in banks at the end of the reporting period is as follows:

	December 31	
	2020	**2019**
Bank deposits	0.001%-0.35%	0.001%-0.33%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	**2019**
Current		
Financial assets mandatorily classified as at FVTPL - mutual funds	$ 6,290	$ 980

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2020	**2019**
Current		
Domestic investments-common stock		
Taiwan Cement Corp.	$ 8,646	$ 6
Far Eastern New Century Corporation	5,790	5,970
U-Ming Marine Transport Corporation	4,723	4,301
Winbond Electronics Corp.	3,782	2,545
United Microelectronics Corp.	3,411	1,190
Medigen Biotechnology Corp.	1,695	1,778
China Development Financial Holding	126	131
First Financial Holding Co., Ltd.	20	21
Capital Securities Corp.	12	10
Hua Nan Financial Holdings Co., Ltd.	8	10
	$ 28,213	$ 15,962
Non-current		
Domestic investments-common stock		
Jonfeng Mining Co., Ltd.	$ 8,879	$ 8,175
WK Technology Fund	5,824	6,433
Global Securities Finance Corp.	-	4,857
	$ 14,703	$ 19,465

For information on the above investments, refer to Note 34 Schedule 3 “Market Securities Held”.

For other relevant information on financial assets measured at FVTOCI, refer to Note 21(5) and Note 28.

These investments in equity instruments are held for strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing fluctuations in these investments’ fair value in profit or loss would not be consistent with the Company’s strategy of holding these investments for long-term purposes.

Dividends of $3,720 thousand and $5,169 thousand were recognized in 2020 and 2019, respectively.

The Company received return of capital of $5,125 thousand when the invested company reduced capital in 2020.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31 2020	December 31 2019
Current		
Time deposits with original maturities of more than 3 months	$ 7,155	$ 6,904
Restricted assets	65,000	83,261
	$ 72,155	$ 90,165
Non-current		
Restricted assets	$ 164,062	$ 106,908

a. The interest rates of time deposits with original maturities of more than 3 months were approximately 2.35% and 2.65% per annum as of December 31, 2020 and 2019, respectively.

b. The restricted assets - current are savings deposits and certificate of deposit that are provided as guarantees for bank loan; market interest rate ranges were approximately 0.04%-0.56% and 0.04%-0.81% per annum as of December 31, 2020 and 2019, respectively.

c. The restricted assets - non-current are certificate of deposit in the bank that is pledged as the security of mining right, which has market interest rate range of approximately 0.10%-0.82% and 0.13%-1.07% per annum as of December 31, 2020 and 2019, respectively.

d. Refer to Note 30 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31 2020	December 31 2019
Notes receivable		
At amortized cost		
Gross carrying amount	$ 487,705	$ 413,731
Notes receivable from related parties		
At amortized cost		
Gross carrying amount	$ 26,948	$ 59,119
Trade receivables		
At amortized cost		
Gross carrying amount	$ 74,354	$ 92,828
Less: Allowance for impairment loss	(269)	(269)
	$ 74,085	$ 92,559

(Continued)

	December 31	
	2020	2019
Trade receivables from related parties		
At amortized cost		
Gross carrying amount	$ 18,868	$ 64,786
Other receivables		
Non-related parties		
Sale of securities	$ 12,816	$ 21,393
Deposits	-	65,162
Other	854	685
	$ 13,670	$ 87,240

(Concluded)

a. Notes receivable

The average credit period of sales of goods is 90-150 days. No interest is charged on notes receivable. In order to minimize credit risk, the management of the Company has delegated a team for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual note receivable at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company applies the simplified approach under IFRS 9 to measure the loss allowance for notes receivable at an amount equal to lifetime ECLs. The expected credit losses on notes receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, as well as the GDP forecasts and industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base. The expected created loss rate is based on the overdue days of the note receivable. However, the expected credit loss rate of the Company based on the provision matrix at the end of reporting period was zero because it did not recognize the expected credit losses of the notes receivable.

b. Trade receivables

The average credit period of sales of goods is 90-150 days. No interest is charged on trade receivables. In order to minimize credit risk, the management of the Company has delegated a team for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts.

The Company applies the simplified approach under IFRS 9 to measure the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, as well as the GDP forecasts and industry outlook.

The Company's provision matrixes are prepared by reference to the customer's financial condition. The Group provides 100% loss allowance when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Since there are various customer segments, the Company uses provision matrixes based on customer segments and determines the expected credit loss rate by reference to past due days of accounts receivable.

The Company writes off trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivable, trade receivables, and overdue receivables based on the Company's provision matrix.

December 31, 2020

	Not Past Due	Past due within 30 Days	Past due 31 to 60 Days	Past due 61 to 180 Days	Past due Over 181 Days	Assessed Individually	Total
Expected credit loss rate	-	-	-	-	100%	100%	
Gross carrying amount	$ 561,790	$ -	$ -	$ -	$ 269	$ -	$ 562,059
Loss allowance (Lifetime ECLs)	-	-	-	-	(269)	-	(269)
Amortized cost	$ 561,790	$ -	$ -	$ -	$ -	$ -	$ 561,790

December 31, 2019

	Not Past Due	Past due within 30 Days	Past due 31 to 60 Days	Past due 61 to 180 Days	Past due Over 181 Days	Assessed Individually	Total
Expected credit loss rate	-	-	-	-	100%	100%	
Gross carrying amount	$ 506,290	$ -	$ -	$ -	$ 269	$ -	$ 506,559
Loss allowance (Lifetime ECLs)	-	-	-	-	(269)	-	(269)
Amortized cost	$ 506,290	$ -	$ -	$ -	$ -	$ -	$ 506,290

The movements of the loss allowance of trade receivables and overdue receivables were as follows:

	For the Year Ended December 31	
	2020	**2019**
Balance at January 1	$ 269	$ 483
Less: Net remeasurement of loss allowance	-	(214)
Balance at December 31	$ 269	$ 269

c. Other receivables

Other receivables mainly include proceeds from sales of securities and guarantee deposits. The Company adopted a policy of only dealing with high credit ratings entities and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from its own historical trading records to rate its customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored.

The Company considers the current financial condition of debtors to determine the expected credit losses for debt instrument investments. As December 31, 2020 and 2019, the expected credit loss rate of other receivables was both 0%.

11. INVENTORIES

	December 31	
	2020	2019
Raw materials	$ 231,976	$ 134,698
Work in progress	29,975	91,310
Finished goods	87,339	107,472
Supplies and spare parts	32,177	32,405
	$ 381,467	$ 365,885

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was $2,758,001 thousand and $2,686,386 thousand, respectively.

12. PREPAYMENTS

	December 31	
	2020	2019
Office supplies	$ 105,243	$ 103,704
Prepaid expenses	33,147	37,871
Prepayments for purchases of materials	8,918	4,837
Other	59	108
	$ 147,367	$ 146,520

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2020	2019
Investment in subsidiary		
Domestic unlisted companies		
Dasheng Enterprise Co., Ltd. (“Dasheng Enterprise”)	$ 2,280,677	$ 2,294,648
Luckicon Ready-mixed Concrete Factory Co., Ltd. (“Luckicon Ready-mixed Co.”)	639,954	286,548
Lucky Cement Corp., Japan (“Lucky Cement Japan”)	24,851	24,578
Luckyship Marine Co., Ltd. (“Luckyship Co.”)	34,921	43,864
Just Bright Ltd.	-	-
	$ 2,980,403	$ 2,649,638

The Company’s proportion of ownership and voting rights in the associates on the balance sheet date were as follows:

	December 31	
	2020	2019
Dasheng Enterprise	99.99%	99.99%
Luckicon Ready-mixed Co.	100.00%	99.99%
Lucky Cement Japan	100.00%	100.00%
Luckyship Co.	99.99%	99.99%
Just Bright Ltd.	100.00%	100.00%

In the years 2020 and 2019, the share of profit (loss) of subsidiaries and the share of other comprehensive income of subsidiaries for using equity method were recognized based on audited financial statements for the same periods.

Luckicon Ready-Mixed Co. increased its capital by $250,000 thousand on August 15, 2020, and the Company acquired the residual interests for $2 thousand from non-controlling interests in September 2020. After the capital increase, the Company's shareholding in Luckicon Ready-Mixed Co. increased from 99.99% to 100%. Luckicon Ready-Mixed Co. recognized the difference between the consideration and the adjusted carrying amount of non-controlling interests of $1 thousand under capital surplus.

In 2020 and 2019, the Company received cash dividends from the subsidiaries in the amounts of $0 and $52,907 thousand, respectively.

On December 27, 2019, the board of directors resolved to discontinue the operation of the subsidiary Just Bright Ltd.; the cancellation procedures are in progress.

Refer to Table 6 and Note 34 for more information on the investees.

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Electrical Equipment	Transportation Equipment	Other Equipment	Total
Cost							
Balance at January 1, 2020	$ 1,058,345	$ 2,188,452	$ 6,055,683	$ 1,196,322	$ 663,009	$ 489,372	$ 11,651,183
Additions	-	-	1,379	-	68,189	4,731	74,299
Reclassification	(5,017)	-	5,098	-	-	14,712	14,793
Disposals	-	-	-	-	(38,316)	(995)	(39,311)
Balance at December 31, 2020	$ 1,053,328	$ 2,188,452	$ 6,062,160	$ 1,196,322	$ 692,882	$ 507,820	$ 11,700,964
Accumulated depreciation and impairment							
Balance at January 1, 2020	$ -	$ 1,815,681	$ 5,930,396	$ 1,178,305	$ 615,734	$ 482,463	$ 10,022,579
Depreciation expense	-	52,240	44,450	5,213	24,849	4,445	131,197
Disposals	-	-	-	-	(38,316)	(995)	(39,311)
Balance at December 31, 2020	$ -	$ 1,867,921	$ 5,974,846	$ 1,183,518	$ 602,267	$ 485,913	$ 10,114,465
Carrying amount at December 31, 2020	$ 1,053,328	$ 320,531	$ 87,314	$ 12,804	$ 90,615	$ 21,907	$ 1,586,499
Cost							
Balance at January 1, 2019	$ 1,058,345	$ 2,188,452	$ 6,044,503	$ 1,196,322	$ 700,244	$ 485,832	$ 11,673,698
Additions	-	-	11,180	-	2,465	4,323	17,968
Disposals	-	-	-	-	(39,700)	(783)	(40,483)
Balance at December 31, 2019	$ 1,058,345	$ 2,188,452	$ 6,055,683	$ 1,196,322	$ 663,009	$ 489,372	$ 11,651,183
Accumulated depreciation and impairment							
Balance at January 1, 2019	$ -	$ 1,755,143	$ 5,852,736	$ 1,170,392	$ 629,277	$ 480,383	$ 9,887,931
Depreciation expense	-	60,538	77,660	7,913	26,157	2,863	175,131
Disposals	-	-	-	-	(39,700)	(783)	(40,483)
Balance at December 31, 2019	$ -	$ 1,815,681	$ 5,930,396	$ 1,178,305	$ 615,734	$ 482,463	$ 10,022,579
Carrying amount at December 31, 2019	$ 1,058,345	$ 372,771	$ 125,287	$ 18,017	$ 47,275	$ 6,909	$ 1,628,604

a. Refer to Note 14 (b) for assets reclassified to non-current assets held for sale; some additions to machinery and equipment and other equipment were reclassifications from long-term prepaid expenses.

b. The Company proposed to dispose of the idle land at the Puxin factory on March 24, 2020, and signed the contract with non-related parties on April 24, 2020. The land was reclassified as non-current assets held for sale. The Company completed the land transfer process with a net consideration of $20,741 thousand (contract price $21,618 thousand less related fees $877 thousand) and recognized disposal gain was $15,724 thousand.

c. A part of the Company's land use rights reserved for use by the aborigines is temporarily registered in the name of a third person. The trustee had issued an affidavit and mortgaged the land to the Company.

d. The Company's property, plant and equipment are depreciated on a straight-line method over their estimated useful lives as follows:

Buildings	
Main building of plant	35-55 years
Electrical power equipment	10-15 years
Engineering system	3-5 years
Machinery and equipment	2-10 years
Electrical equipment	5-15 years
Transportation equipment	3-10 years
Office equipment	3-10 years

e. For the years ended December 31, 2020 and 2019, the Company evaluated impairment and concluded that the assets had no impairment loss.

f. Property, plant and equipment used by the Company and pledged as collateral for bank borrowings are set out in Note 30.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amount		
Land	$ 21,060	$ 32,702
Buildings	52,182	81,159
Transportation equipment	158	2,059
	$ 73,400	$ 115,920

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ 1,887	$ 2,672
Depreciation charge for right-of-use assets		
Land	$ 13,529	$ 12,833
Buildings	28,977	29,017
Transportation equipment	1,901	1,901
	$ 44,407	$ 43,751

b. Lease liabilities

	December 31	
	2020	2019
Carrying amount		
Current	$ 33,548	$ 42,993
Non-current	$ 40,475	$ 74,069

Range of discount rate for lease liabilities was as follows:

	December 31	
	2020	2019
Land	1.55%-1.68%	1.55%
Buildings	1.55%	1.55%
Transportation equipment	1.55%	1.55%

c. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	$ 373	$ 476
Expenses relating to low-value asset leases	567	341
Interest on leases liabilities	1,408	1,999
Principal of lease liabilities	44,926	42,609
Total cash outflow for leases	$ 47,274	$ 45,425

The Company's leases of certain buildings qualify as short-term leases and leases of certain office equipment qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

16. OTHER NON-CURRENT ASSETS

	December 31	
	2020	2019
Long-term prepaid expenses	$ 55,200	$ 69,690
Prepayment for equipment	2,940	-
Net limestone mining rights	18,774	18,779
	$ 76,914	$ 88,469

17. BORROWINGS

a. Short-term borrowings

	December 31 2020	December 31 2019
Secured borrowings (Note 30)		
Bank loans	$ -	$ 200,000
Unsecured borrowings		
Line of credit borrowings	150,000	26,700
	$ 150,000	$ 226,700

The interest rates of the bank loans were as follows:

	December 31 2020	December 31 2019
Secured borrowings	-	1.60%
Unsecured borrowings	1.25%-1.30%	1.465%

b. Short-term bills payable

	December 31 2020	December 31 2019
Commercial paper	$ 100,000	$ 100,000
Less: Unamortized discounts on bills payable	(59)	(180)
	$ 99,941	$ 99,820

Outstanding short-term bills payable were as follows:

December 31, 2020

Guarantee/Promissory Institution	Par Value	Discount Amount	Carrying Amount	Interest Rate
Commercial paper				
Ta Ching Bills Finance Corporation	$ 50,000	$ 18	$ 49,982	1.10%
Grand Bills Finance Corporation	50,000	41	49,959	1.28%
	$ 100,000	$ 59	$ 99,941	

December 31, 2019

Guarantee/Promissory Institution	Par Value	Discount Amount	Carrying Amount	Interest Rate
Commercial paper				
Ta Ching Bills Finance Corporation	$ 50,000	$ 126	$ 49,874	1.46%
Grand Bills Finance Corporation	50,000	54	49,946	1.64%
	$ 100,000	$ 180	$ 99,820	

For information on assets pledged as collateral of the short-term bills payable, refer to Note 30.

c. Long-term borrowings

	December 31	
	2020	2019
Secured borrowings (Note 30)		
Bank loans	$ 550,000	$ 750,000
Unsecured borrowings		
Loans from bank	280,000	230,000
Less: Current portion	(290,000)	(310,000)
	$ 540,000	$ 670,000

	Details	December 31	
		2020	2019
Secured borrowings			
Taiwan Cooperative Bank	The loan period is from April 12, 2018 to April 12, 2023, with grace period of 2 years. The loan principal is payable over 11 quarters (ending Jan, Apr, Jul, Oct) with $40 million each quarter and the remaining $60 million payable on maturity date. The repayment started in July 2020.	$ 300,000	$ 500,000
Bank of Taiwan	The loan period is from November 12, 2019 to November 12, 2022. Repayment schedule for the principal is $40 million in February 2020 and the balance payable in 7 quarters (ending Feb, May, Aug, Nov) with $30 million each quarter.	250,000	250,000

(Continued)

Unsecured borrowings	Details	December 31 2020	2019
The Export-Import Bank of the Republic of China	The loan period is from December 7, 2020 to January 7, 2022; the principal will be repaid one time on maturity date.	$ 50,000	$ -
The Export-Import Bank of the Republic of China	The loan period is from December 14, 2020 to January 14, 2022; the principal will be repaid one time on maturity date.	50,000	-
The Export-Import Bank of the Republic of China	The loan period is from June 14, 2019 to July 14, 2020; the principal was paid one time on maturity date.	-	70,000
O-Bank	The original loan period was from April 23, 2018 to April 23, 2020; the principal was due on maturity date. New borrowing contract with loan period from March 23, 2020 to March 23, 2022 was signed for repayment of previous debt.	80,000	80,000
KGI Bank	Revolving loan; credit period is from September 7, 2020 to September 7, 2022.	50,000	-
KGI Bank	Revolving loan; credit period is from September 7, 2020 to September 7, 2022.	50,000	-
KGI Bank	The loan period is from March 9, 2018 to March 9, 2020; the principal was repaid one time on maturity date.	-	80,000
		830,000	980,000
Less: Current portions		(290,000)	(310,000)
Long-term borrowings		$ 540,000	$ 670,000

The annual interest rates of long-term borrowings were 1.24%-1.70% and 1.40%-1.92% as of December 31, 2020 and 2019, respectively.

18. NOTES PAYABLE AND TRADE PAYABLES

	December 31 2020	2019
Notes payable		
From operating activities		
Non-related parties	$ 115,973	$ 128,089
Related parties	$ 32,635	$ 30,823
Trade payables		
From operating activities		
Non-related parties	$ 142,921	$ 70,584
Related parties	$ 20,006	$ 32,138

The Company's notes payable and trade payables (including related parties) arise from operating activities. The average credit period for purchases is 3 months. The Company's financial risk management policies ensure that all payables are repaid within the pre-agreed credit period.

19. OTHER PAYABLES

	December 31	
	2020	2019
Payables for salaries and bonuses	$ 74,124	$ 36,300
Payables for taxes	32,698	40,996
Payables for purchases of equipment	30,878	-
Payables for utilities expense	18,190	15,050
Others	14,023	12,906
	$ 169,913	$ 105,252

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes 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 Company 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 Company 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 Company has no right to influence the investment policy and strategy.

The amount of the Company's defined benefit plan is included in the balance sheets is as follows:

	December 31	
	2020	2019
Present value of funded defined benefit obligation	$ 215,305	$ 235,945
Fair value of plan assets	(192,011)	(209,464)
Net defined benefit liabilities	$ 23,294	$ 26,481

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2019	$ 247,654	$ (198,708)	$ 48,946
Service costs			
Current service costs	1,641	-	1,641
Net interest expense (income)	2,167	(1,746)	421
Recognized in profit or loss	3,808	(1,746)	2,062
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(8,055)	(8,055)
Actuarial (gain) loss			
Changes in financial assumptions	4,330	-	4,330
Experience adjustments	(4,507)	-	(4,507)
Recognized in other comprehensive income	(177)	(8,055)	(8,232)
Contributions from the employer	-	(16,295)	(16,295)
Benefit paid	(15,340)	15,340	-
Balance at December 31, 2019	$ 235,945	$ (209,464)	$ 26,481
Balance at January 1, 2020	$ 235,945	$ (209,464)	$ 26,481
Service costs			
Current service costs	1,435	-	1,435
Net interest expense (income)	1,461	(1,301)	160
Recognized in profit or loss	2,896	(1,301)	1,595
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,248)	(7,248)
Actuarial loss			
Changes in financial assumptions	3,857	-	3,857
Experience adjustments	219	-	219
Recognized in other comprehensive income	4,076	(7,248)	(3,172)
Contributions from the employer	-	(1,610)	(1,610)
Benefit paid	(27,612)	27,612	-
Balance at December 31, 2020	$ 215,305	$ (192,011)	$ 23,294

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plan is as follows:

	For the Year Ended December 31	
	2020	2019
Operating costs	$ 1,284	$ 1,500
Selling and marketing expenses	156	240
General and administrative expenses	155	322
	$ 1,595	$ 2,062

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

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

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

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

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

	December 31	
	2020	**2019**
Discount rate	0.375%	0.625%
Expected rate of salary increase	1.250%	1.250%

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

	December 31	
	2020	**2019**
Discount rate		
0.25% increase	$ (3,857)	$ (4,330)
0.25% decrease	$ 3,963	$ 4,455
Expected rate of salary increase		
0.25% increase	$ 3,858	$ 4,345
0.25% decrease	$ (3,774)	$ (4,245)

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

	December 31	
	2020	**2019**
Expected contributions to the plans for the next year	$ 1,486	$ 1,712
Average duration of the defined benefit obligation	7.3 years	7.6 years

21. EQUITY

a. Share capital

Ordinary shares

	December 31 2020	December 31 2019
Number of shares authorized (in thousands)	498,646	498,646
Shares authorized	$ 4,986,460	$ 4,986,460
Number of shares issued and fully paid (in thousands)	404,738	404,738
Shares issued	$ 4,047,380	$ 4,047,380

A holder of issued ordinary share with a par value of $10 is entitled to exercise shareholders' voting rights and to receive distributed dividends.

b. Capital surplus

	December 31 2020	December 31 2019
May be used to offset a deficit, pay cash dividends or increase capital*		
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual acquisition (Note 13)	$ 1	$ -
May be used only to offset a deficit		
Changes in percentage of ownership interests in subsidiaries	8	8
	$ 9	$ 8

* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividend policy

The Company passed an amendment to its articles of incorporation ("Articles") on June 12, 2019, which stipulates that the Company shall consider distribution of earnings or appropriation of earnings to a reserve at the end of the first half of the fiscal year or at the end of the fiscal year. The business report and financial statements should be submitted to the audit committee for review, and to the board of directors for resolution.

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. However, these stipulations shall not apply when the legal reserve amount has reached the authorized capital. The Company should also follow Article 240 of the

Company Act in the case of distribution of earnings in the form of shares; in the case of distribution of earnings in cash, the board of directors is authorized to resolve the distribution of cash dividends; the resolution should be adopted by a majority vote in the meeting of the board of directors attended by two-thirds of all the directors, and then reported to the shareholders' meeting.

According to the Articles, the Company should distribute earnings or make appropriation to a reserve based on financial statements audited or reviewed by an independent accountant.

The Company's Articles stipulate that in the allocation of annual earnings, the Company shall first appropriate 10% of earnings to legal reserve and then appropriate to special reserve amount to cover deduction items in the equity, payment of business tax and to make up for past annual loss. From the remaining amount after the above allocation plus 40%-80% of unappropriated earnings in the previous year, no distribution will be made if the amount is less than NT$0.1 per share but will be retained in the unappropriated earnings. The board of directors shall propose distribution of dividends and the shareholders in their meeting shall approve the proposal. Refer to Note 23 (h), employee benefits, for the revised policy on the remuneration of employees and directors.

The appropriation and distribution of earnings and capital surplus as cash dividend or stock dividend shall be subject to real profit and fund situation in the current year, with consideration of fund for investment and possible dilution of earnings per share. The allocation for stock dividend shall be limited to 20% of the issued stock. In case there is deduction item in equity, the deduction item shall be first offset with earnings or capital surplus before making the appropriation and allocation. When equity deduction item is reversed, the reversed amount shall be allocated to capital surplus. The allocation of capital surplus shall be accounted in the current year and passed in the general meeting of shareholders in the next year.

The Company shall appropriate to or reverse from special reserve pursuant to the provisions set forth in the Letter No. Jin-Kuang-Fa-Tzi No. 1010012865, Letter No. Jin-Kuang-Fa-Tzi No. 1010047490 and "Following the adoption of International Financial Reporting Standards, questions and answers on special reserve". When a deduction item in equity is reversed, the reversed amount may be allocated to capital surplus.

Legal reserve shall be appropriated until its balance reaches the gross amount of paid-in capital of the Company. Legal reserve shall be used to offset loss. If there is no loss, legal reserve in excess of 25% of the total paid-in capital may be transferred to capital or distributed in cash.

In their meeting on June 12, 2019, the Company's shareholders adopted a loss recovery plan for 2018 and there was no distribution of dividends.

On November 12, 2019, the Company's board of directors decided not to distribute dividends from the first half of 2019.

The appropriations of 2019 earnings have been resolved in the board of directors' meeting held on March 24, 2020 and approved in the shareholders' meeting held on June 18, 2020. The appropriation of earnings and dividend per share were as follows:

	Appropriation of Earnings	**Dividend Per Share**
Legal reserve	$ 4,590	
Special reserve	(3,121)	
Cash dividends	60,711	$0.15

On November 11, 2020, the Company's board of directors adopted the results of operations for the first half of 2020 and decided not to distribute dividends.

The appropriation of earnings and dividend per share for 2020 that were approved in the board of directors' meeting on March 26, 2021 were as follows:

	Appropriation of Earnings	Dividend Per Share
Legal reserve	$ 39,625	
Cash dividends	283,317	$0.70

The above appropriation for cash dividends had been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 16, 2021.

d. Special reserve

	For the Year Ended December 31	
	2020	2019
Beginning at January 1	$ 17,256	$ 17,376
Reversals:		
Reversal of the debits to other equity items	(3,121)	(120)
Balance at December 31	$ 14,135	$ 17,256

Upon initial application of IFRS, the conversion adjustments of $14,135 thousand were transferred to retained earnings, and the same amount was appropriated to special reserve.

e. Other equity items

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 7,450	$ 7,660
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	25	(210)
Balance at December 31	$ 7,475	$ 7,450

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ (3,444)	$ (10,781)
Recognized for the year		
Unrealized gain (loss) - equity instruments	2,114	18,855
Share from subsidiaries accounted for using the equity method	(93)	23,948
Other comprehensive income recognized for the year	2,021	42,803
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	(1,597)	(35,466)
Balance at December 31	$ (3,020)	$ (3,444)

22. REVENUE

a. Segmentation of customer contract revenue

	For the Year Ended December 31	
	2020	2019
Cement	$ 2,211,093	$ 1,941,630
Stone materials	643,862	559,145
Others	427,194	430,472
	$ 3,282,149	$ 2,931,247

b. Balance of assets and liabilities related to the sales contracts

	December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable (Note 10)	$ 487,705	$ 413,731	$ 252,051
Notes receivable from related parties (Note 10)	$ 26,948	$ 59,119	$ 39,352
Trade receivables (Note 10)	$ 74,085	$ 92,559	$ 87,740
Trade receivables from related parties (Note 10)	$ 18,868	$ 64,786	$ 36,969
Contract liability			
Cement sales	$ 342,967	$ 267,633	$ 199,333

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

The amount of contract liability at the beginning of the year with performance obligation satisfied and revenue recognized in the current year was as follows:

	For the Year Ended December 31	
	2020	2019
Contract liability at the beginning of the year		
Cement sales	$ 267,633	$ 199,333

23. NET PROFIT

a. Other operating income and expenses

	For the Year Ended December 31	
	2020	2019
Gains on disposals of property, plant and equipment	$ 80	$ 4,120

b. Interest income

	For the Year Ended December 31	
	2020	2019
Bank deposits	$ 2,041	$ 2,932

c. Other income

	For the Year Ended December 31	
	2020	2019
Revenue from dividends	$ 3,720	$ 5,169
Others	6,672	4,268
	$ 10,392	$ 9,437

d. Other expenses

	For the Year Ended December 31	
	2020	2019
Depreciation of leased assets	$ 6,150	$ 6,207
Others	2,673	3,002
	$ 8,823	$ 9,209

e. Interest expense

	For the Year Ended December 31	
	2020	2019
Bank loan	$ 18,513	$ 26,525
Interest on lease liabilities	1,408	1,999
	$ 19,921	$ 28,524

f. Depreciation, amortization and depletion

	For the Year Ended December 31	
	2020	2019
Property, plant and equipment	$ 131,197	$ 175,131
Right-of-use assets	44,407	43,751
Long-term prepaid expenses	12,455	11,748
Limestone mining rights	5	2
	$ 188,064	$ 230,632
Depreciation by function		
Operating costs	$ 124,805	$ 168,142
Operating expenses	44,649	44,533
Non-operating expenses	6,150	6,207
	$ 175,604	$ 218,882

(Continued)

	For the Year Ended December 31	
	2020	2019
Amortization by function		
Operating costs	$ 6,236	$ 5,240
Operating expenses	6,219	6,508
	$ 12,455	$ 11,748
Depletion by function		
Operating costs	$ 5	$ 2

(Concluded)

g. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Post-employment benefits		
Defined contribution plan	$ 8,070	$ 7,766
Defined benefit plan	1,595	2,062
	9,665	9,828
Salary expenses	254,538	216,107
Labor and health insurance costs	22,448	22,973
Other employee benefits	15,256	14,177
Total employee benefits expense	$ 301,907	$ 263,085
An analysis of employee benefits expense by function		
Operating costs	$ 188,995	$ 182,123
Operating expenses	112,912	80,962
	$ 301,907	$ 263,085

h. Compensation of employees and remuneration of directors

The Company shall appropriate 3% and not less than 5% of the profit before and before deduction of compensation of employees and remuneration of directors in the current year. The compensation of employees and the remuneration of directors for the years ended December 31, 2020 and 2019 are estimated as follows:

Accrual rate

	For the Year Ended December 31	
	2020	2019
Compensation of employees	3%	3%
Remuneration of directors	5%	5%

Amount

	For the Year Ended December 31	
	2020	2019
	Cash	Cash
Compensation of employees	$ 13,583	$ 1,542
Remuneration of directors	22,638	2,570

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on compensation of employees and remuneration of directors resolved by the Company's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2020	2019
Foreign exchange gains	$ 2,745	$ 3,665
Foreign exchange losses	(518)	(1,769)
	$ 2,227	$ 1,896

24. INCOME TAXES

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

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	$ 21,396	$ 1,380
Adjustments for prior year	7	(2)
	21,403	1,378
Deferred tax		
In respect of the current year	2,873	-
Income tax expense recognized in profit or loss	$ 24,276	$ 1,378

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2020	2019
Profit before tax	$ 416,545	$ 47,283
Income tax expense calculated at the statutory rate	$ 83,309	$ 9,457
Nondeductible expenses (nontaxable income) in determining taxable income	(20,218)	2,240
Land value increment tax	565	-
Unrecognized deductible temporary differences and loss carryforwards	(35,497)	(8,262)
Tax-exempt income	(3,890)	(3,435)
Basic tax payable difference	-	1,380
Adjustments for prior years' tax	7	(2)
Income tax expense recognized in profit or loss	$ 24,276	$ 1,378

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

b. Current tax assets and liabilities

	December 31	
	2020	2019
Current tax assets		
Tax refund receivable	$ -	$ 17,519
Current tax liabilities		
Income tax payable	$ 20,722	$ 1,201

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Pension limit exceeded	$ 13,174	$ (3)	$ 13,171
Investment loss under equity method	57,295	4,528	61,823
Unrealized inventory valuation loss	13,935	(196)	13,739
Impairment loss on financial assets at FVTOCI	4,700	-	4,700

(Continued)

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Gross profit from advance receipts with an issued bill of lading	$ 2,102	$ 505	$ 2,607
Unrealized foreign exchange loss	2	(2)	-
	91,208	4,832	96,040
Tax loss	10,834	(10,834)	-
	$ 102,042	$ (6,002)	$ 96,040
Deferred tax liabilities			
Temporary differences			
Accelerated depreciation of fixed assets	$ 23,792	$ (3,162)	$ 20,630
Unrealized foreign exchange gain	-	33	33
	$ 23,792	$ (3,129)	$ 20,663

(Concluded)

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Pension limit exceeded	$ 16,050	$ (2,876)	$ 13,174
Investment loss under equity method	43,100	14,195	57,295
Unrealized inventory valuation loss	15,547	(1,612)	13,935
Impairment loss on financial assets at FVTOCI	4,700	-	4,700
Gross profit from advance receipts with an issued bill of lading	387	1,715	2,102
Unrealized foreign exchange loss	(27)	29	2
	79,757	11,451	91,208
Tax loss	32,384	(21,550)	10,834
	$ 112,141	$ (10,099)	$ 102,042
Deferred tax liabilities			
Temporary differences			
Accelerated depreciation of fixed assets	$ 33,847	$ (10,055)	$ 23,792
Unrealized foreign exchange gain	44	(44)	-
	$ 33,891	$ (10,099)	$ 23,792

d. Income tax assessments

The income tax returns of the Company through 2018 have been assessed by the tax authorities and there is no significant difference between the reported amounts and the assessed amounts.

25. EARNINGS PER SHARE

The net profit and the weighted-average number of ordinary shares used to calculate the earnings per share were as follows:

Net Profit

	For the Year Ended December 31	
	2020	**2019**
Net profit for the year	$ 392,269	$ 45,905

Earnings Per Share

(In Thousands of Shares)

	For the Year Ended December 31	
	2020	**2019**
Weighted average number of ordinary shares used in the computation of basic earnings per share	404,738	404,738
Effect of potentially dilutive ordinary shares		
Compensation of employees	1,131	184
Weighted average number of ordinary shares used in the computation of diluted earnings per share	405,869	404,922

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. CASH FLOW INFORMATION

a. Partial cash transactions

The Company entered into the following partial cash investing activities for the years ended December 31, 2020 and 2019:

	For the Year Ended December 31	
	2020	**2019**
Partial cash generated from disposal of financial assets at FVTOCI		
Proceeds from sale of financial assets at fair value through other comprehensive income	$ 28,581	$ 164,872
Changes in receivable from sale of securities (reported as other receivables)	8,577	(21,393)
Cash received	$ 37,158	$ 143,479

(Continued)

	For the Year Ended December 31	
	2020	2019
Partial cash payments for purchase of PP&E		
Acquisition of property, plant and equipment	$ 74,299	$ 17,968
Net changes in prepayment for equipment	2,940	-
Net changes in payable for purchase of land (reported as notes payable)	(30,878)	-
Cash paid	$ 46,361	$ 17,968
Partial cash generated from dividends income		
Dividend income	$ 3,720	$ 5,393
Net changes in dividends receivable (reported as other receivables)	(621)	-
Cash received	$ 3,099	$ 5,393

(Concluded)

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2020

	Balance at January 1, 2020	Cash Flows	Non-cash Changes		Balance at December 31, 2020
			New Lease	Discount Amortization	
Short-term borrowings	$ 226,700	$ (76,700)	$ -	$ -	$ 150,000
Short-term bills payable	99,820	-	-	121	99,941
Long-term borrowings	980,000	(150,000)	-	-	830,000
Guarantee deposits received	30,600	1,903	-	-	32,503
Lease liabilities	117,062	(44,926)	1,887	-	74,023
	$ 1,454,182	$ (269,723)	$ 1,887	$ 121	$ 1,186,467

For the year ended December 31, 2019

	Balance at January 1, 2019	Cash Flows	Non-cash Changes		Balance at December 31, 2019
			New Lease	Discount Amortization	
Short-term borrowings	$ 848,200	$ (621,500)	$ -	$ -	$ 226,700
Short-term bills payable	159,912	(60,000)	-	(92)	99,820
Long-term borrowings	660,000	320,000	-	-	980,000
Guarantee deposits received	29,232	1,368	-	-	30,600
Lease liabilities	156,999	(42,609)	2,672	-	117,062
	$ 1,854,343	$ (402,741)	$ 2,672	$ (92)	$ 1,454,182

27. CAPITAL MANAGEMENT

The Company manages capital by optimizing the debt and equity balance to be able to continue as a going concern and able to pay dividends to shareholders.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

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

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

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 6,290	$ -	$ -	$ 6,290
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	$ 28,213	$ -	$ -	$ 28,213
Unlisted shares	-	-	14,703	14,703
	$ 28,213	$ -	$ 14,703	$ 42,916

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 980	$ -	$ -	$ 980
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	$ 15,962	$ -	$ -	$ 15,962
Unlisted shares	-	-	19,465	19,465
	$ 15,962	$ -	$ 19,465	$ 35,427

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

2) Reconciliation of Level 3 fair value measurements of financial instruments

	Financial Assets at FVTOCI - Equity Instruments	
	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 19,465	$ 18,702
Purchases	4,232	-
Return of shares after capital reduction	(5,125)	-
Sale/settlements	(326)	-
Recognized in other comprehensive income (included in unrealized valuation (loss) gain on financial assets at FVTOCI)	(3,543)	763
Balance at December 31	$ 14,703	$ 19,465

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The asset approach and comparable listed companies approach were used to calculate the fair values of investments in domestic unlisted equity instruments.

The comparable listed companies approach takes into account the transaction prices of shares of listed companies in an active market, the value multiplier implicit in the price and the liquidity discount when evaluating the fair value of the target company.

The asset approach assesses the total market value of individual assets and individual liabilities of the valuation target and considers the reduction of non-controlling interests and a reduction in liquidity to reflect the overall value of the entity or business.

c. Categories of financial instruments

	December 31	
	2020	2019
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ 6,290	$ 980
Financial assets at amortized cost (1)	1,350,761	1,314,555
Financial assets at FVTOCI		
Equity instruments	42,916	35,427
Financial liabilities		
FVTPL		
Amortized cost (2)	1,496,360	1,633,340

1) The balances include financial assets at amortized cost, which comprise cash, financial assets at amortized cost, notes receivable and trade receivables, other receivables and refundable deposits.

2) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term notes and bills payable, notes payable, accounts payable, other payables, long-term borrowings and guarantee deposits received.

d. Financial risk management objectives and policies

The Company's major financial instruments include equity investments, trade receivables, trade payables, borrowings and lease liabilities. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below) and interest rates (see (2) below).

The exposure to market risk of the financial instruments of the Company and the management and measurement of the exposure have not changed.

a) Foreign currency risk

For the carrying amounts of monetary assets denominated in foreign currencies on the balance sheet date, refer to Note 33.

Sensitivity analysis

The Company is mainly exposed to the USD and RMB.

The following table shows the sensitivity analysis of the Company when the exchange rate of the New Taiwan dollar to the relevant foreign currency increases and decreases by 5%. The 5% sensitivity rate is used for reporting currency risk to key management personnel of the Company; the management believes it is the reasonably acceptable range of fluctuation of foreign currency rate. The negative amounts on the table below indicate a decrease in pre-tax income when the New Taiwan dollar strengthens by 5% relative to the relevant currency.

	USD Impact		**RMB Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2020	**2019**	**2020**	**2019**
Profit or loss	$ (6)	$ (46)	$ (359)	$ (347)

The above analysis included cash in banks and financial assets at amortized cost denominated in USD and RMB which are outstanding at end of the reporting period.

b) Interest rate risk

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2020	**2019**
Cash flow interest rate risk		
Financial assets	$ 379,393	$ 342,062
Financial liabilities	1,079,941	1,306,520

Sensitivity analysis

The following sensitivity analysis shows the effect of a 25 basis points change in interest rates of non-derivative instruments at the balance sheet date. The 25 basis points is used in internal reports to key management personnel; it represents the reasonably possible change in interest rates acceptable to the management.

Had interest rates increased/decreased by 25 basis points, the profit before tax in 2020 and 2019 would have decreased/increased by $1,751 thousand and $2,411 thousand, respectively, with all other variables held constant; the non-derivative instruments include floating rate loan, demand deposit and restricted asset.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be equal to the total assets shown on the balance sheets.

The policy of the Company is to only trade with counterparties with high reputation, and to require sufficient guarantee to reduce the financial loss from default.

The following table shows the maximum exposure to endorsement made by the Company:

	December 31			
	2020		2019	
	Carrying Amount	**Largest Exposed Amount**	**Carrying Amount**	**Largest Exposed Amount**
Off-balance sheet commitments and guarantee				
Endorsement for subsidiary	$ -	$ 1,003,815	$ -	$ 703,800

As of December 31, 2020 and 2019, receivable accounts that each has a balance that represents 5% or higher of total receivables, when accumulated account for 42.15% and 45.95%, respectively, of total receivables.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. The Company had available unutilized short-term bank loan facilities set out in (b) below.

a) Liquidity and interest rate risk table

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company is required to pay.

December 31, 2020

	Weighted-average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities		$ 156,920	$ 226,591	$ 15,458	$ 750	$ 16,700
Lease liabilities	1.55-1.68	7,858	2,443	24,567	41,458	-
Variable interest rate liabilities	1.50	289,941	40,000	210,000	540,000	-
		$ 454,719	$ 269,034	$ 250,025	$ 582,208	$ 16,700

December 31, 2019

	Weighted-average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities		$ 142,446	$ 148,765	$ 14,582	$ 257	$ 18,200
Lease liabilities	1.55	8,233	3,036	33,065	75,246	-
Variable interest rate liabilities	1.79	49,946	49,874	536,700	670,000	-
		$ 200,625	$ 201,675	$ 584,347	$ 745,503	$ 18,200

b) Financing facilities

	December 31	
	2020	2019
Unsecured facilities		
Amount used	$ 491,543	$ 410,000
Amount unused	160,665	625,896
	$ 652,208	$ 1,035,896
Secured facilities		
Amount used	$ 650,000	$ 896,700
Amount unused	1,424,800	793,100
	$ 2,074,800	$ 1,689,800

29. TRANSACTIONS WITH RELATED PARTIES

a. Related party name and category

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

Related Party Name	Related Party Category
Subsidiary	
Dasheng Enterprise	Subsidiary of the Company
Luckicon Ready-mixed Co.	Subsidiary of the Company
Lucky Cement Japan	Subsidiary of the Company
Luckyship Co.	Subsidiary of the Company
Fuyu Development Co., Ltd.	Subsidiary of Luckicon Ready-mixed Co.
Other related party	
Yung-Sheng Development Enterprise Co., Ltd. ("Yung-Sheng Development")	The chairman is also the chairman of the Company
Liang-Chuan Cultural and Educational Foundation ("Liang-Chuan Foundation")	The chairman is also the chairman of the Company
Fudong Freight Co., Ltd. ("Fudong Freight")	The chairman is first-degree relative of the chairman of the Company
East Life Biotech Co., Ltd. ("East Life Biotech")	The chairman is also the Company the chairman of the Company
Jia Fu Entertainment Co., Ltd. ("Jia Fu Entertainment")	The chairman is first-degree relative of the chairman of the Company
Wantong Product Insurance Brokerage Co., Ltd. ("Wantong Product Insurance")	The chairman is first-degree relative of the chairman of the Company
Lucky Construction Co., Ltd. ("Lucky Construction")	The chairman is first-degree relative of the chairman of the Company
Kuochuan Development Co., Ltd. ("Kuochuan Development")	The chairman is first-degree relative of the chairman of the Company
Changheng Investment Co. ("Changheng Investment")	The company is major shareholder of the Company
Jinli Investment Co., Ltd. ("Jinli Investment")	The company is major shareholder of the Company
Fuan Mining Co., Ltd. ("Fuan Mining")	A manger in the company is spouse of a first-degree relative of the chairman of the Company

b. Business transaction

Line Item	Related Party Name	For the Year Ended December 31 2020	2019
Sale of goods	Subsidiary	$ 605,122	$ 641,814
	Other related parties	905	7
		$ 606,027	$ 641,821
Purchases of goods	Fuan Mining	$ 297,363	$ 253,837
	Subsidiary	1,598	2,861
	Other related parties	41,671	39,682
		$ 340,632	$ 296,380

(Continued)

For the Year Ended December 31

Line Item	Related Party Name	2020	2019
Operating costs - transportation expenses	Subsidiary	$ 19,248	$ 7,523
	Other related parties	46,730	15,713
		$ 65,978	$ 23,236
Operating costs - manufacturing expenses	Other related parties	$ 307	$ -
Operating expenses	Other related parties	$ 2,698	$ 2,599
Non-operating income - other revenue	Other related parties	$ 1,200	$ 1,200

(Concluded)

The prices of purchases and sales between the Company and related parties are negotiated separately, and the period of receipt and payment is comparable to that of non-related parties.

c. Receivables from related parties

Line Item	Related Party Name	December 31 2020	December 31 2019
Notes receivable	Luckicon Ready-mixed Co.	$ 26,948	$ 58,913
	Subsidiary	-	7
	Other related parties	-	199
		$ 26,948	$ 59,119
Trade receivables	Luckicon Ready-mixed Co.	$ 18,868	$ 64,786
Other payables - current (excluding loan from related parties)	Subsidiary	$ 147	$ 130
	Other related parties	6	16
		$ 153	$ 146

The outstanding trade receivables from related parties are unsecured. As of December 31, 2020 and 2019, no impairment losses were recognized for trade receivables from related parties.

d. Payables to related parties

Line Item	Related Party Name	December 31 2020	December 31 2019
Notes payable	Fuan Mining	$ 23,763	$ 28,810
	Other related parties	7,833	2,000
	Subsidiary	1,039	13
		$ 32,635	$ 30,823

(Continued)

December 31

Line Item	Related Party Name	2020	2019
Trade payables	Fuan Mining	$ 16,876	$ 26,000
	Other related parties	3,130	6,138
		$ 20,006	$ 32,138
Other payables	Subsidiary	$ 1,001	$ 2,779
	Other related parties	8,289	1,281
		$ 9,290	$ 4,060

(Concluded)

The outstanding trade payables to related parties are unsecured.

e. Contract liabilities

	December 31	
Related Party Name	**2020**	**2019**
Subsidiary	$ 9,872	$ 8,201

f. Refundable deposits

	December 31	
Related Party Name	**2020**	**2019**
Dasheng Enterprise	$ 159,000	$ 159,000

g. Acquisition of property, plant and equipment

	Purchase Price	
	For the Year Ended December 31	
Related Party Name	**2020**	**2019**
Subsidiary	$ 680	$ -

The Company purchased transportation equipment from its subsidiary, and the purchase price was negotiated.

h. Lease arrangements

<u>Lease arrangements - the Company is lessor under operating leases</u>

Future lease payments receivable are as follows:

	December 31	
Related Party Name	**2020**	**2019**
Fuyu Development	$ 8,136	$ 8,060
Fudong Freight	1,968	2,323
Subsidiary	1,891	1,861
Other related parties	144	132
	$ 12,139	$ 12,376

Lease income was as follows:

Related Party Name	For the Year Ended December 31 2020	2019
Fuyu Development	$ 8,060	$ 8,060
Fudong Freight	2,323	2,274
Subsidiary	1,861	1,861
Other related parties	132	132
	$ 12,376	$ 12,327

The rental amounts and collection methods are negotiated.

i. Loans from related parties (including interest receivable)

Line Item	Related Party Name	December 31 2020	2019
Other receivables related parties	Dasheng Enterprise	$ 61,236	$ 47,433
	Luckyship Co.	9	12,016
		$ 61,245	$ 59,449
Interest revenue	Subsidiary	$ 948	$ 1,449

The Company provides loans to its subsidiaries. The interest rate ranges were 1.68%-1.91% and 1.79%-1.88% in 2020 and 2019, respectively.

j. Endorsement guarantee

	Related Party Name	December 31 2020	2019
Endorsement guarantee for others	Subsidiary	$ 1,003,815	$ 703,800

k. Remunerations of key management personnel

Type of Remuneration	For the Year Ended December 31 2020	2019
Short-term employee benefits	$ 38,641	$ 16,752
Post-employment benefits	429	386
	$ 39,070	$ 17,138

The remuneration of directors and key executives is determined by the remuneration committee based on the performance of individuals and market trends.

30. ASSETS PLEDGED AS COLLATERAL

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

	December 31	
	2020	2019
Property, plant and equipment - long-term guarantee	$ 732,873	$ 745,001
Restricted assets (reported as financial assets at amortized cost - current)		
Short-term guarantee	65,000	83,261
Restricted assets (reported as financial assets at amortized cost - non-current)		
Mining rights guarantee	164,062	106,908
	$ 961,935	$ 935,170

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

a. As of December 31, 2020, the Company has signed a contract for purchase of transportation equipment; the unpaid amount is $270,705 thousand.

b. As of December 31, 2020 and 2019, unused letters of credit for purchases of raw materials amounted to approximately $61,543 thousand and $0, respectively.

32. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than the functional currency of the Company and the related exchange rates between foreign currencies and functional currency were as follows:

(In Thousands of New Taiwan Dollars and Foreign Currencies)

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 5	28.48 (USD:NTD)	$ 129
RMB	1,641	4.3770 (RMB:NTD)	7,181
JPY	26	0.2763 (JPY:NTD)	7
Non-monetary items - investments accounted for using equity method			
JPY	89,942	0.2763 (JPY:NTD)	24,851

December 31, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 31	29.98 (USD:NTD)	$ 925
RMB	1,610	4.3050(RMB:NTD)	6,930
JPY	26	0.276 (JPY:NTD)	7
Non-monetary items - investments accounted for using equity method			
JPY	89,051	0.276 (JPY:NTD)	24,578

Foreign exchange gains (realized and unrealized) of the Company in 2020 and 2019 were $2,227 thousand and $1,896 thousand, respectively. Because of the variety of foreign currency transactions, it is not practical to disclose exchange gains and losses by foreign currency.

34. ADDITIONAL DISCLOSURES

a. Information about significant transactions:

1) Financing provided to others: Please see Table 1 attached;

2) Endorsements/guarantees provided: Please see Table 2 attached;

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Please see Table 3 attached;

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None;

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: Please see Table 4 attached;

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None;

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please see Table 5 attached;

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None;

9) Trading in derivative instruments: None;

b. Information on investees: Please see Table 6 attached.

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: None;

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: None.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: None.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None.

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds: None.

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Please see Table 7 attached.

TABLE 1

LUCKY CEMENT CO.

FINANCINGS PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

No.	Financing Company	Counterparty	Financial Statement Account	Maximum Balance in Current Period	Related Party	Ending Balance (Note 4)	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 1)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 3)
													Name	Value		
0	Lucky Cement Co.	Dasheng Enterprise	Other receivables from related parties	$ 200,000	Yes	$ 200,000	$ 61,150	1.6798%	b.	$ -	Operating turnover	$ -	-	-	$ 465,685	$ 1,862,738
		Luckyship Marine Co.	Other receivables from related parties	30,000	Yes	20,000	-	1.6798%	b.	-	Operating turnover	-	-	-	465,685	1,862,738
		Lucky Cement Corp., Japan	Other receivables from related parties	30,000	Yes	-	-	-	b.	-	Operating turnover	-	-	-	465,685	1,862,738
						$ 220,000										
1	Luckicon Ready-mixed Co.,	Dasheng Enterprise	Other receivables from related parties	20,000	Yes	$ -	-	-	b.	-	Operating turnover	-	-	-	128,115	256,229

Note 1: The nature of financing is as follows:

a. Party with business.
b. Party with short-term financing need.

Note 2: Financing of Lucky Cement Co. to a more than 50% owned subsidiary should not be more than 10% of the net value of Lucky Cement Co. at end of year; For a subsidiary that is 20% to 50% owned, loan should not be more than 5% of the net value of Lucky Cement Co. at end of year; for less than 20% owned subsidiary, loan should not be more than 2% of the net value of Lucky Cement Co. at end of year. Financing of Luckicon Ready-mixed Co. should not be more than 20% of net value at end of year.

Note 3: The limit is 40% of net value of the financing company at end of the year.

Note 4: The amount is approved by the board of directors.

TABLE 2

LUCKY CEMENT CO.

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 1)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	Lucky Cement Co.	Dasheng Enterprise	Subsidiary	$ 1,862,738	$ 620,000	$ 620,000	$ 590,000	$ 120,000 (Note 3)	13.31%	$ 2,328,423	Y	-	-	
		Luckicon Ready-mixed Co.	Subsidiary	1,862,738	370,000	370,000	135,000	-	7.95%	2,328,423	Y	-	-	
		Luckyship Marine Co.	Subsidiary	1,862,738	45,000	-	-	-	-	2,328,423	Y	-	-	
		Lucky Cement Corp., Japan	Subsidiary	1,862,738	14,115	13,815	-	-	0.30%	2,328,423	Y	-	-	
						$ 1,003,815								

Note 1: The upper limit that Lucky Cement Co. endorses for single company shall not exceed 10% of the net value of Lucky Cement Co. and shall not exceed 40% of the net value of subsidiary.

Note 2: The endorsement approved in the meeting of shareholders shall not exceed 50% of the net value of Lucky Cement Co.

Note 3: The certificate of deposit of NT$60,000,000 thousand is provided as collateral which is recognized as financial assets at amortized cost - restricted asset.

LUCKY CEMENT CO.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2020				Note
				Shares/Units	Carrying Value	(%)	Fair Value (Notes 1 and 2)	
Lucky Cement Co.	Fund							
	FSITC Global Vedio Gaming & eSports Fund		Financial assets at FVTPL - current	500,000	$ 5,320	-	$ 5,320	
	O-Bank No.1 Real Estate Investment Trust	-	Financial assets at FVTPL - current	100,000	970	-	970	
	Non-listed common stock							
	Jonfeng Mining Co., Ltd	-	Financial assets at FVTOCI - noncurrent	1,494,708	8,879	10.58	8,879	
	WK Technology Fund	-	Financial assets at FVTOCI - noncurrent	1,156,000	5,824	2.22	5,824	
	Listed common stock							
	Taiwan Cement Corp.	-	Financial assets at FVTOCI - current	200,148	8,646	-	8,646	
	Far Eastern New Century Corporation	-	Financial assets at FVTOCI - current	200,000	5,790	-	5,790	
	U-Ming Marine Transport Corporation	-	Financial assets at FVTOCI - current	128,000	4,723	0.02	4,723	
	Winbond Electronics Corp.	-	Financial assets at FVTOCI - current	130,181	3,782	-	3,782	
	United Microelectronics Corporation	-	Financial assets at FVTOCI - current	72,351	3,411	-	3,411	
	Excelsior Medical Co., Ltd.	-	Financial assets at FVTOCI - current	28,628	1,695	0.02	1,695	
	China Development Financial	-	Financial assets at FVTOCI - current	13,496	126	-	126	
	First Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - current	917	20	-	20	
	Capital Securities Corp.	-	Financial assets at FVTOCI - current	875	12	-	12	
	Hua Nan Financial Holdings Co., Ltd.	-	Financial assets at FVTOCI - current	446	8	-	8	
Luckyship Marine Co.	Non-listed common stock							
	Jonfeng Mining Co., Ltd.	-	Financial assets at FVTOCI - noncurrent	49,007	291	0.35	291	
Luckicon Ready-mixed Co.	Fund							
	Mega Danish Covered Mortgage Bond Index Fund	-	Financial assets at FVTPL - current	500,000	5,006	-	5,006	
	TSG Phnom Penh Real Estate Development Fund	-	Financial assets at FVTPL - noncurrent	500	8,734	6.10	8,734	
	Corporate bond							
	The Cathay United Jenai EMC USD Fixed Interest Allocation Bond	-	Financial assets at FVTOCI - current	-	5,913	-	5,913	

Note 1: Financial assets at FVTPL: Fair value is based on the net asset value of funds on December 31, 2020.

Note 2: Financial assets at FVTOCI: Fair value of listed stocks is based on stock closing price on December 31, 2020. Fair value of corporate bond is based on market price on December 31, 2020. Fair value of non-listed stocks is estimated by the fair value evaluation method.

TABLE 4

LUCKY CEMENT CO.

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Luckicon Ready-Mixed Co.	24 lots of land with land serial No. 470, etc. located in Sanjiaopu Shulin District of New Taipei City	March 20, 2020 (Note 1)	$ 590,129 (Note 2)	Paid	Natural person who is not a related party	N/A	-	-	-	$ -	Negotiated based on the appraisal report and later resolved in the board of directors' meeting.	Factory use	N/A

Note 1: It is the date of the resolution of the board of Luckicon Ready-mixed Co.

Note 2: Refer to Note 14(b).

TABLE 5

LUCKY CEMENT CO.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Credit Period	Ending Balance	% to Total	
Lucky Cement Co.	Luckicon Ready-mixed Co.	Subsidiary	Sale	$ (605,122)	(18.44)	About 90 days	Quite	Quite	Accounts receivable $ 18,868 Notes receivable 26,948	20.30 5.24	
	Fuan Mining Co., Ltd.	Other related parties	Purchase	297,363	22.86	About 90 days	Agreed	Quite	Accounts payable (16,876) Notes payable (23,763)	(8.71) (15.99)	

LUCKY CEMENT CO.

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Address	Main Businesses and Products	Original Investment Amount (Note 3)		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized	Note
				December 31, 2020	December 31, 2019	Number of Shares	Percentage of Ownership	Carrying Value			
Lucky Cement Co.	Dasheng Enterprise	14F., No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Real estate sales and lease	$ 2,167,473	$ 2,167,473	157,295,283	99.99	$ 2,280,677	$ (14,061)	$ (14,061)	
	Luckicon Ready-mixed Co.	No. 191, Sec. 1, Meishi Rd., Yangmei Dist., Taoyuan City 326, Taiwan (R.O.C.)	Ready-mixed concrete manufacture and trades	350,000	99,998	47,000,000	100.00	639,954	104,903	104,261 (Note 4)	
	Just Bright Ltd.	Tropic Isle Building, PO Box 438, Road Town, Tortola, British Virgin Islands	Investment business	-	-	50,000	-	-	-	-	Note 2
	Lucky Cement Corp., Japan	Aichi, Japan hekinan Yu Jin-Pu-cho 12 gu	Cement trading	82,300	82,300	6,800	100.00	24,851	248	248	
	Luckyship Marine Co.	13F., No. 237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Shipping agent	88,615	88,615	8,499,994	99.99	34,921	(8,824)	(8,826) (Note 5)	
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	12,571	1,000,000	100.00	8,725	3,911	3,911	

Note 1: The amounts were based on audited financial statements.

Note 2: The Company’s board of directors resolved in its meeting on December 27, 2019 to discontinue the operations of its subsidiary, Just Bright Ltd.; the cancellation is in progress.

Note 3: The original investment amount shown is the amount prior to capital reduction to make up for the losses.

Note 4: The difference is upstream transactions unrealized gain of $642 thousand.

Note 5: The difference is downstream transactions realized loss of $2 thousand.

TABLE 7

LUCKY CEMENT CO.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Changheng Investment Co.	52,631,034	13.00
East Life Biotech Co.	30,378,008	7.50
Jinli Investment Co.	25,230,451	6.23
RI KON Construction Co.	22,658,066	5.59
Yung-Sheng Development Enterprise Co.	22,514,509	5.56
Lucky Construction Co.	22,091,152	5.45

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

6.5 2020 The Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Lucky Cement Co.

Opinion

We have audited the accompanying consolidated financial statements of Lucky Cement Co. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, 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, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FCS) of the Republic of China.

Basis of Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the consolidated financial statements for the year ended December 31, 2020 are as follows:

The Existence of Sales Revenue from Key Customers

The Group's sales revenue mainly comes from merchandise sales of cement, stone materials and other cement subsidiary products. The amount of the sales revenue in 2020 arising from the new key customers or customers whose sales revenue increased over Performance Materiality is NT$687,383,000, as 15% of the total sales revenue. Since the sales revenue from key customers fluctuates and whether the revenue has truly occurred is the presumed significant risk of the ISA, the key audit matters are listed.

Please refer to Note 4 (11) of the consolidated financial statement for accounting policies of the revenue recognition; Note 23 (1) for the disclosure related to the operating revenue.

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

1. Understood the internal control system of the sale of goods and assessed the design and effectiveness of the implementation of the internal control.

2. Gained the summary of sales transactions of the key customers across the year, adjusted and ensured the completeness of related transactions. In addition, selecting the samples from the summary, and reviewing the evidence and vouchers to verify the existence of sales revenue.

3. Obtained the post-period general ledger of sales revenue, inspecting whether significant sales return and allowance incurred, to ensure the accuracy of the revenue recognition.

Other Matter

We have also audited the parent company only financial statements of Lucky Cement Co. as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion.

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

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

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

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion,

forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2020 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hai-Yueh Huang and Chao-Mei Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2021

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Notes 4 and 6)	$ 320,535	4	$ 233,426	3
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	11,296	-	15,562	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	34,126	1	22,038	-
Financial assets at amortized cost - current (Notes 4, 9 and 31)	75,655	1	93,165	1
Notes receivable (Notes 4, 10 and 23)	573,958	7	488,761	7
Notes receivable from related parties (Notes 4, 10, 23 and 30)	235	-	4,972	-
Accounts receivable (Notes 4, 10 and 23)	492,996	6	412,120	6
Accounts receivable from related parties (Notes 4, 10, 23 and 30)	5,764	-	7,450	-
Other receivables (Notes 4, 10 and 30)	15,735	-	88,101	1
Current tax assets (Note 25)	-	-	17,607	-
Inventories (Notes 4, 11 and 31)	3,545,586	44	3,516,072	48
Prepayments (Note 13)	160,658	2	164,806	2
Other current assets (Note 14)	22,734	1	23,068	1
Total current assets	5,259,278	66	5,087,148	69
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	8,734	-	9,598	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	14,994	-	19,733	-
Financial assets at amortized cost - non-current (Notes 4, 9 and 31)	189,742	2	132,588	2
Property, plant and equipment (Notes 4, 15 and 31)	2,223,887	28	1,711,806	24
Right-of-use assets (Notes 4 and 16)	79,560	1	129,591	2
Deferred tax assets (Notes 4 and 25)	120,156	2	127,645	2
Refundable deposits	20,580	-	20,908	-
Other non-current assets (Notes 4 and 17)	110,376	1	89,860	1
Total non-current assets	2,768,029	34	2,241,729	31
TOTAL	$ 8,027,307	100	$ 7,328,877	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 31)	$ 320,000	4	$ 232,700	3
Short-term bills payable (Notes 18 and 31)	189,588	2	219,465	3
Contract liabilities (Note 23)	333,095	4	259,431	4
Notes payable (Note 19)	345,327	4	202,062	3
Notes payable to related parties (Notes 19 and 30)	39,596	1	34,656	-
Accounts payable (Note 19)	241,920	3	124,131	2
Accounts payable to related parties (Notes 19 and 30)	20,006	-	35,532	-
Other payables (Note 20)	208,340	3	142,714	2
Other payables to related parties (Note 30)	78,338	1	1,281	-
Current tax liabilities (Note 25)	46,463	1	2,149	-
Lease liabilities - current (Notes 4 and 16)	37,081	-	50,494	1
Current portion of long-term borrowings (Notes 18 and 31)	290,000	4	310,000	4
Other current liabilities	1,508	-	2,516	-
Total current liabilities	2,151,262	27	1,617,131	22
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 18 and 31)	1,040,000	13	1,170,000	16
Deferred tax liabilities (Notes 4 and 25)	20,663	-	23,792	-
Lease liabilities - non-current (Notes 4 and 16)	43,161	1	80,289	1
Other payables to related parties (Note 30)	45,800	1	45,800	1
Net defined benefit liabilities (Notes 4 and 21)	36,798	-	40,128	1
Guarantee deposits received	32,704	-	30,800	-
Total non-current liabilities	1,219,126	15	1,390,809	19
Total liabilities	3,370,388	42	3,007,940	41
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 22)				
Share capital				
Common stock	4,047,380	50	4,047,380	55
Capital surplus	9	-	8	-
Retained earnings				
Legal reserve	170,899	2	166,309	3
Special reserve	14,135	-	17,256	-
Unappropriated earnings	419,967	6	85,901	1
Total retained earnings	605,001	8	269,466	4
Other equity	4,455	-	4,006	-
Total equity attributable to owners of the Corporation	4,656,845	58	4,320,860	59
NON-CONTROLLING INTERESTS (Note 22)	74	-	77	-
Total equity	4,656,919	58	4,320,937	59
TOTAL	$ 8,027,307	100	$ 7,328,877	100

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

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUES (Notes 4, 23 and 30)				
Sales	$ 4,533,370	100	$ 3,733,161	100
Less: Discounts and allowances	(3,198)	-	(1,465)	-
Total operating revenues	4,530,172	100	3,731,696	100
OPERATING COSTS (Notes 11, 24 and 30)	3,813,497	84	3,432,815	92
GROSS PROFIT	716,675	16	298,881	8
OPERATING EXPENSES (Notes 10, 24 and 30)				
Selling and marketing expenses	119,454	3	114,748	3
General and administrative expenses	138,745	3	105,438	3
Expected credit loss	2,042	-	4,933	-
Total operating expenses	260,241	6	225,119	6
OTHER OPERATING INCOME AND EXPENSES (Note 24)	(8,959)	-	4,120	-
PROFIT FROM OPERATIONS	447,475	10	77,882	2
NON-OPERATING INCOME AND EXPENSES (Notes 15, 24 and 30)				
Interest income	1,591	-	2,072	-
Rental income	8,336	-	8,965	-
Other income	12,349	-	8,930	-
Foreign exchange gain	1,865	-	1,742	-
Fair value changes of financial assets	(538)	-	3,685	-
Gain on disposal of non-current assets held for sale	15,724	1	-	-
Other losses	(10,448)	-	(9,584)	-
Interest expense	(31,946)	(1)	(39,778)	(1)
Total non-operating income and expenses	(3,067)	-	(23,968)	(1)
PROFIT BEFORE INCOME TAX	444,408	10	53,914	1
INCOME TAX EXPENSE (Notes 4 and 25)	(52,139)	(1)	(8,010)	-
NET PROFIT FOR THE YEAR	392,269	9	45,904	1
OTHER COMPREHENSIVE INCOME (LOSS)				

(Continued)

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 21)	2,380	-	5,442	1
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	1,997	-	41,995	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	25	-	(210)	-
Unrealized gain on investments in debt instruments at fair value through other comprehensive income	24	-	808	-
Other comprehensive income for the year, net of income tax	4,426	-	48,035	2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 396,695	9	$ 93,939	3
NET PROFIT ATTRIBUTABLE TO:				
Shareholders of the Parent	$ 392,269	9	$ 45,905	1
Non-controlling interests	-	-	(1)	-
	$ 392,269	9	$ 45,904	1
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Shareholders of the Parent	$ 396,695	9	$ 93,940	3
Non-controlling interests	-	-	(1)	-
	$ 396,695	9	$ 93,939	3
EARNINGS PER SHARE (Note 26)				
Basic	$ 0.97		$ 0.11	
Diluted	$ 0.97		$ 0.11	

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

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation									
			Retained Earnings			Other Equity				
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain on Financial Assets at Fair Value through Other Comprehensive Income	Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2019	$ 4,047,380	$ 8	$ 166,309	$ 17,376	$ (1,032)	$ 7,660	$ (10,781)	$ 4,226,920	$ 78	$ 4,226,998
Appropriation of 2018 earnings										
Special reserve	-	-	-	(120)	120	-	-	-	-	-
Net profit for the year ended December 31, 2019	-	-	-	-	45,905	-	-	45,905	(1)	45,904
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	5,442	(210)	42,803	48,035	-	48,035
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	51,347	(210)	42,803	93,940	(1)	93,939
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Notes 22)	-	-	-	-	35,466	-	(35,466)	-	-	-
BALANCE AT DECEMBER 31, 2019	4,047,380	8	166,309	17,256	85,901	7,450	(3,444)	4,320,860	77	4,320,937
Appropriation of 2019 earnings										
Legal reserve	-	-	4,590	-	(4,590)	-	-	-	-	-
Cash dividends distributed by Lucky Cement Co.	-	-	-	-	(60,711)	-	-	(60,711)	-	(60,711)
Special reserve	-	-	-	(3,121)	3,121	-	-	-	-	-
Net profit for the year ended December 31, 2020	-	-	-	-	392,269	-	-	392,269	-	392,269
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	2,380	25	2,021	4,426	-	4,426
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	394,649	25	2,021	396,695	-	396,695
Difference between consideration and carrying amount of subsidiaries acquired (Notes 12)	-	1	-	-	-	-	-	1	(3)	(2)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Notes 22)	-	-	-	-	1,597	-	(1,597)	-	-	-
BALANCE AT DECEMBER 31, 2020	$ 4,047,380	$ 9	$ 170,899	$ 14,135	$ 419,967	$ 7,475	$ (3,020)	$ 4,656,845	$ 74	$ 4,656,919

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

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 444,408	$ 53,914
Adjustments for:		
Depreciation expense	194,212	238,636
Amortization and depletion expense	12,460	11,750
Expected credit loss recognized on trade receivables	2,042	4,933
Net loss/(gain) on fair value changes of financial assets at fair value through profit or loss	538	(3,685)
Interest expense	31,946	39,778
Interest income	(1,591)	(2,072)
Dividend income	(3,720)	(5,393)
Loss/(gain) on disposal of property, plant and equipment	8,959	(4,120)
Gain on disposal of non-current assets held for sale	(15,724)	-
Gain on lease modification	(10)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	4,592	28,430
Notes receivable	(85,197)	(170,840)
Notes receivable from related parties	4,737	198
Accounts receivable	(82,918)	(154,549)
Accounts receivable from related parties	1,686	3,690
Other receivables	32	3,988
Inventories	(29,514)	94,898
Prepayments	4,148	16,467
Other current assets	334	6,891
Other non-current assets	(102)	(311)
Contract liabilities	73,664	60,625
Notes payable	143,265	53,716
Notes payable to related parties	(3,060)	(8,938)
Accounts payable	117,789	9,272
Accounts payable to related parties	(15,526)	11,992
Other payables	35,093	24,323
Other payables to related parties	7,008	124
Other current liabilities	(1,008)	(1,253)
Net defined benefit liabilities	(950)	(15,256)
Cash generated from operations	847,593	297,208
Interest received	2,441	2,210
Interest paid	(32,119)	(39,831)
Income tax received	14,142	3,160
Net cash generated from operating activities	832,057	262,747
CASH FLOWS FROM INVESTING ACTIVITIES		

(Continued)

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
Purchase of financial assets at fair value through other comprehensive income	(39,221)	(56,924)
Proceeds from sale of financial assets at fair value through other comprehensive income	37,173	197,806
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	5,125	-
Purchase of financial assets at amortized cost	(39,644)	-
Proceeds from sale of financial assets at amortized cost	-	15,067
Proceeds from sale of non-current assets held for sale	20,741	-
Payments for property, plant and equipment	(654,165)	(22,195)
Proceeds from disposal of property, plant and equipment	80	4,120
Decrease in refundable deposits	328	4,281
Decrease in other receivable	65,000	-
Increase in other non-current assets	(18,218)	(14,267)
Other dividends received	3,099	5,393
Net cash (used in) generated from investing activities	(619,702)	133,281
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	87,300	-
Decrease in short-term borrowings	-	(619,951)
Decrease in short-term bills payable	(30,000)	-
Proceeds from long-term borrowings	200,000	320,000
Repayments of long-term borrowings	(350,000)	(11,638)
Increase in guarantee deposits received	1,904	1,369
Increase in notes payable to related parties	8,000	-
Increase in other payable to related parties	70,000	-
Repayment of the principal portion of lease liabilities	(51,753)	(51,014)
Cash dividends paid	(60,711)	-
Acquisition of subsidiary	(2)	-
Net cash used in financing activities	(125,262)	(361,234)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	16	(170)
NET INCREASE IN CASH	87,109	34,624
CASH AT THE BEGINNING OF YEAR	233,426	198,802
CASH AT THE END OF YEAR	$ 320,535	$ 233,426

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

LUCKY CEMENT CO. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Lucky Cement Co. (the "Company") was established in 1974; its main business is production and sale of Portland cement. The Company listed its shares on the Taiwan Stock Exchange in June 1990.

The consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") are presented in Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 26, 2021.

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

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendment to IFRS 16 "Covid-19-Related Rent Concessions"	June 1, 2020

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

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
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, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 4)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 5)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 6)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 7)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 5: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 6: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 7: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within twelve months after the reporting period; and

3) Cash unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

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

The Group is also engaged in construction and development of properties; its operating cycle is longer than 1 year. Its assets and liabilities related to the construction business are not classified as current or non-current under normal operating cycle but presented according to the order of their perceived liquidity to non-liquidity.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company 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 interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

Refer Note 12 and Note 35(6) for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary 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.

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

For the purpose of presenting consolidated financial statements, the financial statements of the Company's foreign operations that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

f. Inventories

Inventories consist of raw materials, supplies and spare parts, finished goods, work-in-process, merchandise and real estate under development and real estate to be developed and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date. The construction cost of property inventories is calculated according to the proportion of an area to the total area of a building floor; the principle is to match construction cost with property sales revenue; operating costs are recognized at the end of the reporting period.

Land for development is classified as real estate to be developed while being prepared for construction, and classified as real estate under development when it is actively being developed and has obtained a construction permit.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

h. Impairment of property, plant and equipment and right-of-use asset

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

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs 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 on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

i. Non-current assets held for sale

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

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Such assets classified as held for sale are not depreciated.

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial asset at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 29.

ii. Financial assets at amortized cost

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

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

A financial asset is credit-impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and investments in debt instruments that are measured at FVTOCI.

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

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

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 181 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes impairment loss or reversal of impairment loss in profit or 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 FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

k. Revenue recognition

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

Revenue from sale of goods

Revenue from sale of goods comes from sales of cement, stone materials and other cement products. Sales of cement, stone materials and other cement products are recognized as revenue when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

l. Leasing

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

m. Borrowing costs

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

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

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments to the benefit plan are recognized as an expense when the employees have rendered service entitling them to the contribution.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past 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 or when the plan amendment or curtailment occurs. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Taxation

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

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

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

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

2) Deferred tax

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

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

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

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

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

3) Current tax and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

The Group did not have critical accounting judgments and key sources of estimation uncertainty that need to be reported.

6. CASH

	December 31	
	2020	2019
Cash on hand and revolving funds	$ 1,432	$ 1,528
Checking accounts and demand deposits	309,601	224,498
Foreign currency demand deposits	9,502	7,400
	$ 320,535	$ 233,426

Market interest rate range for cash in banks at the end of the reporting period is as follows:

	December 31	
	2020	2019
Bank deposits	0.001%-0.35%	0.01%-0.48%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	2019
Current		
Financial assets mandatorily classified as at FVTPL - mutual funds	$ 11,296	$ 15,562
Non-current		
Financial assets mandatorily classified as at FVTPL - mutual funds	$ 8,734	$ 9,598

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2020	2019
Current		
Investments in equity instruments	$ 28,213	$ 15,977
Investments in debt instruments	5,913	6,061
	$ 34,126	$ 22,038
Non-current		
Investments in Equity instruments	$ 14,994	$ 19,733

a. Investments in Equity instruments at FVTOCI

	December 31	
	2020	2019
Current		
Domestic investments-common stock		
Taiwan Cement Corp.	$ 8,646	$ 6
Far Eastern New Century Corporation	5,790	5,970
U-Ming Marine Transport Corporation	4,723	4,301
Winbond Electronics Corp.	3,782	2,545
United Microelectronics Corp.	3,411	1,190
Medigen Biotechnology Corp.	1,695	1,793
China Development Financial Holding	126	131
First Financial Holding Co., Ltd.	20	21
Capital Securities Corp.	12	10
Hua Nan Financial Holdings Co., Ltd.	8	10
	$ 28,213	$ 15,977
Non-current		
Domestic investments-common stock		
Jonfeng Mining Co., Ltd.	$ 9,170	$ 8,443
WK Technology Fund	5,824	6,433
Global Securities Finance Corp.	-	4,857
	$ 14,994	$ 19,733

For information on the above investments, refer to Note 35 Schedule 3 “Marketable Securities Held”.

For other relevant information on financial assets measured at FVTOCI, refer to Note 22(5) and Note 29.

These investments in equity instruments are held for strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing fluctuations in these investments’ fair value in profit or loss would not be consistent with the Group’s strategy of holding these investments for long-term purposes.

Dividends of $3,720 thousand and $5,393 thousand were recognized in 2020 and 2019, respectively.

The Group received return of capital of $5,125 thousand when the invested company reduced capital in 2020.

b. Investments in debt instruments at FVTOCI

	December 31	
	2020	2019
Current		
Domestic investment		
Bond investment	$ 5,913	$ 6,061

The bonds held by the Group have a coupon rate of 3.375%.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2020	2019
Current		
Time deposits with original maturities of more than 3 months	$ 7,155	$ 6,904
Restricted assets	68,500	86,261
	$ 75,655	$ 93,165
Non-current		
Restricted assets	$ 189,742	$ 132,588

a. The interest rates of time deposits with original maturities of more than 3 months were approximately 2.35% and 2.65% per annum as of December 31, 2020 and 2019, respectively.

b. The restricted assets - current are savings deposits and certificate of deposit that are provided as guarantees for bank loan; market interest rate ranges were approximately 0.02%-0.56% and 0.04%-0.81% per annum as of December 31, 2020 and 2019, respectively.

c. The restricted assets - non-current are certificate of deposit in the bank that is pledged as the security of mining right, which has market interest rate range of approximately 0.07%-0.82% and 0.13%-1.07% per annum as of December 31, 2020 and 2019, respectively.

d. Refer to Note 31 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE, TRADE RECEIVABLES, OTHER RECEIVABLES AND OVERDUE RECEIVABLES

	December 31	
	2020	2019
Notes receivable		
At amortized cost		
Gross carrying amount	$ 573,958	$ 488,761
Notes receivable from related parties		
At amortized cost		
Gross carrying amount	$ 235	$ 4,972
Trade receivables		
At amortized cost		
Gross carrying amount	$ 508,199	$ 424,728
Less: Allowance for impairment loss	(15,203)	(12,608)
	$ 492,996	$ 412,120

(Continued)

	December 31	
	2020	2019
Trade receivables from related parties		
At amortized cost		
Gross carrying amount	$ 5,764	$ 7,450
Other receivables		
Sale of securities	$ 12,816	$ 21,393
Deposits	-	65,162
Other	2,919	1,546
	$ 15,735	$ 88,101
Overdue receivables		
Overdue receivables	$ 28,743	$ 32,096
Less: Allowance for impairment loss	(28,743)	(32,096)
	$ -	$ -

(Concluded)

a. Notes receivable

The average credit period of sales of goods is 90-150 days. No interest is charged on notes receivable. In order to minimize credit risk, the management of the Group has delegated a team for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual note receivable at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach under IFRS 9 to measure the loss allowance for notes receivable at an amount equal to lifetime ECLs. The expected credit losses on notes receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, as well as the GDP forecasts 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 loss allowance based on past due status is not further distinguished according to the Group's different customer base. The expected credit loss rate is based on the overdue days of the notes receivable. However, the expected credit loss rate of the Group based on the provision matrix at the end of reporting period was zero because it did not recognize the expected credit losses of the notes receivable.

b. Trade receivables

The average credit period of sales of goods is 90-150 days. No interest is charged on trade receivables. In order to minimize credit risk, the management of the Group has delegated a team for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts.

The Group applies the simplified approach under IFRS 9 to measure the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, as well as the GDP forecasts 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 loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivable, trade receivables, and overdue receivables based on the Group's provision matrix.

December 31, 2020

	Not Past Due	Past Due within 30 Days	Past Due 31 to 60 Days	Past Due 61 to 180 Days	Past Due Over 181 Days	Assessed Individually	Total
Expected credit loss rate	0%-0.19%	4.90%	7.85%	14.32%-58.86%	100%	100%	
Gross carrying amount	$ 1,037,398	$ 14,118	$ 14,077	$ 5,186	$ 4,422	$ 35,699	$ 1,110,900
Loss allowance (Lifetime ECLs)	(726)	(692)	(1,105)	(1,302)	(4,422)	(35,699)	(43,946)
Amortized cost	$ 1,036,672	$ 13,426	$ 12,972	$ 3,884	$ -	$ -	$ 1,066,954

December 31, 2019

	Not Past Due	Past Due within 30 Days	Past Due 31 to 60 Days	Past Due 61 to 180 Days	Past Due Over 181 Days	Assessed Individually	Total
Expected credit loss rate	0%-0.95%	2.77%	4.63%	9.95%-68.60%	100%	100%	
Gross carrying amount	$ 874,277	$ 11,309	$ 8,979	$ 11,682	$ 286	$ 39,052	$ 945,585
Loss allowance (Lifetime ECLs)	(2,684)	(313)	(416)	(1,953)	(286)	(39,052)	(44,704)
Amortized cost	$ 871,593	$ 10,996	$ 8,563	$ 9,729	$ -	$ -	$ 900,881

The movements of the loss allowance of trade receivables and overdue receivables were as follows:

	For the Year Ended December 31	
	2020	**2019**
Balance at January 1	$ 44,704	$ 43,985
Add: Net remeasurement of loss allowance	2,042	4,933
Less: Amounts written-off	(2,800)	(4,214)
Balance at December 31	$ 43,946	$ 44,704

c. Other receivables

Other receivables mainly include proceeds from sales of securities and guarantee deposits. The Group adopted a policy of only dealing with high credit rating entities and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from its own historical trading records to rate its customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group considers the current financial condition of debtors to determine the expected credit losses for debt instrument investments. As December 31, 2020 and 2019, the expected credit loss rate of other receivables was both 0%.

11. INVENTORIES

	December 31	
	2020	2019
Real estate under development and real estate to be developed	$ 3,153,571	$ 3,133,578
Raw materials	234,118	141,493
Finished goods	87,339	107,472
Work in progress	29,975	91,310
Supplies and spare parts	32,633	33,218
Merchandise	7,950	9,001
	$ 3,545,586	$ 3,516,072

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was $3,813,497 thousand and $3,432,815 thousand, respectively. The cost of goods sold included losses on inventory write-downs of $21,986 thousand for the year ended December 31, 2019.

The Group's property appraisal report issued by external experts on each balance sheet date evaluated the net realizable value of the real estate under development and real estate to be developed.

As of December 31, 2020 and 2019, the inventories expected to be recovered after more than 12 months were $3,153,571 thousand and $3,133,578 thousand, which were mainly real estate under development and real estate to be developed.

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

12. SUBSIDIARIES

The entities included in these consolidated financial statements are as follows:

			Percentage of Equity Held December 31		
Investor Company	Subsidiary	Nature of Business	2020	2019	Explanation
Lucky Cement Co.	Dasheng Enterprise Co., Ltd. ("Dasheng Enterprise")	Sale and lease of national residences, commercial buildings, parking lots and industrial areas	99.99	99.99	
	Luckicon Ready-mixed Concrete Factory Co., Ltd. ("Luckicon Ready-mixed Co.")	Production and sales of concrete	100.00	99.99	a.
	Lucky Cement Corp., Japan ("Lucky Cement Japan")	Buy and sell of cement	100.00	100.00	
	Luckyship Marine Co., Ltd ("Luckyship Co.")	Shipping agent	99.99	99.99	
	Just Bright Ltd.	Investment Business	100.00	100.00	b.
Luckicon Ready-mixed Co.	Fuyu Development Co., Ltd.	Earth and stone	100.00	100.00	

Notes:

a. Luckicon Ready-mixed Co. increased its capital by $250,000 thousand on August 15, 2020, and the Company acquired the residual interests for $2 thousand from non-controlling interests in September 2020. After the capital increase, the Company's shareholding in Luckicon Ready-mixed Co. increased from 99.99% to 100%. Luckicon Ready-mixed Co. recognized the difference between the consideration and the adjusted carrying amount of non-controlling interests of $1 thousand under capital surplus.

b. The Company's board of directors resolved in its meeting on December 27, 2019 to discontinue the operations of its subsidiary, Just Bright Ltd., and the cancellation is in process.

13. PREPAYMENTS

	December 31	
	2020	2019
Office supplies	$ 106,920	$ 105,474
Prepaid expenses	44,745	54,366
Prepayments for purchases of materials	8,918	4,837
Other	75	129
	$ 160,658	$ 164,806

14. OTHER CURRENT ASSETS

	December 31	
	2020	2019
Offset against business tax payable	$ 22,733	$ 23,067
Other	1	1
	$ 22,734	$ 23,068

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Electrical Equipment	Transportation Equipment	Other Equipment	Total
Cost							
Balance at January 1, 2020	$ 1,084,102	$ 2,294,349	$ 6,107,551	$ 1,196,322	$ 858,385	$ 499,954	$ 12,040,663
Additions	571,264	-	5,990	-	68,270	5,053	650,577
Reclassification	(5,017)	-	5,098	-	-	14,712	14,793
Disposals	-	(3,596)	(21,340)	-	(49,474)	(2,546)	(76,956)
Net exchange difference	-	93	13	-	1	-	107
Balance at December 31, 2020	$ 1,650,349	$ 2,290,846	$ 6,097,312	$ 1,196,322	$ 877,182	$ 517,173	$ 12,629,184
Accumulated depreciation and impairment							
Balance at January 1, 2020	$ -	$ 1,913,451	$ 5,971,633	$ 1,178,305	$ 772,430	$ 493,038	$ 10,328,857
Depreciation expense	-	53,161	46,745	5,213	33,304	4,536	142,959
Disposals	-	(826)	(13,771)	-	(49,474)	(2,546)	(66,617)
Net exchange difference	-	87	10	-	1	-	98
Balance at December 31, 2020	$ -	$ 1,965,873	$ 6,004,617	$ 1,183,518	$ 756,261	$ 495,028	$ 10,405,297
Carrying amount at December 31, 2020	$ 1,650,349	$ 324,973	$ 92,695	$ 12,804	$ 120,921	$ 22,145	$ 2,223,887
Cost							
Balance at January 1, 2019	$ 1,084,102	$ 2,291,624	$ 6,095,913	$ 1,196,322	$ 918,627	$ 496,420	$ 12,083,008
Additions		3,503	11,731	-	2,641	4,320	22,195
Disposals	-	(85)	-	-	(62,881)	(783)	(63,749)
Net exchange difference	-	(693)	(93)	-	(2)	(3)	(791)
Balance at December 31, 2019	$ 1,084,102	$ 2,294,349	$ 6,107,551	$ 1,196,322	$ 858,385	$ 499,954	$ 12,040,663

(Continued)

Land	Buildings	Machinery and	Electrical	Transportation	Other	Total

			Equipment	Equipment	Equipment	Equipment	
Accumulated depreciation and impairment							
Balance at January 1, 2019	$ -	$ 1,852,828	$ 5,892,324	$ 1,170,392	$ 800,718	$ 490,665	$ 10,206,927
Depreciation expense	-	61,377	79,386	7,913	34,595	3,159	186,430
Disposals	-	(85)	-	-	(62,881)	(783)	(63,749)
Net exchange difference	-	(669)	(77)	-	(2)	(3)	(751)
Balance at December 31, 2019	$ -	$ 1,913,451	$ 5,971,633	$ 1,178,305	$ 772,430	$ 493,038	$ 10,328,857
Carrying amount at December 31, 2019	$ 1,084,102	$ 380,898	$ 135,918	$ 18,017	$ 85,955	$ 6,916	$ 1,711,806

(Concluded)

a. Some additions to machinery and equipment and other equipment were reclassifications from long-term prepaid expenses.

b. The Company proposed to dispose of the idle land at the Puxin factory on March 24, 2020, and signed the contract with non-related parties on April 24, 2020. The land was reclassified as non-current assets held for sale. The Company completed the land transfer process with a net consideration of $20,741 thousand (contract price $21,618 thousand less related fees $877 thousand) and recognized disposal gain was $15,724 thousand.

c. Luckicon Ready-mixed Co. demolished the Wugu plant and related equipment on October 5, 2020, in response to the New Taipei City Urban Development policy, and purchased another land to build a new plant. Its sales orders were transferred to other plants to continue the shipment process. On March 20, 2020, the board of directors of Luckicon Ready-mixed Co. held a meeting and resolved to acquire a total of 24 lots of land with serial number 470 and others located in Sanjiaopu, Shulin District of New Taipei City from non-related parties. The contract price of the land totaled $590,129 thousand. Since the land is classified as for agricultural use, Luckicon Ready-mixed Co. could not obtain the land ownership. Luckicon Ready-mixed Co. signed an agreement with key management personnel of the Company. According to the agreement, the Company's key management personnel acquired part of the land for $19,651 thousand and completed the transfer of ownership as of May 2020.

d. A part of the Group's land use rights reserved for use by the aborigines and for agriculture is temporarily registered in the name of a third person. The trustee had issued an affidavit and mortgaged the land to the Group.

e. The Group's property, plant and equipment are depreciated on a straight-line method over their estimated useful lives as follows:

Buildings	
Main building of plant	35-55 years
Electrical power equipment	10-15 years
Engineering system	3-5 years
Machinery and equipment	2-10 years
Electrical equipment	5-15 years
Transportation equipment	3-10 years
Office equipment	3-10 years

f. For the years ended December 31, 2020 and 2019, the Group evaluated impairment and concluded that the assets had no impairment loss.

g. Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 31.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amount		
Land	$ 21,060	$ 35,847
Buildings	58,341	91,684
Transportation equipment	159	2,060
	$ 79,560	$ 129,591

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ 1,887	$ 13,232
Depreciation charge for right-of-use assets		
Land	$ 16,150	$ 15,979
Buildings	33,202	34,327
Transportation equipment	1,901	1,900
	$ 51,253	$ 52,206

The Group had written off right-of-use assets on lease contracts terminated earlier; the carrying amount written off was $665 thousand, and gain on lease modification was $10 thousand.

b. Lease liabilities

	December 31	
	2020	2019
Carrying amount		
Current	$ 37,081	$ 50,494
Non-current	$ 43,161	$ 80,289

Range of discount rate for lease liabilities was as follows:

	December 31	
	2020	2019
Land	1.55%-1.68%	1.55%
Buildings	1.55%	1.55%
Transportation equipment	1.55%	1.55%

c. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	$ 1,615	$ 1,613
Expenses relating to low-value asset leases	878	2,958
Interest on lease liabilities	1,557	2,144
Principal of lease liabilities	51,753	51,014
Total cash outflow for leases	$ 55,803	$ 57,729

17. OTHER NON-CURRENT ASSETS

	December 31	
	2020	2019
Long-term prepaid expenses	$ 56,723	$ 70,770
Prepayments for business facilities	34,466	-
Net limestone mining rights	18,774	18,779
Net defined benefit assets (Note 21)	413	311
Overdue receivables (Note 10)	-	-
	$ 110,376	$ 89,860

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	2019
Secured borrowings (Note 31)		
Bank loans	$ 105,000	$ 200,000
Unsecured borrowings		
Line of credit borrowings	215,000	32,700
	$ 320,000	$ 232,700

The interest rates of the bank loans were as follows:

	December 31	
	2020	2019
Secured borrowings	1.39%-1.59%	1.60%
Unsecured borrowings	1.25%-1.70%	1.47%-1.70%

b. Short-term bills payable

	December 31 2020	December 31 2019
Commercial paper	$ 190,000	$ 220,000
Less: Unamortized discounts on bills payable	(412)	(535)
	$ 189,588	$ 219,465

Outstanding short-term bills payable were as follows:

December 31, 2020

Guarantee/Promissory Institution	Par Value	Discount Amount	Carrying Amount	Interest Rate
Commercial paper				
Ta Ching Bills Finance Corporation	$ 110,000	$ 251	$ 109,749	1.10%-1.65%
Grand Bills Finance Corporation	80,000	161	79,839	1.28%-1.70%
	$ 190,000	$ 412	$ 189,588	

December 31, 2019

Guarantee/Promissory Institution	Par Value	Discount Amount	Carrying Amount	Interest Rate
Commercial paper				
Ta Ching Bills Finance Corporation	$ 110,000	$ 302	$ 109,698	1.46%-1.70%
Grand Bills Finance Corporation	110,000	233	109,767	1.64%-1.73%
	$ 220,000	$ 535	$ 219,465	

Short-term bills payable are commercial promissory notes guaranteed by bank, and the duration of each note does not exceed 180 days.

For information on assets pledged as collateral of the short-term bills payable, refer to Note 31.

c. Long-term borrowings

	December 31	
	2020	2019
Secured borrowings (Note 31)		
Bank loans	$ 1,050,000	$ 1,250,000
Unsecured borrowings		
Loans from bank	280,000	230,000
Less: Current portion	(290,000)	(310,000)
Long-term borrowings	$ 1,040,000	$ 1,170,000

	Details	December 31 2020	December 31 2019
Secured borrowings			
Taiwan Cooperative Bank	The loan period is from April 12, 2018 to April 12, 2023, with grace period of 2 years. The loan principal is payable over 11 quarters (ending January, April, July, October) with $40 million each quarter and the remaining $60 million payable on maturity date. The repayment started in July 2020.	$ 300,000	$ 500,000
Bank of Taiwan	The loan period is from November 12, 2019 to November 12, 2022. Repayment schedule for the principal is $40 million in February 2020 and the balance payable in 7 quarters (ending February, May, August, November) with $30 million each quarter.	250,000	250,000
O-Bank	The loan period is from November 21, 2017 to November 21, 2022; the principal will be repaid one time on maturity date.	250,000	250,000
O-Bank	The loan period is from December 28, 2017 to December 28, 2022; the principal will be repaid one time on maturity date.	250,000	250,000
Unsecured borrowings			
The Export-Import Bank of the Republic of China	The loan period is from December 7, 2020 to January 7, 2022; the principal will be repaid one time on maturity date.	50,000	-

(Continued)

	Details	December 31 2020	December 31 2019
The Export-Import Bank of the Republic of China	The loan period is from December 14, 2020 to January 14, 2022; the principal will be repaid one time on maturity date.	$ 50,000	$ -
The Export-Import Bank of the Republic of China	The loan period is from June 14, 2019 to July 14, 2020; the principal was paid one time on maturity date.	-	70,000
O-Bank	The original loan period was from April 23, 2018 to April 23, 2020; the principal was due on the maturity date. New borrowing contract with loan period from March 23, 2020 to March 23, 2022 was signed for repayment of previous debt.	80,000	80,000
KGI Bank	Revolving loan; credit period is from September 7, 2020 to September 7, 2022.	50,000	-
KGI Bank	Revolving loan; credit period is from September 7, 2020 to September 7, 2022.	50,000	-
KGI Bank	The loan period is from March 9, 2018 to March 9, 2020; the principal was repaid one time on maturity date.	-	80,000
		1,330,000	1,480,000
Less: Current portions		(290,000)	(310,000)
Long-term borrowings		$ 1,040,000	$ 1,170,000

(Concluded)

The annual interest rates of long-term borrowings were 1.24%-1.72% and 1.40%-1.92% as of December 31, 2020 and 2019, respectively.

19. NOTES PAYABLE AND TRADE PAYABLES

	December 31 2020	December 31 2019
Notes payable		
From operating activities		
Non-related parties	$ 345,327	$ 202,062
Related parties	$ 39,596	$ 34,656
Trade payables		
From operating activities		
Non-related parties	$ 241,920	$ 124,131
Related parties	$ 20,006	$ 35,532

The Group’s notes payable and trade payables (including related parties) arise from operating activities. The average credit period for purchases is 3 months. The Group’s financial risk management policies ensure that all payables are repaid within the pre-agreed credit period.

20. OTHER PAYABLES

	December 31	
	2020	2019
Payables for salaries and bonuses	$ 87,318	$ 48,604
Payables for taxes	34,498	41,599
Payables for purchases of equipment	30,878	-
Payables for utilities expense	18,285	15,536
Payables for maintenance fee	12,570	9,759
Others	24,791	27,216
	$ 208,340	$ 142,714

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company, Dasheng Enterprise, Luckicon Ready-mixed Co., Luckyship Co, and Fuyu Development Co., Ltd. adopted the pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the entities make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group in Japan are members of the retirement benefits program operated by the government of Japan. The subsidiary must allocate a specific percentage of salary costs to the retirement benefit plan to provide funding for the plan. The Group's obligation for this government-operated retirement benefit plan is only to allocate a specific amount.

b. Defined benefit plans

The defined benefit plans adopted by the Company, Dasheng Enterprise, and Luckicon Ready-mixed Co. in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 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.

The amount of the Group's defined benefit plan is included in the balance sheets as follows:

	December 31	
	2020	2019
Present value of funded defined benefit obligation	$ 234,543	$ 255,484
Fair value of plan assets	(198,158)	(215,667)
Net defined benefit liabilities	$ 36,385	$ 39,817

The above net defined benefit liabilities are the net amount of defined benefit assets (reported as other non-current assets) of $413 thousand and $311 thousand and defined benefit liabilities of $36,798 thousand and $40,128 thousand as of December 31, 2020 and December 31, 2019, respectively.

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2019	$ 269,426	$ (208,600)	$ 60,826
Service costs			
Current service costs	1,909	-	1,909
Net interest expense (income)	2,357	(1,833)	524
Recognized in profit or loss	4,266	(1,833)	2,433
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(8,440)	(8,440)
Actuarial (gain) loss			
Changes in financial assumptions	4,676	-	4,676
Experience adjustments	(1,678)	-	(1,678)
Recognized in other comprehensive income	2,998	(8,440)	(5,442)
Contributions from the employer	-	(18,000)	(18,000)
Benefit paid	(21,206)	21,206	-
Balance at December 31, 2019	$ 255,484	$ (215,667)	$ 39,817
Balance at January 1, 2020	$ 255,484	$ (215,667)	$ 39,817
Service costs			
Current service costs	1,598	-	1,598
Net interest expense (income)	1,583	(1,340)	243
Recognized in profit or loss	3,181	(1,340)	1,841
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,541)	(7,541)
Actuarial loss			
Changes in financial assumptions	4,199	-	4,199
Experience adjustments	962	-	962
Recognized in other comprehensive income	5,161	(7,541)	(2,380)
Contributions from the employer	-	(2,893)	(2,893)
Benefit paid	(29,283)	29,283	-
Balance at December 31, 2020	$ 234,543	$ (198,158)	$ 36,385

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plan is as follows:

	For the Year Ended December 31	
	2020	2019
Operating costs	$ 1,436	$ 1,695
Selling and marketing expenses	179	275
General and administrative expenses	226	463
	$ 1,841	$ 2,433

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

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

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

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

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

	December 31	
	2020	**2019**
Discount rate	0.375%	0.625%
Expected rate of salary increase	1.250%	1.250%

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

	December 31	
	2020	**2019**
Discount rate		
0.25% increase	$ (4,199)	$ (4,677)
0.25% decrease	$ 4,316	$ 4,814
Expected rate of salary increase		
0.25% increase	$ 4,202	$ 4,696
0.25% decrease	$ (4,110)	$ (4,586)

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

	December 31	
	2020	**2019**
Expected contributions to the plans for the next year	$ 1,910	$ 1,995
Average duration of the defined benefit obligation	3.7-7.3 years	4.6-7.6 years

22. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2020	2019
Number of shares authorized (in thousands)	498,646	498,646
Shares authorized	$ 4,986,460	$ 4,986,460
Number of shares issued and fully paid (in thousands)	404,738	404,738
Shares issued	$ 4,047,380	$ 4,047,380

A holder of issued ordinary share with a par value of $10 is entitled to exercise shareholders' voting rights and to receive distributed dividends.

b. Capital surplus

	December 31	
	2020	2019
May be used to offset a deficit, pay cash dividends or increase capital*		
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual acquisition (Note 12)	$ 1	$ -
May be used only to offset a deficit		
Changes in percentage of ownership interests in subsidiaries	8	8
	$ 9	$ 8

* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividend policy

The Company passed an amendment to its articles of incorporation ("Articles") on June 12, 2019, which stipulates that the Company shall consider distribution of earnings or appropriation of earnings to a reserve at the end of the first half of the fiscal year or at the end of the fiscal year. The business report and financial statements should be submitted to the audit committee for review, and to the board of directors for resolution.

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. However, these stipulations shall not apply when the legal reserve amount has reached the authorized capital. The Company should also follow Article 240 of the Company Act in the case of distribution of earnings in the form of shares; in the case of distribution of earnings in cash, the board of directors is authorized to resolve the distribution of cash dividends; the resolution should be adopted by a majority vote in the meeting of the board of directors attended by two-thirds of all the directors, and then reported to the shareholders' meeting.

According to the Articles, the Company should distribute earnings or appropriate earnings to a reserve based on the financial statements audited or reviewed by an independent accountant.

The Company's Articles stipulate that in the allocation of annual earnings, the Group shall first appropriate 10% of earnings to legal reserve and then appropriate to special reserve amount to cover deduction items in the equity, payment of business tax and to make up for past annual loss. From the remaining amount after the above allocation plus 40%-80% of unappropriated earnings in the previous year, no distribution will be made if the amount is less than NT$0.1 per share but will be retained in the unappropriated earnings. The board of directors shall propose distribution of dividends and the shareholders in their meeting shall approve the proposal. Refer to Note 24 (8), employee benefits, for the revised policy on the remuneration of employees and directors.

The appropriation and distribution of earnings and capital surplus as cash dividend or stock dividend shall be subject to the real profit and fund situation in the current year, with consideration of fund for investment and possible dilution of earnings per share. The allocation for stock dividend shall be limited to 20% of the issued stock. In case there is deduction item in equity, the deduction item shall be first offset with earnings or capital surplus before making the appropriation and allocation. When equity deduction item is reversed, the reversed amount shall be allocated to capital surplus. The allocation of capital surplus shall be accounted in the current year and passed in the general meeting of shareholders in the next year.

The Company shall appropriate to or reverse from special reserve pursuant to the provisions set forth in the Letter No. Jin-Kuang-Fa-Tzi No. 1010012865, Letter No. Jin-Kuang-Fa-Tzi No. 1010047490 and "Following the adoption of International Financial Reporting Standards, questions and answers on special reserve". When a deduction item in equity is reversed, the reversed amount may be allocated to capital surplus.

Legal reserve shall be appropriated until its balance reaches the gross amount of paid-in capital of the Company. Legal reserve shall be used to offset loss. If there is no loss, legal reserve in excess of 25% of the total paid-in capital may be transferred to capital or distributed in cash.

In their meeting on June 12, 2019, the Company's shareholders adopted a loss recovery plan for 2018 and there was no distribution of dividends.

On November 12, 2019, the Company's board of directors decided not to distribute dividends from the first half of 2019.

The appropriations of 2019 earnings have been resolved in the board of directors' meeting held on March 24, 2020 and approved in the shareholders' meeting held on June 18, 2020. The appropriation of earnings and dividend per share were as follows:

	Appropriation of Earnings	**Dividend Per Share**
Legal reserve	$ 4,590	
Special reserve	(3,121)	
Cash dividends	60,711	$0.15

On November 11, 2020, the Company's board of directors adopted the results of operations for the first half of 2020 and decided not to distribute dividends.

The appropriation of earnings and dividend per share for 2020 that were approved in the board of directors' meeting on March 26, 2021 were as follows:

	Appropriation of Earnings	Dividend Per Share
Legal reserve	$ 39,625	
Cash dividends	283,317	$0.70

The above appropriation for cash dividends had been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 16, 2021.

d. Special reserve

	For the Year Ended December 31	
	2020	2019
Beginning at January 1	$ 17,256	$ 17,376
Reversals:		
Reversal of the debits to other equity items	(3,121)	(120)
Balance at December 31	$ 14,135	$ 17,256

Upon initial application of IFRSs, the conversion adjustments of NT$14,135 thousand were transferred to retained earnings, and the same amount was appropriated to special reserve.

e. Other equity items

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 7,450	$ 7,660
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	25	(210)
Balance at December 31	$ 7,475	$ 7,450

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ (3,444)	$ (10,781)
Recognized for the year		
Unrealized gain (loss) - debt instruments	24	808
Unrealized gain (loss) - equity instruments	1,997	41,995
Other comprehensive income recognized for the year	2,021	42,803
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	(1,597)	(35,466)
Balance at December 31	$ (3,020)	$ (3,444)

f. Non-controlling interest

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 77	$ 78
Attributable to non-controlling interests		
Share of losses for the year	-	(1)
Changes in ownership interest in subsidiaries	(3)	-
Balance at December 31	$ 74	$ 77

23. REVENUE

a. Segmentation of customer contract revenue

	For the Year Ended December 31	
	2020	2019
Cement	$ 2,074,180	$ 1,805,498
Cement products	1,669,310	1,242,991
Stone materials	322,445	281,628
Others	464,237	401,579
	$ 4,530,172	$ 3,731,696

b. Balance of assets and liabilities related to the sales contracts

	December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable (Note 10)	$ 573,958	$ 488,761	$ 317,921
Notes receivable from related parties (Note 10)	$ 235	$ 4,972	$ 5,170
Trade receivables (Note 10)	$ 492,996	$ 412,120	$ 262,504
Trade receivables from related parties (Note 10)	$ 5,764	$ 7,450	$ 11,140
Contract liability			
Cement sales	$ 333,095	$ 259,431	$ 198,806

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

The amount of contract liability at the beginning of the year with performance obligation satisfied and revenue recognized in the current year was is as follows:

	For the Year Ended December 31	
	2020	2019
Contract liability at the beginning of the year		
Cement sales	$ 259,431	$ 198,806

24. NET PROFIT

a. Other operating income and expenses

	For the Year Ended December 31	
	2020	2019
(Loss) gains on disposals of property, plant and equipment	$ (8,959)	$ 4,120

b. Interest income

	For the Year Ended December 31	
	2020	2019
Bank deposits	$ 1,291	$ 1,759
Investments in debt instruments at FVTOCI	300	313
	$ 1,591	$ 2,072

c. Other income

	For the Year Ended December 31	
	2020	2019
Revenue from dividends	$ 3,720	$ 5,393
Others	8,629	3,537
	$ 12,349	$ 8,930

d. Other expenses

	For the Year Ended December 31	
	2020	2019
Depreciation of leased assets	$ 6,150	$ 6,207
Others	4,298	3,377
	$ 10,448	$ 9,584

e. Interest expense

	For the Year Ended December 31	
	2020	2019
Bank loan/related party loans	$ 30,389	$ 37,634
Interest on lease liabilities	1,557	2,144
	$ 31,946	$ 39,778

f. Depreciation, amortization and depletion

	For the Year Ended December 31	
	2020	2019
Property, plant and equipment	$ 142,959	$ 186,430
Right-of-use assets	51,253	52,206
Long-term prepaid expenses	12,455	11,748
Limestone mining rights	5	2
	$ 206,672	$ 250,386
Depreciation by function		
Operating costs	$ 142,625	$ 187,071
Operating expenses	45,437	45,358
Non-operating expenses	6,150	6,207
	$ 194,212	$ 238,636
Amortization by function		
Operating costs	$ 6,236	$ 5,240
Operating expenses	6,219	6,508
	$ 12,455	$ 11,748
Depletion by function		
Operating costs	$ 5	$ 2

g. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Post-employment benefits		
Defined contribution plan	$ 13,062	$ 12,493
Defined benefit plan (Note 21)	1,841	2,433
	14,903	14,926
Other employee benefits	414,942	367,581
Total employee benefits expense	$ 429,845	$ 382,507
An analysis of employee benefits expense by function		
Operating costs	$ 284,195	$ 273,565
Operating expenses	145,650	108,942
	$ 429,845	$ 382,507

h. Compensation of employees and remuneration of directors

The Company shall appropriate 3% and not less than 5% of the profit before tax and before deduction of compensation of employees and remuneration of directors in the current year. The compensation of employees and the remuneration of directors for the years ended December 31, 2020 and 2019 are estimated as follows:

Accrual rate

	For the Year Ended December 31	
	2020	**2019**
Compensation of employees	3%	3%
Remuneration of directors	5%	5%

Amount

	For the Year Ended December 31	
	2020	**2019**
	Cash	**Cash**
Compensation of employees	$ 13,583	$ 1,542
Remuneration of directors	22,638	2,570

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on compensation of employees and remuneration of directors resolved by the Group's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2020	**2019**
Foreign exchange gains	$ 2,853	$ 3,553
Foreign exchange losses	(988)	(1,811)
	$ 1,865	$ 1,742

25. INCOME TAXES

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

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	$ 47,009	$ 2,419
Income tax on unappropriated earnings	684	-
Adjustments for prior year	86	13
	47,779	2,432
Deferred tax		
In respect of the current year	4,360	5,578
Income tax expense recognized in profit or loss	$ 52,139	$ 8,010

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2020	2019
Profit before tax	$ 444,408	$ 53,914
Income tax expense calculated at the statutory rate	$ 88,882	$ 10,783
Nondeductible expenses (nontaxable income) in determining taxable income	(20,488)	2,680
Unrecognized deductible temporary differences and loss carryforwards	(13,700)	(3,411)
Tax-exempt income	(3,890)	(3,435)
Income tax on unappropriated earnings	684	-
Land value increment tax	565	-
Basic tax payable difference	-	1,380
Adjustments for prior years' tax	86	13
Income tax expense recognized in profit or loss	$ 52,139	$ 8,010

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

b. Current tax assets and liabilities

	December 31	
	2020	2019
Current tax assets		
Tax refund receivable	$ -	$ 17,607
Current tax liabilities		
Income tax payable	$ 46,463	$ 2,149

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Pension limit exceeded	$ 18,458	$ (208)	$ 18,250
Investment loss under equity method	57,295	4,528	61,823
Unrealized inventory valuation loss	13,961	(189)	13,772
Unrealized foreign exchange loss	30	53	83
Allowance for impairment loss	6,640	(366)	6,274
Impairment loss on financial assets at FVTOCI	4,700	-	4,700
Gross profit from advance receipts with issued bill of lading	2,102	505	2,607
	103,186	4,323	107,509
Tax loss	24,459	(11,812)	12,647
	$ 127,645	$ (7,489)	$ 120,156
Deferred tax liabilities			
Temporary differences			
Accelerated depreciation of fixed assets	$ 23,792	$ (3,162)	$ 20,630
Unrealized foreign exchange gain	-	33	33
	$ 23,792	$ (3,129)	$ 20,663

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Pension limit exceeded	$ 22,004	$ (3,546)	$ 18,458
Investment loss under equity method	43,100	14,195	57,295
Unrealized inventory valuation loss	15,603	(1,642)	13,961
Unrealized foreign exchange loss	27	3	30
Allowance for impairment loss	7,751	(1,111)	6,640
Impairment loss on financial assets at FVTOCI	5,847	(1,147)	4,700
Gross profit from advance receipts with issued bill of lading	387	1,715	2,102
	94,719	8,467	103,186
Tax loss	48,647	(24,188)	24,459
	$ 143,366	$ (15,721)	$ 127,645

(Continued)

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax liabilities			
Temporary differences			
Accelerated depreciation of fixed assets	$ 33,847	$ (10,055)	$ 23,792
Unrealized foreign exchange gain	88	(88)	-
	$ 33,935	$ (10,143)	$ 23,792

(Concluded)

d. Income tax assessments

The income tax returns through 2018 of the Company and its subsidiaries, Luckicon Ready-mixed Co. and Luckyship Marine Co., have been assessed by the tax authorities and there is no significant difference between the reported amounts and the assessed amounts. The income tax returns through 2019 of Dasheng Enterprise Co. and Fuyu Development Co. have been assessed by the tax authorities and there is no significant difference between the reported amounts and the assessed amounts.

26. EARNINGS PER SHARE

The net profit and the weighted-average number of ordinary shares used to calculate the earnings per share were as follows:

Net Profit

	For the Year Ended December 31	
	2020	2019
Net profit for the year	$ 392,269	$ 45,905

Earnings Per Share

(In Thousands of Shares)

	For the Year Ended December 31	
	2020	2019
Weighted average number of ordinary shares used in the computation of basic earnings per share	404,738	404,738
Effect of potentially dilutive ordinary shares		
Compensation of employees	1,131	184
Weighted average number of ordinary shares used in the computation of diluted earnings per share	405,869	404,922

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

27. CASH FLOW INFORMATION

The following are the Group's non-cash investing activities which were not reflected in the consolidated statements of cash flows for the years ended December 31, 2020 and 2019:

	For the Year Ended December 31	
	2020	**2019**
Partial cash generated from disposal of financial assets at FVTOCI		
Proceeds from sale of financial assets at fair value through other comprehensive income	$ 28,596	$ 219,199
Changes in receivable from sale of securities (reported as other receivables)	8,577	(21,393)
Cash received	$ 37,173	$ 197,806
Partial cash payments for purchase of PP&E		
Acquisition of property, plant and equipment	$ 650,577	$ 22,195
Net changes in prepayments for business facilities	34,466	-
Net changes in payable for purchase of land (reported as notes payable)	(30,878)	-
Cash paid	$ 654,165	$ 22,195
Partial cash generated from disposal of PP&E		
Proceeds from disposal of property, plant and equipment	$ 1,380	$ 4,120
Changes in receivable from sale of property, plant and equipment (reported as other receivables)	(1,300)	-
Cash received	$ 80	$ 4,120
Partial cash generated from dividends income		
Dividend income	$ 3,720	$ 5,393
Net changes in dividends receivable (reported as other receivables)	(621)	-
Cash received	$ 3,099	$ 5,393

Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2020

			Non-cash Changes				
	January 1, 2020	Cash Flows	New Lease	Lease Decrease	Discount Amortization	Others	Balance at December 31, 2020
Short-term borrowings	$ 232,700	$ 87,300	$ -	$ -	$ -	$ -	$ 320,000
Short-term bills payable	219,465	(30,000)	-	-	123	-	189,588
Long-term borrowings	1,480,000	(150,000)	-	-	-	-	1,330,000
Other payables to related parties	47,081	70,000	-	-	-	7,057	124,138
Guarantee deposits received	30,800	1,904	-	-	-	-	32,704
Lease liabilities	130,783	(51,753)	1,887	(675)	-	-	80,242
	$ 2,140,829	$ (72,549)	$ 1,887	$ (675)	$ 123	$ 7,057	$ 2,076,672

For the year ended December 31, 2019

	Balance at January 1, 2019	Cash Flows	Non-cash Changes: New Lease	Non-cash Changes: Discount Amortization	Others	Balance at December 31, 2019
Short-term borrowings	$ 852,651	$ (619,951)	$ -	$ -	$ -	$ 232,700
Short-term bills payable	219,736	-	-	(271)	-	219,465
Long-term borrowings	1,171,638	308,362	-	-	-	1,480,000
Other payables to related parties	46,957	-	-	-	124	47,081
Guarantee deposits received	29,431	1,369	-	-	-	30,800
Lease liabilities	168,565	(51,014)	13,232	-	-	130,783
	$ 2,488,978	$ (361,234)	$ 13,232	$ (271)	$ 124	$ 2,140,829

28. CAPITAL MANAGEMENT

The Group manages capital by optimizing the debt and equity balance to be able to continue as going concerns and able to pay dividends to shareholders.

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

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

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

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 11,296	$ -	$ 8,734	$ 20,030
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	$ 28,213	$ -	$ -	$ 28,213
Unlisted shares	-	-	14,994	14,994
Investments in debt instruments				
Corporate bonds	5,913	-	-	5,913
	$ 34,126	$ -	$ 14,994	$ 49,120

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 15,562	$ -	$ 9,598	$ 25,160
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	$ 15,977	$ -	$ -	$ 15,977
Unlisted shares	-	-	19,733	19,733
Investments in debt instruments				
Corporate bonds	6,061	-	-	6,061
	$ 22,038	$ -	$ 19,733	$ 41,771

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

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2020

	Financial Assets at FVTPL - Beneficiary Certificates	Financial Assets at FVTOCI - Equity Instruments	Total
Balance at January 1, 2020	$ 9,598	$ 19,733	$ 29,331
Purchases	-	4,371	4,371
Return of shares after capital reduction	-	(5,125)	(5,125)
Sale/settlements	-	(326)	(326)
Recognized in profit or loss (included in loss on financial assets at FVTPL)	(864)	-	(864)
Recognized in other comprehensive income (included in unrealized valuation loss on financial assets at FVTOCI)	-	(3,659)	(3,659)
Balance at December 31, 2020	$ 8,734	$ 14,994	$ 23,728

For the year ended December 31, 2019

	Financial Assets at FVTPL - Beneficiary Certificates	Financial Assets at FVTOCI - Equity Instruments	Total
Balance at January 1, 2019	$ 6,535	$ 19,015	$ 25,550
Recognized in profit or loss (included in gain on financial assets at FVTPL)	3,063	-	3,063
Recognized in other comprehensive income (included in unrealized valuation gain on financial assets at FVTOCI)	-	718	718
Balance at December 31, 2019	$ 9,598	$ 19,733	$ 29,331

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair value of privately offered fund is based on the net asset value provided by the fund company.

The asset approach and comparable listed companies approach were used to calculate the fair values of investments in domestic unlisted equity instruments.

The comparable listed companies approach takes into account the transaction prices of shares of listed companies in an active market, the value multiplier implicit in the price, and the liquidity discount when evaluating the fair value of the target company.

The asset approach assesses the total market value of individual assets and individual liabilities of the valuation target and considers the reduction of non-controlling interests and a reduction in liquidity to reflect the overall value of the entity or business.

c. Categories of financial instruments

	December 31	
	2020	2019
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ 20,030	$ 25,160
Financial assets at amortized cost (1)	1,695,200	1,481,491
Financial assets at FVTOCI		
Equity instruments	43,207	35,710
Debt instruments	5,913	6,061
Financial liabilities		
FVTPL		
Amortized cost (2)	2,729,803	2,458,938

1) The balances include financial assets at amortized cost, which comprise cash, financial assets at amortized cost, notes receivable, trade receivables, other receivables and refundable deposits.

2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, accounts payable, other payables (excluding salaries, bonuses and taxes), long-term borrowings and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivables, trade payables, borrowings and lease liabilities. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below) and interest rates (see (2) below).

The exposure to market risk of the financial instruments of the Group and the management and measurement of the exposure have not changed.

a) Foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets (including those eliminated on consolidation) at the end of the year are set out in Note 34.

Sensitivity analysis

The Group is mainly exposed to the USD and RMB.

The following table shows the sensitivity analysis of the Group when the exchange rate of the New Taiwan dollar to the relevant foreign currency increases and decreases by 5%. The 5% sensitivity rate is used for reporting currency risk to key management personnel of the Group; the management believes it is the reasonably acceptable range of fluctuation of foreign currency rate. The positive (negative) amounts on the table below indicate an increase (decrease) in pre-tax income and equity amount when the New Taiwan dollar weakens (strengthens) by 5% relative to the relevant currency.

	USD Impact		**RMB Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2020	**2019**	**2020**	**2019**
Profit or loss	$ 1,062	$ (419)	$ (359)	$ (347)
Equity	(296)	(303)	-	-

The above analysis included cash in banks, financial assets at FVTPL, financial assets at amortized cost, financial assets at FVTOCI and bank loans denominated in USD and RMB which are outstanding at the end of the reporting period.

b) Interest rate risk

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

	December 31	
	2020	2019
Cash flow interest rate risk		
Financial assets	$ 456,409	$ 386,965
Financial liabilities	1,917,588	1,932,165

Sensitivity analysis

The following sensitivity analysis shows the effect of a 25 basis points change in interest rates of non-derivative instruments at the balance sheet date. The 25 basis points sensitivity is used in internal reports to key management personnel; it represents the reasonably possible change in interest rates acceptable to the management.

Had interest rates increased/decreased by 25 basis points, the profit before tax in 2020 and 2019 would have decreased/increased by $3,653 thousand and $3,863 thousand, respectively, with all other variables held constant; the non-derivative instruments include floating rate loan, demand deposit and restricted asset.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total assets shown on the balance sheets.

The policy of the Group is to only trade with counterparties with high reputation, and to require sufficient guarantee to reduce the financial loss from default. The Group transacts with a large number of unrelated customers and thus, credit risk is not highly concentrated.

The following table shows the maximum exposure to endorsement made by the Group:

	December 31			
	2020		2019	
	Carrying Amount	Largest Exposed Amount	Carrying Amount	Largest Exposed Amount
Off-balance sheet commitments and guarantee				
Endorsement for subsidiary	$ -	$ 1,003,815	$ -	$ 703,800

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. The Group had available unutilized short-term bank loan facilities set out in (b) below.

a) Liquidity and interest rate risk table

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group is required to pay.

December 31, 2020

	Weighted-average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities		$ 381,225	$ 347,293	$ 20,447	$ 750	$ 62,500
Lease liabilities	1.55-1.68	8,158	3,043	27,267	44,158	-
Variable interest rate liabilities	1.63	297,941	129,647	450,000	1,040,000	-
		$ 687,324	$ 479,983	$ 497,714	$ 1,084,908	$ 62,500

December 31, 2019

	Weighted-average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities		$ 260,664	$ 180,887	$ 20,765	$ 457	$ 64,000
Lease liabilities	1.55	8,870	4,311	38,803	81,546	-
Variable interest rate liabilities	1.82	1,000	124,645	636,520	1,170,000	-
		$ 270,534	$ 309,843	$ 696,088	$ 1,252,003	$ 64,000

b) Financing facilities

	December 31	
	2020	2019
Unsecured facilities		
Amount used	$ 556,543	$ 410,000
Amount unused	160,665	625,896
	$ 717,208	$ 1,035,896
Secured facilities		
Amount used	$ 1,345,000	$ 1,602,050
Amount unused	1,819,800	1,266,551
	$ 3,164,800	$ 2,868,601

30. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

a. Related parties

Related Party Name	Related Party Category
Other related party	
Yung-Sheng Development Enterprise Co., Ltd. ("Yung-Sheng Development")	The chairman is also the chairman of the Company
Liang-Chuan Cultural and Educational Foundation ("Liang-Chuan Foundation")	The chairman is also the chairman of the Company
Fudong Freight Co., Ltd. ("Fudong Freight")	The chairman is first-degree relative of the chairman of the Company
East Life Biotech Co., Ltd. ("East Life Biotech")	The chairman is also the chairman of the Company
Jia Fu Entertainment Co., Ltd. ("Jia Fu Entertainment")	The chairman is first-degree relative of the chairman of the Company
Wantong Product Insurance Brokerage Co., Ltd. ("Wantong Product Insurance")	The chairman is first-degree relative of the chairman of the Company
Lucky Construction Co., Ltd. ("Lucky Construction")	The chairman is first-degree relative of the chairman of the Company
Kuochuan Development Co., Ltd. ("Kuochuan Development")	The chairman is first-degree relative of the chairman of the Company
Changheng Investment Co. ("Changheng Investment")	The company is major shareholder of the Company
Jinli Investment Co., Ltd. ("Jinli Investment")	The company is major shareholder of the Company
Cheng Haibin	The person is third-degree relative of the chairman of the Company
Fuan Mining Co., Ltd. ("Fuan Mining")	A manager in the company is spouse of a first-degree relative of the chairman of the Company

b. Business transaction

		For the Year Ended December 31	
Line Item	**Related Party Name**	**2020**	**2019**
Sale of goods	Other related parties	$ 84,450	$ 72,797
Purchases of goods	Fuan Mining	$ 297,363	$ 253,837
	Other related parties	52,422	53,160
		$ 349,785	$ 306,997
Operating costs - transportation expenses	Other related parties	$ 46,730	$ 15,713
Operating costs - manufacturing expenses	Other related parties	$ 307	$ -
Operating expenses	Other related parties	$ 2,987	$ 2,862
Other income	Other related parties	$ 586	$ -

The prices of purchases and sales between the Group and related parties are negotiated separately, and the period of receipt and payment is comparable to that of non-related parties.

c. Receivables from related parties

Line Item	Related Party Name	December 31 2020	December 31 2019
Notes receivable	Fudong Freight	$ 235	$ 199
	Yung-Sheng Development	-	4,773
		$ 235	$ 4,972
Trade receivables	Fuan Mining	$ 4,651	$ 7,342
	Yung-Sheng Development	1,113	108
		$ 5,764	$ 7,450
Other receivables	Other related parties	$ 313	$ 155

The outstanding trade receivables from related parties are unsecured. As of December 31, 2020 and 2019, no impairment losses were recognized for trade receivables from related parties.

d. Payables to related parties

Line Item	Related Party Name	December 31 2020	December 31 2019
Notes payable (excluding loan from related parties)	Fuan Mining	$ 23,763	$ 28,810
	Fudong Freight	7,828	5,846
	Other related parties	5	-
		$ 31,596	$ 34,656
Trade payables	Fuan Mining	$ 16,876	$ 26,000
	Fudong Freight	3,130	9,532
		$ 20,006	$ 35,532
Other payables - current (excluding loan from related parties)	Fudong Freight	$ 8,145	$ 1,203
	Other related parties	144	78
		$ 8,289	$ 1,281

The outstanding trade payables to related parties are unsecured.

e. Loan from related parties

Line Item	Related Party Name	December 31 2020	December 31 2019
Notes payable	Fuan Mining	$ 8,000	$ -
Other payables - current	Fuan Mining	$ 70,049	$ -
Other payables - non-current	Cheng Haibin	$ 45,800	$ 45,800
Interest expense	Other related parties	$ 381	$ 102

The interest rate of the other payables - current has no difference to the market interest rate. The other payables to related parties - non-current are interest-free loans from shareholders. The loans from the related parties are unsecured.

f. Lease arrangements

Lease arrangements - the Group is lessor under operating leases

Future lease payments receivable are as follows:

Related Party Category/Name	December 31 2020	December 31 2019
Fudong Freight	$ 1,968	$ 2,274
Other related parties	144	132
	$ 2,112	$ 2,406

Lease income was as follows:

Related Party Category/Name	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Fudong Freight	$ 2,323	$ 2,274
Other related parties	132	132
	$ 2,455	$ 2,406

The rental amounts and collection methods are negotiated.

g. Remuneration of key management personnel

Type of Remuneration	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Short-term employee benefits	$ 43,057	$ 21,169
Post-employment benefits	519	463
	$ 43,576	$ 21,632

The remuneration of directors and key executives is determined by the remuneration committee based on the performance of individuals and market trends.

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets of the Group are pledged as collateral for long-term and short-term bank loans, short-term bills payable, and other credit accommodation:

	December 31	
	2020	2019
Property under development (reported as inventories)	$ 3,093,669	$ 3,073,626
Property, plant and equipment	935,824	782,986
Restricted assets (reported as financial assets at amortized cost)	258,242	218,849
	$ 4,287,735	$ 4,075,461

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

a. As of December 31, 2020, the Group has signed a contract for purchase of machinery and equipment and transportation equipment; the unpaid amount is $328,805 thousand.

b. As of December 31, 2020 and 2019, unused letters of credit for purchases of raw materials amounted to approximately $61,543 thousand and $0, respectively.

33. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group’s significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than the functional currency of the Group and the related exchange rates between foreign currencies and functional currency were as follows:

(In Thousands of New Taiwan Dollars and Foreign Currencies)

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 231	28.48 (USD:NTD)	$ 6,588
RMB	1,641	4.377 (RMB:NTD)	7,181
Non-monetary item			
USD	307	28.48 (USD:NTD)	8,734

December 31, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 279	29.98 (USD:NTD)	$ 8,373
RMB	1,610	4.305 (RMB:NTD)	6,930
Non-monetary item			
USD	320	28.48 (USD:NTD)	9,598

Foreign exchange gains (realized and unrealized) of the Group in 2020 and 2019 were $1,865 thousand and $1,742 thousand, respectively. Because of the variety of foreign currency transactions, it is not practical to disclose exchange gains and losses by foreign currency.

35. ADDITIONAL DISCLOSURES

a. Information about significant transactions:

1) Financing provided to others: Please see Table 1 attached;

2) Endorsements/guarantees provided: Please see Table 2 attached;

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Please see Table 3 attached;

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None;

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: Please see Table 4 attached;

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None;

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please see Table 5 attached;

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None;

9) Trading in derivative instruments: None;

10) Intercompany relationships and significant intercompany transactions: Please see Table 7 attached.

b. Information on investees: Please see Table 6 attached.

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: None;

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: None.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: None.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None.

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds: None.

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Please see Table 8 attached.

36. 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.

a. Revenue of segments and operating results

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

	Income of Segments		Profit/Loss of Segments	
	2020	2019	2020	2019
Cement segment	$ 4,481,068	$ 3,666,258	$ 476,777	$ 116,243
Other segment	49,104	65,438	(29,302)	(38,361)
Total amount of business unit	$ 4,530,172	$ 3,731,696	447,475	77,882
Interest income			1,591	2,072
Rent income			8,336	8,965
Other income			12,349	8,930
Foreign exchange gains			1,865	1,742
(Gain) loss from financial assets measured at FVTPL			(538)	3,685
Gain on disposal of non-current assets held for sale			15,724	-
Other expenses			(10,448)	(9,584)
Interest expense			(31,946)	(39,778)
Profit before tax			$ 444,408	$ 53,914

The revenue of segments reported above is generated from external client exchange. There is no selling between segments in 2020 and 2019.

The revenue of segments means the profits earned by each segment, excluding interest income which shall be apportioned, rent income, other income, foreign exchange gains, gains or losses from financial assets measured at FVTPL, gain on disposal of non-current assets held for sale, other expense and interest expense.

b. Total assets and liabilities of segments

	December 31	
	2020	2019
Segment assets		
Operating segment		
Cement segment	$ 4,772,255	$ 4,081,748
Other segment	3,255,052	3,247,129
Total assets	$ 8,027,307	$ 7,328,877
Segment liabilities		
Operating segment		
Cement segment	$ 2,649,731	$ 2,337,236
Other segment	720,657	670,704
Total liabilities	$ 3,370,388	$ 3,007,940

c. Geographic information

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

d.Main customer's information

The sales revenue amounted to NT$4,530,172 thousand and NT$3,731,696 thousand in 2020 and 2019. In 2020 and 2019, there was no revenue from a single customer that exceeded 10% of the Group's total revenue.

TABLE 1

LUCKY CEMENT CO. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

No.	Financing Company	Counterparty	Financial Statement Account	Maximum Balance in Current Period	Related Party	Ending Balance (Note 4)	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 1)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 3)
													Name	Value		
0	Lucky Cement Co.	Dasheng Enterprise	Other receivables from related parties	$ 200,000	Yes	$ 200,000	$ 61,150	1.6798%	b.	$ -	Operating turnover	$ -	-	-	$ 465,685	$ 1,862,738
		Luckyship Marine Co.	Other receivables from related parties	30,000	Yes	20,000	-	1.6798%	b.	-	Operating turnover	-	-	-	465,685	1,862,738
		Lucky Cement Corp., Japan	Other receivables from related parties	30,000	Yes	-	-	-	b.	-	Operating turnover	-	-	-	465,685	1,862,738
						$ 220,000										
1	Luckicon Ready-mixed Co.	Dasheng Enterprise	Other receivables from related parties	20,000	Yes	$ -	-	-	b.	-	Operating turnover	-	-	-	128,115	256,229

Note 1: The nature of financing is as follows:

a. Party with business.
b. Party with short-term financing need.

Note 2: Financing of Lucky Cement Co. to a more than 50% owned subsidiary should not be more than 10% of the net value of Lucky Cement Co. at end of year; For a subsidiary that is 20% to 50% owned, loan should not be more than 5% of the net value of Lucky Cement Co. at end of year; for less than 20% owned subsidiary, loan should not be more than 2% of the net value of Lucky Cement Co. at end of year. Financing of Luckicon Ready-mixed Co. should not be more than 20% of net value at end of year.

Note 3: The limit is 40% of net value of the financing company at end of the year.

Note 4: The amount is approved by the board of directors.

Note 5: All intra-group transactions, balances, income and expenses are eliminated upon consolidation.

LUCKY CEMENT CO. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 1)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	Lucky Cement Co.	Dasheng Enterprise	Subsidiary	$ 1,862,738	$ 620,000	$ 620,000	$ 590,000	$ 120,000 (Note 3)	13.31%	$ 2,328,423	Y	-	-	
		Luckicon Ready-mixed Co.	Subsidiary	1,862,738	370,000	370,000	135,000	-	7.95%	2,328,423	Y	-	-	
		Luckyship Marine Co.	Subsidiary	1,862,738	45,000	-	-	-	-	2,328,423	Y	-	-	
		Lucky Cement Corp., Japan	Subsidiary	1,862,738	14,115	13,815	-	-	0.30%	2,328,423	Y	-	-	
						$ 1,003,815								

Note 1: The upper limit that Lucky Cement Co. endorses for single company shall not exceed 10% of the net value of Lucky Cement Co. and shall not exceed 40% of the net value of subsidiary.

Note 2: The endorsement approved in the meeting of shareholders shall not exceed 50% of the net value of Lucky Cement Co.

Note 3: The certificate of deposit of NT$60,000 thousand is provided as collateral which is recognized as financial asset at amortized cost - restricted asset.

LUCKY CEMENT CO. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2020				Note
				Shares/Units	Carrying Value	(%)	Fair Value (Notes 1 and 2)	
Lucky Cement Co.	Fund							
	FSITC Global Vedio Gaming & eSports Fund	-	Financial assets at FVTPL - current	500,000	$ 5,320	-	$ 5,320	
	O-Bank No.1 Real Estate Investment Trust	-	Financial assets at FVTPL - current	100,000	970	-	970	
	Non-listed common stock							
	Jonfeng Mining Co., Ltd	-	Financial assets at FVTOCI - noncurrent	1,494,708	8,879	10.58	8,879	
	WK Technology Fund	-	Financial assets at FVTOCI - noncurrent	1,156,000	5,824	2.22	5,824	
	Listed common stock							
	Taiwan Cement Corp.	-	Financial assets at FVTOCI - current	200,148	8,646	-	8,646	
	Far Eastern New Century Corporation	-	Financial assets at FVTOCI - current	200,000	5,790	-	5,790	
	U-Ming Marine Transport Corporation	-	Financial assets at FVTOCI - current	128,000	4,723	0.02	4,723	
	Winbond Electronics Corp.	-	Financial assets at FVTOCI - current	130,181	3,782	-	3,782	
	United Microelectronics Corporation	-	Financial assets at FVTOCI - current	72,351	3,411	-	3,411	
	Excelsior Medical Co., Ltd.	-	Financial assets at FVTOCI - current	28,628	1,695	0.02	1,695	
	China Development Financial	-	Financial assets at FVTOCI - current	13,496	126	-	126	
	First Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - current	917	20	-	20	
	Capital Securities Corp.	-	Financial assets at FVTOCI - current	875	12	-	12	
	Hua Nan Financial Holdings Co., Ltd.	-	Financial assets at FVTOCI - current	446	8	-	8	
Luckyship Marine Co.	Non-listed common stock							
	Jonfeng Mining Co., Ltd.	-	Financial assets at FVTOCI - noncurrent	49,007	291	0.35	291	
Luckicon Ready-mixed Co.	Fund							
	Mega Danish Covered Mortgage Bond Index Fund	-	Financial assets at FVTPL - current	500,000	5,006	-	5,006	
	TSG Phnom Penh Real Estate Development Fund	-	Financial assets at FVTPL - noncurrent	500	8,734	0.61	8,734	
	Corporate bond							
	The Cathay United Jenai EMC USD Fixed Interest Allocation Bond	-	Financial assets at FVTOCI - current	-	5,913	-	5,913	

Note 1: Financial assets at FVTPL: Fair value is based on the net asset value of funds on December 31, 2020.

Note 2: Financial assets at FVTOCI: Fair value of listed stocks is based on stock closing price on December 31, 2020. Fair value of corporate bond is based on market price on December 31, 2020. Fair value of non-listed stocks is estimated by the fair value evaluation method.

Note 3: Please refer to Table 6 for information regarding subsidiaries.

TABLE 4

LUCKY CEMENT CO. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Luckicon Ready-mixed Co.	24 lots of land with land serial No. 470, etc. located in Sanjiaopu Shulin District of New Taipei City	March 20, 2020 (Note 1)	$ 590,129 (Note 2)	Paid	Natural person who is not a related party of the Group	N/A	-	-	-	$ -	Negotiated based on the appraisal report and later resolved in the board of directors' meeting.	Factory use	N/A

Note 1: It is the date of the resolution of the board of Luckicon Ready-mixed Co.

Note 2: Refer to Note 15(c).

TABLE 5

LUCKY CEMENT CO. 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 YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Credit Period	Ending Balance	% to Total	
Lucky Cement Co.	Luckicon Ready-mixed Co.,	Subsidiary	Sale	$ (605,122)	(18.44)	About 90 days	Quite	Quite	Accounts receivable $ 18,868	20.30	Note
									Notes receivable 26,948	5.24	
	Fuan Mining Co., Ltd.	Other related parties	Purchase	297,363	22.86	About 90 days	Agreed	Quite	Accounts payable (16,876)	(8.71)	
									Notes payable (23,763)	(15.99)	

Note: All intra-group transactions, balances, income and expenses are eliminated upon consolidation.

TABLE 6

LUCKY CEMENT CO. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Address	Main Businesses and Products	Original Investment Amount (Note 3)		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized	Note
				December 31, 2020	December 31, 2019	Number of Shares	Percentage of Ownership	Carrying Value			
Lucky Cement Co.	Dasheng Enterprise	14F., No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Real estate sales and lease	$ 2,167,473	$ 2,167,473	157,295,283	99.99	$ 2,280,677	$ (14,061)	$ (14,061)	
	Luckicon Ready-mixed Co.	No. 191, Sec. 1, Meishi Rd., Yangmei Dist., Taoyuan City 326, Taiwan (R.O.C.)	Ready-mixed concrete manufacture and trades	350,000	99,998	47,000,000	100.00	639,954	104,903	104,261 (Note 4)	
	Just Bright Ltd.	Tropic Isle Building, PO Box 438, Road Town, Tortola, British Virgin Islands	Investment business	-	-	50,000	-	-	-	-	Note 2
	Lucky Cement Corp., Japan	Aichi, Japan hekinan Yu Jin-Pu-cho 12 gu	Cement trading	82,300	82,300	6,800	100.00	24,851	247	247	
	Luckyship Marine Co.	13F., No. 237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Shipping agent	88,615	88,615	8,499,994	99.99	34,921	(8,824)	(8,826) (Note 5)	
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	12,571	1,000,000	100.00	8,725	3,911	3,911	

Note 1: The amounts were based on audited financial statements.

Note 2: The Company’s board of directors resolved in its meeting on December 27, 2019 to discontinue the operations of its subsidiary, Just Bright Ltd.; the cancellation is in progress.

Note 3: The original investment amount shown is the amount prior to capital reduction to make up for the losses.

Note 4: The difference is upstream transactions unrealized gain of $642 thousand.

Note 5: The difference is downstream transactions realized loss of $2 thousand.

Note 6: All intra-group transactions, balances, income and expenses are eliminated upon consolidation.

LUCKY CEMENT CO. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

No	Company Name	Counterparty	Nature of Relationship (Note)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	%of Consolidated Net Revenue or Total Assets
0	Lucky Cement Co.	Luckicon Ready-mixed Co.	a	Notes receivable	$ 26,948	About 90 days	0.34
		Luckicon Ready-mixed Co.	a	Accounts receivable	18,868	About 90 days	0.24
		Luckicon Ready-mixed Co.	a	Other receivables	128	About 90 days	-
		Luckicon Ready-mixed Co.	a	Contract liabilities	9,872	About 90 days	0.12
		Luckicon Ready-mixed Co.	a	Acquisition of transportation equipment	680	Negotiated respectively	0.01
		Luckicon Ready-mixed Co.	a	Sales	605,122	About 90 days	13.36
		Luckicon Ready-mixed Co.	a	Rental income	1,525	30 days	0.03
		Fuyu Development Company	a	Other receivables	4	About 90 days	-
		Fuyu Development Company	a	Notes payable	11	About 90 days	-
		Fuyu Development Company	a	Other payables	491	About 90 days	0.01
		Fuyu Development Company	a	Cost of sales	1,598	About 90 days	0.04
		Fuyu Development Company	a	Rental income	8,060	30 days	0.18
		Fuyu Development Company	a	Other income	1,200	30 days	0.03
		Luckyship Marine Co.	a	Other receivables	14	About 90 days	-
		Luckyship Marine Co.	a	Notes payable	1,028	About 90 days	0.01
		Luckyship Marine Co.	a	Other payables	510	About 90 days	0.01
		Luckyship Marine Co.	a	Cost of sales	19,248	About 90 days	0.42
		Luckyship Marine Co.	a	Rental income	256	30 days	0.01
		Luckyship Marine Co.	a	Interest income	184	30 days	-
		Dasheng Enterprise	a	Refundable deposits	159,000	Returned upon completion according to the contract	1.98
		Dasheng Enterprise	a	Other receivables - financing	61,150	Financing, the repayment period is one year	0.76
		Dasheng Enterprise	a	Other receivables	96	About 90 days	-
		Dasheng Enterprise	a	Rental income	80	30 days	-
		Dasheng Enterprise	a	Interest income	764	30 days	0.02
1	Luckicon Ready-mixed Co.	Dasheng Enterprise	c	Sales	425	About 90 days	0.01
		Dasheng Enterprise	c	Interest income	74	30 days	-

Note: The flow of transactions is as follows:

a. From the parent to the subsidiary.
b. From the subsidiary to the parent.
c. From the subsidiary to the subsidiary.

TABLE 8

LUCKY CEMENT CO.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Changheng Investment Co.	52,631,034	13.00
East Life Biotech Co.	30,378,008	7.50
Jinli Investment Co.	25,230,451	6.23
RI KON Construction Co.	22,658,066	5.59
Yung-Sheng Development Enterprise Co.	22,514,509	5.56
Lucky Construction Co.	22,091,152	5.45

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

6.6 The Company and its affiliates shall disclose the impact on the financial status of the Company in the most recent year and up to and including the date of publication of the annual report: None

VII Examination Analysis and Risk Matters of Financial Position and Operating Results

7.1 Analysis of Financial Status

Analysis of Financial Status (Consolidated)：

Unit：NT$1,000

Item \ Year	2020	2019	Difference	
			Amount	%
Current Assets	$5,259,278	$5,087,148	$172,130	3.38
Property, Plant and Equipment	2,223,887	1,711,806	512,081	29.91
Other Assets	544,142	529,923	14,219	2.68
Total Assets	8,027,307	7,328,877	698,430	9.53
Current Liabilities	2,151,262	1,617,131	534,131	33.03
Non-Current Liabilities	1,219,126	1,390,809	(171,683)	(12.34)
Total Liabilities	3,370,388	3,007,940	362,448	12.05
Paid –in Capital	4,047,380	4,047,380	0	0.00
Capital Surplus	9	8	1	12.50
Retained Earnings	605,001	269,466	335,535	124.52
Other Equity	4,455	4,006	449	11.21
Non-controlling interests	74	77	(3)	(3.90)
Total Equity	4,656,919	4,320,937	335,982	7.78

1. The increase in property, plant and equipment was mainly due to the purchase of land and related equipment for the new plant.
2. The increase in current liabilities was mainly due to the increase in bills payable and advance receipts arising from the business, and the increase in equipment purchases incurred by the construction of the factory.
3. The increase in retained earnings was from the higher surplus in this year.

7.2 Analysis of Financial Performance

Analysis of Financial Performance (Consolidated)：

Unit: NT$1,000

	2020		2019		Difference Amount	Difference (%)
	Subtotal	Total	Subtotal	Total		
Total operating revenue	$4,533,370		$3,733,161		$800,209	21.44
Less：Sales discounts and allowances	3,198		1,465		1,733	118.29
Net operating revenue		4,530,172		3,731,696	798,476	21.40
Operating costs		3,813,497		3,432,815	380,682	11.09
Gross profit (loss) from operations		716,675		298,881	417,794	139.79
Operating expenses		260,241		225,119	35,122	15.60
Net other income (expenses)		(8,959)		4,120	(13,079)	(317.45)
Net operating income (loss)		447,475		77,882	369,593	474.56
Non-operating income and expenses		(3,067)		(23,968)	20,901	(87.20)
Profit (loss) before tax from continuing operations		444,408		53,914	390,494	724.29
Total tax expense (income)		52,139		8,010	44,129	550.92
Profit (loss) from continuing operations		392,269		45,904	346,365	754.54
Profit (loss) from discontinued operations		0		0	0	-
Profit (loss)		392,269		45,904	346,365	754.54
Other comprehensive income (net)		4,426		48,035	(43,609)	(90.79)
Comprehensive income		$396,695		$93,939	302,756	322.29

Analysis of changes in financial ratio：

1. The main reason of the increase in operating gross profit and operating net profit was the increased revenue from booming market and the decreased unit cost from production capacity increased.
2. The net other income (expenses) was negative, mainly because of the loss in disposaling of real property recognized by the relocation of the factory.
3. The decrease in the negative value of non-operating income and expenses was mainly from the disposal of idle land to generate benefits.

7.3 Analysis of Cash Flow

Review and Analysis of Consolidated Cash Flows
Analysis of Cash Flow

Unit：NT$1,000

The Balance of Cash Flow in the Beginning of Year	Net Cash Flow from Operating Activities	Cash Outflow (Inflow)	Cash Surplus (Deficit)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
233,426	832,057	744,948	320,535	—	—

1. Analysis of change in cash flow in the current year:：
   （1）Operating activities: Mainly from operating profit, etc.
   （2）Investment activities：Mainly because of the purchase of real property, plant and equipment.
   （3）Financing activities: Mainly because of the payment of dividends and debt repayment.

2. Remedy for cash shortages and liquidity analysis：None

3. Analysis of cash liquidity for the coming year：

   ①The Balance of Cash flow in the beginning of the year ＝NT$320,535,000

   ②Estimated Net Cash Flow from Operating Activities＝NT$807,341,000

   ③Estimated Cash Outflow (Inflow)＝NT$884,327,000

   Estimated Cash Surplus (Deficit) ①＋②－③＝NT$243,549,000

7.4 Major Capital Expenditure Items:

In addition to the Company’s routine capital expenditures in 2020, the subsidiary, Luckicon Ready-mixed Concrete Factory Co., Ltd., purchased a total of 24 plots of land located at No. 470, Sanjiapu Section, Shulin District, New Taipei City from non-related parties for the construction of a new plant. The total contract price is approximately NT$590,000,000.

The total amount of capital expenditure in 2020 is NT$650,000,000, which is expected to increase revenue and save costs.

7.5 Investment Policy in the Last Year, Main Cause for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

The most recent year was the development of an industry related to the Company's business. To expand the scale of operations and achieve a vertical separation or horizontal integration, the increase in operating niche was the Company's investment policy.
Reinvestment situation in 2020:

1. The reason for the loss of Dasheng Enterprise Co., Ltd. is that the newly-built development project of real estate has not yet been promoted, resulting in no operating income and bearing the interest expense of the development stage.
2. Luckicon Ready-mixed Concrete Factory Co., Ltd. benefited from the stabilization of the real estate industry, the increase in demand has turned it into a profit; the Huilong factory is currently under construction and is expected to be completed in the second half of 2022.
3. There was still a loss of Luckyship Marine Co., Ltd. in 2020. The company is actively strengthening business expansion to increase revenue, strictly control costs, and expect to turn into profit.

7.6 Analysis and Evaluation of Risk Management

1. Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures：

(1) Foreign exchange rates：：
Except that some of the materials of the Company are imported, the rest are domestic purchases, and our products are domestic sales. Therefore, the foreign currency of the Company’s accounts for a small proportion of the Company's total assets and it is short-term loans within one year. At the end of 2020, there were no liabilities for foreign currency borrowings, and foreign exchange gains for the year were NT$1,865,000. In order to reduce risks arising from changes in exchange rates, the Company, in addition to long-term tracking of changes in the international economy and finance, irregularly reviews the risk exposure of the Company's foreign currency position, and plans foreign currency demand to circumvent or reduce the possibility of future changes. The Company's financial hedging strategy is aimed at achieving a goal of avoiding most market price or cash flow risks.

(2) Interest rate：
In 2020, except that the short-term and long-term borrowings in the previous period had been repaid on time, the Company increased short-term borrowings by NT$37,423,000 and reduced long-term borrowings by NT$130,000,000. The total loan amount of NT$1,839,588,000 accounted for 22.92% of total assets, a decrease of 3.44% from 2019. The annual interest expense was NT$31,946,000, and the interest expense accounted for 0.71% of the net revenue. As the fluctuation of interest rates is closely related to economic prosperity, it is still safe for the Company's current financial structure. Although there is regional growth in the global economy, the kinetic energy is still uncertain, the domestic political and economic environment is disturbed, and it is unlikely to raise interest rates in the short term. In order to

ensure that the future interest expense due to rising interest rates is reduced, the Company will continue to improve its financial structure and will adopt more meticulous and effective capital planning and use measures.

(3) Inflation:
The Company has a positive correlation with product prices and inflation, so the impact on the company's profit and loss should not be excessive.

2. Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions：
The Company does not engage in high-risk, high-leverage investments. For acquisition or disposal of major assets, loans to others, endorsement guarantees, and derivative commodity transactions, all are based on the Company's policies and procedures, such as "Regulations Governing the Acquisition and Disposal of Assets", "Procedures for Lending of Capital", "Procedures for Endorsements and Guarantees" and "Procedures for Engaging in Derivatives Trading".

3. Future Research & Development Projects and Corresponding Budget：
The Company is in the cement manufacturing industry, and the products are mature products used in general building materials. Therefore, the Company will actively optimize the production equipment, improve the operation rate, and improve the product quality to provide customers with better products and services. In addition, more active use of waste resources to reduce the use of natural resources has led to the recycling of economic resources.

4. Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales：
(1) With the policies and laws, such as Corporate Governance, Company Act, Securities and Exchange Act modified by the competent authority, the Company has been in cooperation, so there is no large impact for financial business currently.
(2) For the implementation of the new system for retirement, the Company has been pension in accordance with the law, so the new system has no impact for financial business.
(3) Another choice for pension reserve of retired employees in accordance with old system of retirement, the pension reserve has saved in pension fund account on March 31, 2016. At the end of March each year, the amount of insufficient funds is saved according to the actuary's report.
(4) The revision of the Mining Law and the sharp increase in the special tax on mining will inevitably increase the burden on costs and reduce the gross profit, the Company is intended to more stringently control costs in order to achieve a breakthrough.

5. Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales：
The products of the Company are used for general public constructions and civil construction projects; but the construction methods and inspection standards have not changed largely, there is no impact for financial business of the Company.

6. The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures：
The Company has operating principles in steady and conservative and attentions to the image and risk management, so there is no any foreseeable crisis. Although the cement industry has entered a mature period with limited growth, the Company is actively transforming and looking for business opportunities.

7. Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans： None

8. Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans：
Fortunately, the Wugu Plant of the Company's subsidiary Luckicon Ready-mixed Concrete ceased operation at the end of September 2020. This is in line with the New Taipei City Government's "Trial plan before the release of the Expanding Wugu District Urban Plan" and the demolition will be carried out and completed in October 2019. In order to make up for the lost production capacity, it has signed a contract to lease a ready-mix concrete plant from the same industry manufacturer in 2021 to establish the New Taipei City Sanxia Plant. In order to expand the distribution channels and continue to deepen the domestic cement market, we have purchased land in the Sanjiapu section of Shulin District, New Taipei City. Currently, we are actively planning and constructing a new plant in Shulin. It is expected to complete the construction of the plant and start operations in the second half of 2022. The plant is located at the junction of Shulin, New Taipei City and Huilong, Taoyuan City. After the completion of the plant, it can form a better supply network with the existing New Taipei City Sanxia Plant and Taoyuan Puxin Plant, which can provide better delivery service quality and improve the market share. The cement industry belongs to the business cycle industry. Through the establishment of this new plant, the impact of market fluctuations during the business cycle can be reduced.

9. Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration：
The Company knows the risk of focusing on purchase/sales, so the purchase has adopted diversified procurement policy, except for purchases by special minerals and fixed suppliers, the rest is no focus on purchase from the same supplier. In terms of sales, it also spreads risks and implements credit management. The transactions are according to the characteristics of the industrial market transactions and it is based on the advance sales receipts method, except there are some give credit to the evaluation of the operations and financial status of domestic listed (OTC) companies and the sales of the affiliates of the Company. Therefore, the Company's assessment of the risk of recovery of accounts, in the listed (OTC) companies

and the affiliates of the Company, the account recovery situation is generally good. As for the customers that belong to the advance payment, because the creditor's right has not yet been generated, it does not evaluate the Transaction Instruments received by the Company. After the customer picks up the goods, the creditor's right of the Company occurs. If the Transaction Instrument has not been cashed, the Company will estimate the Company's bad debt provision for the actual amount that has not been cashed

.

10. Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%： None

11. Effects of, Risks Relating to and Response to the Changes in Management Rights： None

12. Litigation or Non-litigation Matters： None

13. Other Major Risks：

The Company stipulate countermeasures by structuring informal organization system for general day-to-day operations and emergency events to strengthen the management of business risks：

(1) Operation of Meeting：

Accounting department takes charge of the preparation of business review information monthly, and the Chairman acts as the host to convene managers of units including but not limited to business department and factories to review the Company's operations, production and marketing issues for current month, tracking the implementation of the budget and developing improvement program.

(2) Meeting of the Head：

The Chairman convenes first level supervisors of each unit to attend the monthly meeting and each unit presents business situation in the meeting, in addition to review, tracking the implementation of work by each unit, and evaluate the impact of internal and external economic or non-economic environment changes on the Company's established operating principles and strategies and objectives, further stipulating adjusted strategy and program after joint discussion.

(3) Emergent Event Reporting System：

For the purposes of handling any Significant emergent event and reducing any potential damages, the Company establishes "Emergency Reporting System Measures", a guideline of reporting process and on-site contingency treatment for each unit and staffs of the Company.

(4) Information security risks

The Company has formulated a clear policy on network security; the strict control and management of information security authority and responsibility and education and training, information security operations and protection, network security management, and system access control are as follows:

① "Information Security Rights and Responsibilities" and "Education and Training"

- For personnel handling sensitive and confidential information and those who need to be assigned system management authority due to work needs, appropriate division of work, decentralization of powers and responsibilities, establishment of an evaluation and assessment system, and establishment of a mutual support system for personnel as needed.
- For retired (off, suspended) personnel, follow the procedures for handling personnel resignation (off, suspended), and immediately cancel all rights to use various system resources.
- For personnel at different levels, based on roles and functions, conduct information security education, training and advocacy according to actual needs, so that employees can understand the importance of information security and various possible security risks, so as to improve employees' awareness of information security, and encourage employees to comply with information security regulations.
- Regularly participate in information security seminars to improve the information security technology for information staffs, and review the Company's internal security gap at any time to strengthen the defense mechanism.

② Information security operation and protection.

- Establish operating procedures for handling information security incidents, and give relevant personnel necessary responsibilities to handle information security incidents quickly and effectively.
- Establish operating procedures for handling information security incidents, and give relevant personnel necessary responsibilities to handle information security incidents quickly and effectively.
- Handle and protect personal information prudently in accordance with the relevant provisions of the Personal Data Protection Act.
- Establish the system backup facility to regularly perform necessary information, software backup and backup operations, so that when a disaster occurs or media storage fails, the normal operations can be quickly restored.
- Regularly backup the SAP ERP system database and perform SAP system disaster recovery drills every year, and establish remote data backup and system backup to ensure that the system environment can be quickly rebuilt when a disaster occurs and maintain the Company's normal operation.
- The Company e-mail system policy: We refuse to receive external compressed files and executable files.
- When entering and leaving the control area of the computer room, relevant access control should be implemented.

③ Network security management

- For branches connected to the external network, firewalls are set up to control data transmission and resource access between the external and internal networks, and perform rigorous identification operations to block internal and external network access services without permission.

- Confidential and sensitive information or documents are not allowed to be stored in open information systems, and confidential documents are not allowed to be sent by e-mail.
- Regularly check the internal network information security facilities and anti-virus, install anti-virus software on the user side to reduce the infection risk, and update the virus code and scan engine of the anti-virus system and various security measures in a timely manner.

④ System access control

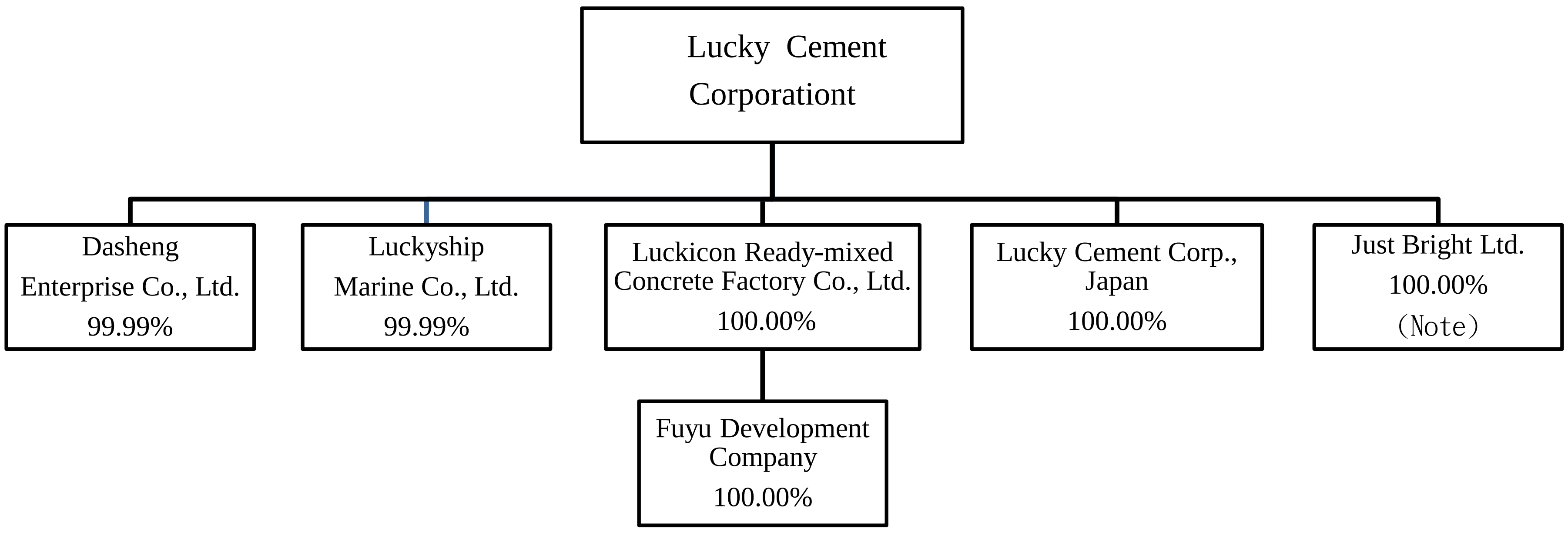
- The procedures for approving, issuing, and changing passwords shall be determined according to the operating system and security management, and recorded.
- When logging in to each operating system, in accordance with the system access permissions required by personnel at all levels to perform tasks, the account and password set and authorized by the system administrator of the information department, and updated regularly.
- The Company needs to strictly control the login account permissions and file access permissions of each system, and non-related personnel are prohibited from using it to ensure the confidentiality of the Company data.
- When setting the password of the account, specify the appropriate strength and number of characters, and it must contain a mixture of alphanumerics and special symbols in order to pass.
- Add USB control software to register and control the use of external access devices that can be used by various departments. Only storage devices authenticated by the Information Department can access data to avoid computer infected due to users plugging and unplugging USB devices at will.

7.7 Other Important Matters：None

VIII Special Disclosure

8.1 Summary of Affiliated Companies

1. Organization



(Note) The parent company's board of directors resolved on December 27, 2019 to terminate the operation of its subsidiary JustBright Ltd., but the cancellation process has not yet been completed.

2. Subsidiaries' information

Comapany Name	Date of establishment	Address	Paid in capital	Main business items
Dasheng Enterprise Co., Ltd.	December, 1969	14F, 237 Songjiang Rd., Zhongshan Dist., Taipei City	NT$1,573,000,000	Construction Business
Luckyship Marine Co., Ltd.	July, 1993	13F, 237 Songjiang Rd., Zhongshan Dist., Taipei City	NT$85,000,000	Shipping Agent and Transportation
Luckicon Ready-mixed Concrete	May, 1993	191 Meishi Rd., Sec. 1, Yangmei Dist., Taoyuan City	NT$470,000,000	Ready-mixed Concrete Manufacturing & Trades
Lucky Cement Corp., Japan	June, 1987	Aichi, Japan hekinan Yu Jin-Pu-cho 12 gu	￥100,000,000	Cement Trading
Just Bright Ltd.	December, 2000	Tropic Isle Building,Po Box438,RoadTwon,Tortola,	US$50,000	Investment Business
Fuyu Development Company	November, 2007	13F, 237 Songjiang Rd., Zhongshan Dist., Taipei City	NT$10,000,000	Mine Gravel

3. Presumed to have control and affiliation, their same shareholder information: None

4. Information of subsidiaries' directors and supervisors

December 31, 2020

Company Name	Title	Name or Representative	Holding Shares	
			Shares	Shareholding Ratio
Dasheng Enterprise Co., Ltd.	Chairman	Chen, Liang-Chuan (Lucky Cement Co.)	157,295,283	99.99%
	Director	Xiao, Jing-Qi (Lucky Cement Co.)	157,295,283	99.99%
	Director	Chen, Yun-Ju (Lucky Cement Co.)	157,295,283	99.99%
	Supervisor	Lin, Zheng-Liang	—	—
Luckyship Marine Co., Ltd.	Chairman	Chen, Liang-Chuan (Lucky Cement Co.) （Lucky Cement）	8,499,994	99.99%
	Director	Guo, Qing-Shui (Lucky Cement Co.)	8,499,994	99.99%
	Director	Chen, Yun-Ju (Lucky Cement Co.)	8,499,994	99.99%
	Supervisor	Weng, Xiu-Chu	—	—
Luckicon Ready-mixed Concrete Factory Co., Ltd	Chairman	Chen, Liang-Chuan (Lucky Cement Co.)	47,000,000	100.00%
	Director	Chen, Yun-Ju (Lucky Cement Co.)	47,000,000	100.00%
	Director	Weng Xiu-Chu (Lucky Cement Co.)	47,000,000	100.00%
	Supervisor	Liu, Chia-Jui (Lucky Cement Co.)	47,000,000	100.00%
Lucky Cement Corp., Japan	Chairman	Chen, Liang-Chuan (Lucky Cement Co.)	6,800	100.00%
	Director	Chen, Yun-Ju (Lucky Cement Co.)	6,800	100.00%
	Director	Weng, Xiu-Chu (Lucky Cement Co.)	6,800	100.00%
	Supervisor	Lin, Jia-Hui (Lucky Cement Co.)	6,800	100.00%
Just Bright Ltd.	Director	Chen, Liang-Chuan (Lucky Cement Co.)	—	—
Fuyu Development Company	Chairman	Chen, Qing-Hong (Luckicon Ready-mixed Concrete Co.)	1,000,000	100.00%
	Director	Chen, Jun-Ren (Luckicon Ready-mixed Concrete Co.)	1,000,000	100.00%
	Director	Lin, Jia-Hui (Luckicon Ready-mixed Concrete Co.)	1,000,000	100.00%
	Supervisor	Zhang, Long-Xiong (Luckicon Ready-mixed Concrete Co.)	1,000,000	100.00%

5. The industries covered by all subsidiaries' business operations

（1）Manufacturing, processing, sales and distribution of cement and cement products.
（2）Mining, manufacturing, processing, sales and distribution of raw materials for cement and raw materials for cement products and various ores.
（3）Construction business.
（4）Ship transportation.
（5）Ready-mixed concrete manufacturing and trades.
（6）Investment business.
（7）Shipping agent.
（8）Mine gravel.

6. Business overview of affiliated companies

Unit: In Thousands of New Taiwan Dollars，except Earnings (Loss) Per Share
December 31, 2020

Company Name	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Net Operating Income (Loss)	Profit/Loss (after Tax)	Earnings (Loss) Per Share (after Tax) (NTD)
Dasheng Enterprise Co., Ltd.	1,573,000	3,209,031	928,280	2,280,751	114	(2,089)	(14,062)	(0.09)
Luckyship Marine Co., Ltd.	85,000	48,364	13,442	34,922	68,238	(8,721)	(8,824)	(1.04)
Luckicon Ready-mixed Concrete Factory Co., Ltd	470,000	1,244,261	603,688	640,573	1,669,735	127,230	104,903	2.23
Lucky Cement Corp., Japan	24,165	29,350	4,499	24,851	52,543	380	247	—
Just Bright Ltd.	—	—	—	—	—	—	—	—
Fuyu Development Company	10,000	24,430	15,705	8,725	83,737	4,809	3,911	3.91

7. The Consolidated Financial Statements of affiliated enterprises

Declaration for the Consolidated Financial Statements of Affiliated Enterprises of the Company

March 26, 2021

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2020 are the same as the companies required to be included in the consolidated financial statements of the Company and subsidiaries as of and for the years ended December 31, 2020 and 2019, as provided in International Accounting Standard 10 "Consolidated and Separate Financial Statements." Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of the Company and subsidiaries as of and for the years ended December 31, 2020 and 2019. Hence, we did not prepare a separate set of consolidated financial statements of affiliates for the year ended December 31, 2020.

Very truly yours,

Lucky Cement Corporation

By

Chen, Liang-Chuan

Responsible Person

8.2 Private Placement Securities in the Most Recent Years: None

8.3 The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: None

8.4 Other Necessary Supplementary Note: None

IX The Significant Impact on Shareholders' Equity or Securities Prices in 2020 and up to the Date of Publication of the Annual Report: None