Lucky Cement Corporation and Subsidiaries

Consolidated Financial Statements for the
Years Ended December 31, 2017 and 2016 and
Independent Auditors' Report

Notice to readers

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

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REPRESENTATION LETTER

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

Very truly yours,

Lucky Cement Corporation

By

Chen, Liang-Chuan
Chairman
March 16, 2018

Independent Auditors' Report

The Board of Directors and Shareholders
Lucky Cement Corporation

Opinion

We have audited the accompanying consolidated financial statements of Lucky Cement Corporation and subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, 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, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended on accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards(IFRS), International Accounting Standards(IAS), IFRIC Interpretations(IFRIC), and SIC Interpretations(SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of the most significance in our audit of the consolidated financial statements for the year ended December 31, 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we don't provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2017 are state as follows:

Inventory Valuation

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

The inventory amounts are NT$ 631,301,000 excluding developing property and property to be developed (please see Note 9) on December 31, 2017, and they account for 9% of total assets of consolidated financial statements on December 31, 2017. The main items are materials and products; the costs and relevant prices are affected by cement market, domestic housing market and government real estate policy and have violent fluctuates which causing risk for net realizable value lower than carrying amount. Following the regulation of "Inventory" of IAS 2, the assessment of the net realizable value of inventories involves estimates and judgments, and the results of their judgments directly affect the recognition of the amount of profit and loss, the key audit matters are listed.

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

1. Validated the calculation of inventory cost at the end period and the decision method to evaluate the net realizable value to confirm that the inventory has been evaluated at lower of cost or net realizable value.
2. Inspected the book value of inventory based on the evaluation documents for the inventory on December 31, 2017, to make sure the completeness of its evaluation details. We sampled and got the latest raw material quotation or sales invoice to verify the net realizable value which has significant discrepancies with reference price or not, and recalculated inventory value to assess the appropriateness of its evaluation basis.
3. Assessed whether there was any outdated or damaged inventory, when the stocktaking did at the end of the year.

Valuation for Developing Property and Property to Be Developed

The Group measures developing property and property to be developed with the method of comparing costs or net realizable value, please see

Note 4 (6) for relevant accounting policies; please see Note 5 (2) for relevant accounting judgments, estimating and assumption of the uncertainty.

The amount that the Group invested in developing property and property to be developed is NT$ 3,142,546,000 (please see Note 9) on December 31, 2017, and they account for 43% of total assets of consolidated financial statements on December 31, 2017. Due to the significant amount of developing property and property to be developed, and which are still in the phase of developing, the management assessed the net realized value of developing property and property to be developed in accordance with IAS2 "Inventory", and entrusted external experts to issue property valuation report as a basis for assessing the net realizable value, which involved estimation and judgment, and its judgment result directly affects the recognition of the amount of profit and loss, the key audit matters are listed.

Other Matter

We have also audited the parent company only financial statements of Lucky Cement Corporation for the years ended December 31, 2017 and 2016 on which we have issued an unmodified opinion.

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

The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the

Financial Supervisory Commission of the Republic of China, and for such internal control as the management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

From the matters communicated with those charged with governance, we decide the key audit matters of the Group's consolidated financial statements for the year ended December 31, 2017. We describe these matters in auditors' report unless the Act precludes public disclosure about the matter when, in extremely rare cases, we decide that a matter should not be communicated in auditors' report, because it is reasonable to expect the negative impact of this communication to outweigh the enhanced public interest.

Deloitte & Touche

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

March 16, 2018

Lucky Cement Corporation and Subsidiaries

Consolidated Balance Sheets

December 31, 2017 and 2016

In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2017 Amount	%	December 31, 2016 Amount	%
	Current Assets				
1100	Cash (Note 4 & 6)	$ 251,893	4	$ 213,090	3
1125	Available-for-sale financial assets (Note 4 & 7)	151,476	2	169,905	2
1150	Notes receivable, net (Note 4, 8 & 30)	392,263	6	440,532	6
1160	Notes receivable due from related parties, net (Note 4, 8 & 29)	-	-	12,050	-
1170	Accounts receivable, net (Note 4 & 8)	198,238	3	303,758	4
1180	Accounts receivable due from related parties, net (Note4, 8 & 29)	8,861	-	23,360	-
1200	Other receivable (Note 4 & 29)	3,514	-	1,927	-
1220	Current tax assets (Note 4 & 23)	16,642	-	15,663	-
130X	Inventories (Note 4, 5, 9 & 30)	3,773,847	52	3,624,700	47
1410	Prepayments (Note 11)	163,767	2	168,666	2
1476	Other current financial assets (Note 12 & 30)	133,348	2	364,698	5
1479	Other current assets (Note 13)	27,222	-	22,413	-
11XX	Total Current Assets	5,121,071	71	5,360,762	69
	Non-Current Assets				
1523	Non-current available-for-sale financial assets (Note 4 & 7)	8,949	-	16,480	-
1543	Non-current financial assets at cost (Note 4 & 14)	23,216	-	37,666	-
1600	Property, plant, and equipment (Note 4, 15 & 30)	1,648,561	23	1,899,736	25
1840	Deferred tax assets (Note 4 & 23)	157,911	2	122,317	2
1920	Guarantee deposits paid	88,131	1	88,752	1
1990	Other non-current assets (Note 16 & 30)	189,013	3	226,931	3
15XX	Total Non-Current Assets	2,115,781	29	2,391,882	31
1XXX	Total Assets	$ 7,236,852	100	$ 7,752,644	100
Code	**Liabilities and Equity**				
	Current Liabilities				
2100	Short-term borrowings (Note 17 & 30)	$ 873,642	12	$ 1,185,829	16
2110	Short-term notes and bills payable (Note 17 & 30)	139,577	2	229,443	3
2150	Notes payable (Note 18)	186,975	3	155,842	2
2160	Notes payable to related parties (Note 18 & 29)	26,747	-	91,186	1
2170	Accounts payable (Note 18)	126,733	2	172,446	2
2180	Accounts payable to related parties (Note 18 & 29)	66,229	1	90,433	1
2219	Other payables (Note 19 & 29)	141,565	2	192,032	3
2230	Current tax liabilities (Note 4 & 23)	13,235	-	4,128	-
2310	Advance receipts	231,276	3	157,345	2
2320	Long-term liabilities, current portion (Note 17 & 30)	111,200	2	314,700	4
2399	Other current liabilities	7,969	-	11,513	-
21XX	Total Current Liabilities	1,925,148	27	2,604,897	34
	Non-Current Liabilities				
2540	Long-term borrowings (Note 17 & 30)	691,638	9	135,338	2
2570	Deferred tax liabilities (Note 4 & 23)	41,771	1	59,604	1
2640	Net defined benefit liability (Note 4 & 20)	68,649	1	72,236	1
2645	Guarantee deposits received	35,304	-	32,933	-
2655	Shareholder accounts (Note 29)	45,800	1	45,800	-
25XX	Total Non-Current Liabilities	883,162	12	345,911	4
2XXX	Total Liabilities	2,808,310	39	2,950,808	38
	Equity Attributable to the Owner Company (Note 21)				
3110	Ordinary share	4,047,380	56	4,047,380	52
3200	Capital surplus	8	-	8	-
	Retained earnings				
3310	Legal reserve	166,309	2	134,776	2
3320	Special reserve	14,135	-	14,135	-
3350	Un-appropriated retained earnings	177,528	3	547,996	7
3300	Total Retained Earnings	357,972	5	696,907	9
3400	Other Equity	(3,241)	-	27,400	1
31XX	Total Equity Attributable to Owners of Parent	4,402,119	61	4,771,695	62
36XX	Non-Controlling Interests (Note 21)	26,423	-	30,141	-
3XXX	Total Equity	4,428,542	61	4,801,836	62
	Total Liabilities and Equity	$ 7,236,852	100	$ 7,752,644	100

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

Lucky Cement Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2017 and 2016

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

Code		2017 Amount	2017 %	2016 Amount	2016 %
	Operating Revenue (Note 4 & 29)				
4110	Sales revenue	$ 3,437,942	100	$ 4,260,805	100
4190	Less: Sales discounts and allowances	3,488	-	9,744	-
4100	Net sales revenue	3,434,454	100	4,251,061	100
5000	Operating costs (Note 9, 22 & 29)	3,305,953	96	3,588,568	84
5900	Gross Profit from operations	128,501	4	662,493	16
	Operating expenses (Note 22 & 29)				
6100	Selling expense	102,141	3	95,299	2
6200	Administrative expenses	119,077	4	140,974	4
6000	Total Operating Expenses	221,218	7	236,273	6
6500	Net other income(expenses) (Note 22)	(7,627)	-	106	-
6900	Net operating income(loss)	(100,344)	(3)	426,326	10
	Non-Operating Income and Expense (Note 4, 15, 22 & 29)				
7100	Interest income	1,935	-	1,975	-
7110	Rent income	9,621	-	9,994	-
7190	Other income	15,272	1	12,489	-
7225	Gain or loss on disposals of investments	(437)	-	9,092	-
7230	Foreign exchange gains or loss	1,075	-	(1,951)	-
7590	Miscellaneous disbursements	(15,400)	-	(25,356)	-
7510	Interest Expense	(30,733)	(1)	(31,239)	(1)
7000	Total Non-Operating Income and Expenses	(18,667)	-	(24,996)	(1)

(To be continued)

(Continued)

Code		2017 Amount	2017 %	2016 Amount	2016 %
7900	Profit (loss) from continuing operations before tax	(119,011)	(3)	401,330	9
7950	Tax expense(income) （Note 4 & 23）	(16,708)	-	77,128	2
8000	Profit (loss) from continuing operations	($ 102,303)	(3)	$ 324,202	7
8100	Profit (loss) from discontinued operations （Note 4 & 24）	(775)	-	(9,125)	-
8200	Profit (loss)	(103,078)	(3)	315,077	7
	Other comprehensive income				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Re-measurement of defined benefit plans（Note 20）	5,019	-	(2,506)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss：				
8361	Exchange differences on translation	(1,348)	-	(56)	-
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	(29,294)	(1)	(8,909)	-
8300	Other comprehensive income or loss, net	(25,623)	(1)	(11,471)	-
8500	Total comprehensive income	($ 128,701)	(4)	$ 303,606	7
	Profit (loss), attributable to：				
8610	Attributable to owner of parent	($ 101,111)	(3)	$ 315,334	7
8620	Attributable to non-controlling interests	(1,967)	-	(257)	-
8600		($ 103,078)	(3)	$ 315,077	7

(To be continued)

(Continued)

Code		2017 Amount	2017 %	2016 Amount	2016 %
	Comprehensive income attributable to:				
8710	Attributable to owner of parent	($ 126,733)	(4)	$ 303,872	7
8720	Attributable to non-controlling interests	(1,968)	-	(266)	-
8700		($ 128,701)	(4)	$ 303,606	7
	Earnings (loss) per share (Note 25)				
	From continuing operations and discontinuing operations				
9750	Basic	($ 0.25)		$ 0.78	
9850	Diluted			$ 0.78	
	From continuing operations				
9710	Basic	($ 0.25)		$ 0.80	
9810	Diluted			$ 0.80	

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

Lucky Cement Corporation and Subsidiaries

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2017 and 2016

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

		Equity Attributable to Shareholders of the Parent									
				Retained Earnings			Others				
Code		Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Un-appropriated Retained Earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Total	Non-controlling Interests	Total Equity
A1	Balance, January 1, 2016	$ 4,047,380	$ 8	$ 87,760	$ 14,135	$ 626,211	($ 6,793)	$ 43,149	$ 4,811,850	$ 33,814	$ 4,845,664
	2015 Appropriation and Distribution of Retained Earnings：										
B1	Legal Reserve	-	-	47,016	-	(47,016)	-	-	-	-	-
B5	Cash Dividends－NT$ 0.85 Per Share	-	-	-	-	(344,027)	-	-	(344,027)	-	(344,027)
O1	Subsidiary Shareholders'' Cash Dividends	-	-	-	-	-	-	-	-	(2,500)	(2,500)
	Subsidiary liquidation	-	-	-	-	-	-	-	-	(907)	(907)
D1	Net income in 2016	-	-	-	-	315,334	-	-	315,334	(257)	315,077
D3	Other comprehensive income (loss) in 2016	-	-	-	-	(2,506)	(47)	(8,909)	(11,462)	(9)	(11,471)
D5	Total comprehensive income (loss) in 2016	-	-	-	-	312,828	(47)	(8,909)	303,872	(266)	303,606
Z1	Balance, December 31, 2016	4,047,380	8	134,776	14,135	547,996	(6,840)	34,240	4,771,695	30,141	4,801,836
	2016 Appropriation and Distribution of Retained Earnings`:										
B1	Legal Reserve	-	-	31,533	-	(31,533)	-	-	-	-	-
B5	Cash Dividends－NT$ 0.6 Per Share	-	-	-	-	(242,843)	-	-	(242,843)	-	(242,843)
O1	Subsidiary Shareholders'' Cash Dividends	-	-	-	-	-	-	-	-	(1,750)	(1,750)
D1	Net income (loss) in 2017	-	-	-	-	(101,111)	-	-	(101,111)	(1,967)	(103,078)
D3	Other comprehensive income (loss) in 2017	-	-	-	-	5,019	(1,347)	(29,294)	(25,622)	(1)	(25,623)
D5	Total comprehensive income (loss) in 2017	-	-	-	-	(96,092)	(1,347)	(29,294)	(126,733)	(1,968)	(128,701)
Z1	Balance, December 31, 2017	$ 4,047,380	$ 8	$ 166,309	$ 14,135	$ 177,528	($ 8,187)	$ 4,946	$ 4,402,119	$ 26,423	$ 4,428,542

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

Lucky Cement Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2017 and 2016

In Thousands of New Taiwan Dollars

Code		2017	2016
	Cash Flow from Operating Activities		
A00010	Profit (loss) from continuing operations before tax	($ 119,011)	$ 401,330
A00020	loss from discontinued operations before tax	(775)	(9,125)
A10000	Profit (loss) before Tax	(119,786)	392,205
A20000	Adjustments:		
A20300	Provision (reversal of provision) for bad debt expense	8,745	(1,462)
A20100	Depreciation expense	268,510	292,931
A20200	Amortization expense	9,420	9,536
A23700	Impairment loss on property, plant and equipment	7,892	-
A20900	Interest expense	30,733	31,239
A21200	Interest income	(1,935)	(1,975)
A21300	Dividend income	(4,194)	(5,054)
A22500	Loss (gain) on disposal of property, plant and equipment	(265)	(106)
A23100	Loss (gain) on disposal of investments	437	(9,092)
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	48,269	1,809
A31140	Notes receivable due from related parties	12,050	(11,851)
A31150	Accounts receivable	96,775	158,000
A31160	Accounts receivable due from related parties	14,499	(23,360)
A31180	Other receivable	(2,319)	3,118
A31200	Inventories	(150,780)	(116,425)
A31230	Prepayments	5,216	41,237
A31240	Other current assets	(5,788)	(20,180)
A32130	Notes payable	31,133	(34,537)
A32140	Notes payable to related parties	(64,439)	91,186
A32150	Accounts payable	(45,713)	(33,101)
A32160	Accounts payable to related parties	(24,204)	80,421
A32180	Other payable	(47,774)	(59,213)
A32210	Receipts in advance	75,564	(37,470)
A32230	Other current liabilities	(3,544)	(4,652)

(To be continued)

Code		2017	2016
A32240	Net defined benefit liability	1,432	(278,494)
A33000	Cash inflow (outflow) generated from operations	139,934	464,710
A33100	Interest received	2,324	1,956
A33300	Interest paid	($ 31,598)	($ 31,329)
A33500	Income taxes paid	(29,623)	(189,036)
AAAA	Net cash flows from (used in) operating activities	81,037	246,301
	Cash Flow from Investing Activities		
B00300	Acquisition of available-for-sale financial assets	(35,235)	(89,789)
B00400	Proceeds from disposal of available-for-sale financial asset	31,120	80,706
B01400	Proceeds from capital reduction of financial assets at cost	14,450	5,100
B02700	Acquisition of property, plant and equipment	(37,853)	(38,183)
B02800	Proceeds from disposal of property, plant and equipment	12,528	3,173
B03800	Increase in refundable deposits	621	4,943
B06600	Decrease (increase) in other financial assets	231,350	(193,119)
B06800	Decrease (increase) in other non-current assets	28,498	(38,560)
B07600	Dividends received	4,194	5,054
BBBB	Net cash flows from (used in) investing activities	249,673	(260,675)
	Cash flows from (used in) financing activities		
C00100	Increase (decrease) in short-term loans	(312,187)	821,108
C00600	Increase (decrease) in short-term notes and bills payable	(90,000)	180,000
C01600	Proceeds from long-term debt	780,000	695,800
C01700	Repayments of long-term debt	(427,200)	(1,346,862)
C03000	Increase in guarantee deposits received	2,371	4,982
C04500	Cash dividends paid	(242,843)	(344,027)
C05800	Change in non-controlling interests	-	(907)
C09900	Other financing activities	(1,750)	(2,500)
CCCC	Net cash flows from (used in) financing activities	(291,609)	7,594
DDDD	Effect of exchange rate changes on cash	(298)	(259)
EEEE	Net increase (decrease) in cash	38,803	(7,039)

(To be continued)

(Continued)

Code		2017	2016
E00100	Cash at beginning of period	213,090	220,129
E00200	Cash at end of period	$ 251,893	$ 213,090

The accompanying notes are an integral of the consolidated financial statements

Lucky Cement Corporation and Subsidiaries

Notes to Consolidated Financial Statements

For the Years Ended December 31, 2017 and 2016

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

1. Company History

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

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

2. The Date and Procedure of Financial Report

The accompanying consolidated financial statements were reported to the Board of Directors and issued on March 16, 2018.

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

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

Except for the following explanations, it applied the amendments to Criteria Governing the Preparation of Financial Reports by securities issuer and the IFRSs regulations will not affect the Group’s accounting policy.

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

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

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

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

The disclosure of trade of related parties will increase when in retrospect the previous applied amendments in 2017 (Note 29).

(2) The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by FSC with effective date starting 2018

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

Note 1： Except the notes, the above New Release／Revised／Amended Standards or Interpretations will start from the year of the effective date.

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

IFRS 9 "Financial Instruments"

Classification, measurement and impairment of financial assets

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

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

A. If the objective of the Group's business model is to hold the financial asset to collect the contractual cash flows such assets are measured at the amortized cost. Interest revenue should be recognized in profit or loss by using the effective interest method, continuously assessed for impairment and the impairment loss or reversal of impairment loss should be recognized in profit and loss.

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

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

The classification and measurement of the financial assets held by the Group for the financial assets held on December 31, 2017 and the actual existence of the following financial assets will be subject to the applicable IFRS 9:

A. Classified as listed for sale of financial assets listed in the (OTC) and emerging stock and not listed (OTC) stock investment, according to IFRS 9 selected by the other comprehensive gains and losses measured at fair value. Under this classification, the fair value of the other changes in the equity changes in the investment sanctions are not re-classified to the profit and loss, and will be directly transferred to the retained earnings.

B. Classified as a beneficiary certificate of the fund for the sale of financial assets, as the cash flow is not entirely interest in the principal amount of the principal amount of the principal and the non-equity interest, and IFRS 9 will be classified as profit or loss at fair value.

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

In addition, it has financial assets of credit impairment while initial recognition. The Group considered the ECL of initial recognition that counted as effective rate after credit adjustment. The subsequent allowance account for credit losses will measure as subsequent ECL accumulated changes in equity.

The Group's initial assessment for accounts receivable will be applied to a simplified approach to measure the expected credit loss for the expected period of credit impairment. The Group expects to apply IFRS 9 the expected credit loss model will make the credit losses of financial assets recognized earlier.

The Group elects not to restate comparison information in 2017 when applying the requirements for the classification, measurement and impairment of financial assets under IFRS 9. The cumulative impact of the first application will be recognized at the date of initial application and will reveal the classification changes and regulatory information applicable to IFRS 9.

The anticipated impact of the Group's assets, liabilities and equity when retrospectively applying IFRS 9 on January 1, 2018 is detailed below:

	December 31,2017 Carrying Amount	Adjustments from Initial Application	January 1, 2018 Adjusted Carrying Amount
Impact on assets, liabilities and equity			
Designated measure current financial assets at FVOCI	$ -	$ 102,843	$ 102,843
Mandatorily measure current financial assets at FVOCI t	-	5,752	5,752
Current financial assets at FVPL	$ -	$ 66,988	$ 66,988
Non-current financial assets at FVPL(fair value through profit or loss)	-	8,949	8,949
Current available-for-sale financial assets	151,476	(151,476)	-
Non-current available-for-sale financial assets	8,949	(8,949)	-
Non-current financial assets at cost	23,216	(23,216)	-
Accounts receivable, net	198,238	(3,008)	195,230
Total effect on assets	$ 381,879	($ 2,117)	$ 379,762
Retained earnings	$ 357,972	($ 2,887)	$ 355,085
Other equity interest			
Unrealized gains (losses) on available-for-sale financial assets	4,946	(4,946)	-

(To be continued)

(Continued)

	December 31,2017 Carrying Amount	Adjustments from Initial Application	January 1, 2018 Adjusted Carrying Amount
Unrealized gains (losses) on financial assets Designated measure at FVOCI	-	5,297	5,297
Unrealized gains (losses) on financial assets Mandatorily measure at FVOCI	-	419	419
Total effect on equity	$ 362,918	($ 2,117)	$ 360,801

IFRS 15 "Revenue from Contracts with Customers" and related amendments

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers and will supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations.

When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

A. Identify the contract with the customer;

B. Identify the performance obligations in the contract;

C. Determine the transaction price;

D. Allocate the transaction price to the performance obligations in the contracts; and

E. Recognize revenue when the entity satisfies a performance obligation.

The Group elects only to retrospectively apply IFRS 15 to contracts that were not completed on January 1, 2018 and recognizes the cumulative effect in the retained earnings on January 1, 2018.

In addition, the Group will disclose the difference between the amount that results from applying IFRS 15 and the amount that results from applying current standards for 2018.

There is not anticipated impact on assets, liabilities and equity when retrospectively applying IFRS 15 on January 1, 2018.

As of the date of the release of consolidated financial statements, the Group evaluated other standards and the amendments to the interpretation will not have a significant impact on the financial position and financial performance.

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

New Release／Amendments／Amendments Regulations and Explains	The Effective Date of IASB release(Note 1)
Annual Improvements to IFRSs 2015–2017 Cycle	January 1, 2019
Amendments to IFRS 9 “Prepayment features with negative compensation”	January 1, 2019 (Note 2)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 16 “Leases”	January 1, 2019 (Note 3)
IFRS 17 ”Insurance contract”	January 1, 2021
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019 (Note 4)
Amended to IAS 28”Long-term Interests in Associates and Joint Ventures”	January 1, 2019
IFRIC 23 “Uncertainty over Income Tax Treatments”	January 1, 2019

Note 1: The aforementioned new, revised or amended standards or interpretations are effective after fiscal year beginning on or after the effective dates, unless specified otherwise.

Note 2: The FSC permits the election for early adoption of the amendments starting from 2018.

Note 3: On December 19, 2017, the FSC announced that IFRS 16 will take effect starting January 1, 2019.

Note 4: The amendments to IAS 19 are applied to any plan amendment curtailment or settlement occurring on or after January 1, 2019.

IFRS 16 "Leases"

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

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

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

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

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

4. Summary of Significant Accounting Policies

(1) Statement of compliance

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

(2) Basis of preparation

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

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

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

(3) Classification of current and noncurrent assets and liabilities

Current assets include:

A. Assets held primarily for the purpose of trading;
B. Assets expected to be realized within 12 months after the reporting period; and
C. Cash and cash equivalents (excludes the asset which is restricted from exchanging or paying off the liabilities more than 12 months after the reporting period.)

Current liabilities include:

A. Liabilities held primarily for the purpose of trading;
B. Liabilities due to be settled within 12 months after the reporting period(even if a long-term refinancing or rescheduling payment agreement is completed after the end of each reporting period and before the issuance of the financial statements, it is also a current liability.); and
C. Liabilities cannot be unconditionally deferred the settlement period to at least 12 months after the end of each reporting period.

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

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

(4) Basis of consolidation

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

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

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

A. the aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and

B. the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest.

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

See Note 10 and Schedule 6 for the detailed information of subsidiaries, including the percentage of ownership and main business.

(5) Foreign currencies

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

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

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

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

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

(6) Inventories

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

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

(7) Property, plant and equipment

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

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

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

(8) Impairment of tangible assets

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

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

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

(9) Financial instruments

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

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

A. Financial assets

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

I. Measurement category

The Group's financial assets are classified into available-for-sale financial assets, and loans and receivables.

i) Available-for-sale financial assets

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

The changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

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

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

ii) Loans and receivables.

Loans and receivables (including accounts receivable, cash and cash equivalents and other accounts receivable) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalents include certificated deposits with original maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

II. Impairment of financial assets

The Group assesses whether there is objective evidence of impairment of financial assets at the end of each reporting period. When there is objective evidence that the single or multiple events that occurred after the initial recognition of financial assets resulted in the loss of the estimated future cash flow of the financial assets, the financial assets have been impaired.

Financial assets stated at amortized cost, such as notes receivable, accounts receivable and other receivables, the assets are assessed in group for impairment after individual assessment without impairment.

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

The amount of impairment loss for financial assets recognized at amortized cost is reduced during the subsequent period, and the reduction is objectively linked to the events that occurred after the recognition of the impairment. The previously recognized impairment loss is reversed directly or through adjustment of the allowance account and recognized in profit or loss. The reversal may not allow the carrying amount of the financial asset to exceed the amortized cost due on the revolving date if the impairment loss is not recognized.

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

When the available-for-sale financial assets are impaired, the amount of accumulated losses that have been previously recognized in other comprehensive income will be reclassified to profit or loss.

The impairment losses that have been recognized in loss by an available-for-sale equity instrument investment cannot be reversed through profit or loss. Any increase in fair value after recognition of an impairment loss is recognized in other comprehensive income.

The amount of impairment loss of a financial asset, measured by cost, is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such loss of impairment cannot be reversed during subsequent periods.

Impairment losses on all financial assets are directly deducted from the carrying amount of financial assets; notes receivable, accounts receivable and other receivables are reduced their carrying amount in an allowance account. When it is determined that notes receivables, accounts receivable and other receivables cannot be recovered, then the allowance account is reversed. The previously reversed and subsequently recovered amounts are credited to the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

III. De-recognition 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.

When a financial asset is derecognized as a whole, the difference between the carrying amount and the sum of consideration received plus any cumulative profit or loss that has been recognized in other comprehensive income is recognized in profit or loss

B. Financial liabilities

I. Subsequent measurement

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

II. De-recognition of financial liabilities

De-recognition financial liabilities, the difference between the carrying amount and the consideration paid is recognized as profit or loss.

(10) Revenue recognition

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

A. Sales of merchandise

The Sales of merchandise is recognized when the following conditions are fully satisfied:

I. The Group has transferred to the buyer the significant risks and rewards of ownership of the merchandise;

II. The Group retains neither continuing managerial involvement nor effective control over the merchandise sold;

III. The revenue can be measured reliably;

IV. The economic benefits associated with the transaction are likely to flow into the Group; and

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

B. Dividend and interest income

The dividend income generated by the investment is recognized when the rights of the shareholders to collect the funds are established, provided that the economic benefits related to the transaction are likely to flow into the Group and the amount of income can be reliably measured.

Interest income from financial assets is recognized when the economic benefits are likely to flow into the Group and the amount of income can be measured reliably. Interest income is recognized on a time base, by reference to the outstanding principal amount and the applicable effective interest rate.

(11) Leasing

A. The Group as a lessor

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

B. The Group as a lessee

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

(12) Borrowing costs

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

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

(13) Employee benefits

A. Short-term employee benefits

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

B. Retirement benefits

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

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

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

(14) Taxation

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

A. Current Tax

According to the Income Tax Act, the calculation at 10% of inappropriate retained earnings is stated as income tax of the shareholders' meeting resolution year.

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

B. Deferred Tax

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

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

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

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

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

C. Current and Deferred Taxes for the Year

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

(15) Discontinuing operations

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

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

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

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

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

(1) Inventory evaluation

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

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

The Group regularly evaluates the book value of the developing property and property to be developed to determine that developing property and property to be developed have been stated at the lower of cost and net realizable value in accordance with accounting policies.

The estimated net realized value of the Group based on the recent average selling prices of developing property and property to be developed in similar developments in the same industry, which are estimated based on current market conditions and historical sales experience of similar products. Changes in market conditions may significantly impact on these estimates.

6. Cash and Cash Equivalents

	December 31, 2017	December 31, 2016
Cash on hand and revolving funds	$ 1,432	$ 1,544
Checking and demand deposits	233,128	201,323
Bank foreign currency demand deposits	9,333	10,223
Cash equivalents		
Certificates of deposits with original maturities of within 3 months	8,000	-
	$ 251,893	$ 213,090

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

	December 31, 2017	December 31, 2016
Cash in banks	0.05%~0.20%	0.12%~0.20%
Certificates of deposits with original maturities of within 3 months	0.66%	-

7. Available-for-Sale Financial Assets

	December 31, 2017	December 31, 2016
Current		
Listed and OTC stocks	$ 78,736	$ 100,715
Domestic mutual funds	66,988	56,758
Foreign corporate bonds	5,752	5,978
Foreign mutual funds	-	6,454
	$ 151,476	$ 169,905
Non-current		
Foreign mutual funds	$ 8,949	$ 16,480

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

8. Notes Receivable and Accounts Receivable

	December 31, 2017	December 31, 2016
Notes receivable		
From operating activities		
Non-related parties	$ 392,263	$ 440,532
Related parties	$ -	$ 12,050
Accounts receivable		
From operating activities		
Non-related parties	$ 241,186	$ 340,847
Less: allowance for uncollectible accounts	(42,948)	(37,089)
	$ 198,238	$ 303,758
Related parties	$ 8,861	$ 23,360

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

(1) Notes receivable

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

The mortgage information of notes receivable, please see the Note 30 for reference.

(2) Accounts receivable

The analysis of accounts receivable is as below:

	December 31, 2017	December 31, 2016
30 days or less	$ 143,444	$ 148,900
31 to 60 days	38,424	91,990
61 to 90 days	9,801	48,319
91 to 120 days	7,140	6,364
121 to 150days	1,485	3,200
Above 151 days	40,892	42,074
Total	$ 241,186	$ 340,847

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

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

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

	December 31, 2017	December 31, 2016
Above 151 days	$ 2,168	$ 9,018

The aging will based on the days of overdue.

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

	Individual impairment loss	Group impairment loss	Total
Balance on January 1, 2016	$ 40,384	$ 2,135	$ 42,519
Less: reversal	(1,391)	(71)	(1,462)
Less: write-off	(3,968)	-	(3,968)
Balance on December 31, 2016	$ 35,025	$ 2,064	$ 37,089
Balance on January 1, 2017	$ 35,025	$ 2,064	$ 37,089
Add: impairment	8,572	173	8,745
Less: write-off	(2,886)	-	(2,886)
Balance on December 31, 2017	$ 40,711	$ 2,237	$ 42,948

9. Inventories

	December 31, 2017	December 31, 2016
Developing property and property to be developed	$ 3,142,546	$ 3,178,244
Raw materials	301,563	244,850
Work in progress	142,034	40,680
Finished goods	133,459	113,491
Repaired part and supplies	45,039	39,611
Merchandise	9,206	7,824
	$ 3,773,847	$ 3,624,700

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

The cost of sales associated with inventory is NT$3,588,568,000 which included inventory valuation losses NT$45,427,000(include valuation losses of developing property and property to be developed NT$44,408,000 and inventory valuation losses NT$1,019,000) in 2016.

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

As at December 31, 2017 and 2016, the estimated retrieved inventories over 12 months were NT$3,142,546,000 and NT$3,178,244,000 respectively, most of them are developing property and property to be developed.

See the Note 30 for the information of inventory pledge.

10. Subsidiaries

The subsidiaries in the consolidated financial statements:

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

Note：

1. Important subsidiaries are Luckicon Ready-mixed Concrete Factory Co., Ltd. and Dasheng Enterprise Co., Ltd.
2. The board of directors of the Company passed a resolution that was dissolution of Elumina Technology Inc. and its subsidiary in August 11, 2015. Please see Note 24 discounting operation.

3. Hojen Harbour Development Co., Ltd. (Hojen Harbor Company) was determined to be dissolution and liquidation by the Company board meeting in June 2016 and it had to complete it before September 2016.

11. Prepayments

	December 31, 2017	December 31, 2016
Office supplies	$ 100,091	$ 95,269
Prepaid expenses	60,517	67,809
Advanced payment for material	2,985	5,504
Others	174	84
	$ 163,767	$ 168,666

12. Other Financial Assets

	December 31, 2017	December 31, 2016
Other financial assets		
Restricted assets	$ 133,348	$ 304,677
Bond investment under repurchase agreement	-	60,021
	$ 133,348	$ 364,698

The restricted assets are savings and certificate of deposit that are provided for bank loan guarantees, market interest rate range for other financial assets on the end of the reporting period is as follows：

	December 31, 2017	December 31, 2016
Restricted assets	0.13%~3.55%	0.13%~2.70%
Bond investment under repurchase agreement	-	0.33%~0.40%

Please see the Note 30 for the mortgage information of other financial assets for reference.

13. Other Current Assets

	December 31, 2017	December 31, 2016
Excess business tax paid	$ 20,743	$ 16,435
Others	6,479	5,978
	$ 27,222	$ 22,413

14. Financial Assets at Cost

	December 31, 2017	December 31, 2016
Domestic unlisted (OTC) ordinary shares	$ 23,216	$ 37,666

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

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

15. Property, Plant and Equipment

	Land	Building	Machinery and equipment	Electrical equipment	Transportation equipment	Other equipment	Unfinished construction	Total
Cost								
Balance on January 1, 2016	$ 724,675	$ 2,238,761	$ 6,097,299	$ 1,187,107	$ 1,029,787	$ 497,100	$ 4,500	$11,779,229
Add	-	6,080	19,838	4,101	5,262	2,902	-	38,183
Disposal	-	(44,783)	(29,929)	-	(8,570)	(6,563)	-	(89,845)
Reclassification	-	-	-	-	4,500	-	(4,500)	-
Net exchange differences	-	914	226	-	3	17	-	1,160
Balance on December 31, 2016	$ 724,675	$ 2,200,972	$ 6,087,434	$ 1,191,208	$ 1,030,982	$ 493,456	$ -	$11,728,727
Accumulated depreciation and impairment								
Balance on January 1, 2016	$ -	$ 1,701,280	$ 5,577,304	$ 1,146,483	$ 730,088	$ 466,726	$ -	$ 9,621,881
Depreciation	-	70,335	126,706	7,914	75,894	12,082	-	292,931
Disposal	-	(44,783)	(26,862)	-	(8,570)	(6,563)	-	(86,778)
Net exchange differences	-	757	188	-	(5)	17	-	957
Balance on December 31, 2016	$ -	$ 1,727,589	$ 5,677,336	$ 1,154,397	$ 797,407	$ 472,262	$ -	$ 9,828,991
Balance on December 31, 2016, net	$ 724,675	$ 473,383	$ 410,098	$ 36,811	$ 233,575	$ 21,194	$ -	$ 1,899,736
Cost								
Balance on January 1, 2017	$ 724,675	$ 2,200,972	$ 6,087,434	$ 1,191,208	$ 1,030,982	$ 493,456	$ -	$11,728,727
Add	-	3,137	12,178	2,750	16,746	3,042	-	37,853
Disposal	-	(174)	(12,351)	-	(5,754)	(1,879)	-	(20,158)
Net exchange differences	-	(3,592)	(464)	-	(12)	(18)	-	(4,086)
Balance on December 31, 2017	$ 724,675	$ 2,200,343	$ 6,086,797	$ 1,193,958	$ 1,041,962	$ 494,601	$ -	$11,742,336
Accumulated depreciation and impairment								
Balance on January 1, 2017	$ -	$ 1,727,589	$ 5,677,336	$ 1,154,397	$ 797,407	$ 472,262	$ -	$ 9,828,991
Depreciation	-	63,598	111,506	7,925	73,004	12,477	-	268,510
impairment	-	-	-	-	7,892	-	-	7,892
Disposal	-	(120)	(403)	-	(5,493)	(1,879)	-	(7,895)
Net exchange differences	-	(3,226)	(469)	-	(10)	(18)	-	(3,723)
Balance on December 31, 2017	$ -	$ 1,787,841	$ 5,787,970	$ 1,162,322	$ 872,800	$ 482,842	$ -	$10,093,775
Balance on December 31, 2017, net	$ 724,675	$ 412,502	$ 298,827	$ 31,636	$ 169,162	$ 11,759	$ -	$ 1,648,561

The Group assesses the impairment for the years 2017 and 2016 and expects that the future cash inflow of ship equipment used by Luckyship Marine Co., Ltd. to provide rental and transportation revenue will be reduced, resulting in the recoverable amount being less than the carrying amount. Therefore, the consolidated company recognized a loss of impairment of NT$7,892,000 in 2017. The Group determines the recoverable amount of this transportation and transportation equipment based on the fair value less disposal costs. The relevant fair value is determined by the market method. The main assumption includes the estimated value of the sale, and it belongs to the second-level fair value measurement.

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

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

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

The mortgage information of Property, Plant and Equipment, please refer to Note 30.

16. Other Non-Current Assets

	December 31, 2017	December 31, 2016
Prepayments	$ 84,824	$ 109,576
Restricted assets	85,406	98,572
Net limestone mining rights	18,783	18,783
	$ 189,013	$ 226,931

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

	December 31, 2017	December 31, 2016
Restricted assets	0.13%~1.126%	0.10%~1.125%

Other information regarding to non-current asset collaterals, please refer to Note 30.

17. Loans

(1) Short-term borrowings

	December 31, 2017	December 31, 2016
Secured borrowings (Note 30)		
Bank loan	$ 653,642	$ 792,660
Unsecured borrowings		
Credit loan	220,000	393,169
	$ 873,642	$ 1,185,829

The interest rate of the bank loan is as follows：

	December 31, 2017	December 31, 2016
Secured borrowings	1.35%~1.60%	1.35%~1.8464%
Unsecured borrowings	1.55%~1.57%	1.427%~2.484%

(2) Short-term notes and bills payable

	December 31, 2017	December 31, 2016
Commercial paper payable	$ 140,000	$ 230,000
Less: Discount on short-term notes and bills payable	(423)	(557)
	$ 139,577	$ 229,443

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

December 31, 2017

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

December 31, 2016

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

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

(3) Long-term borrowings

	December 31, 2017	December 31, 2016
Secured borrowings (Note 30)		
Bank loan	$ 522,838	$ 360,038
Unsecured borrowings		
Bank loan	280,000	90,000
Less: Long-term borrowings have maturity of 1 year or less.	(111,200)	(314,700)
Bank loan	$ 691,638	$ 135,338

	Details	December 31, 2017	December 31, 2016
Secured borrowings			
Parent company			
Taishin International Bank	The period is from December 12, 2017 to December 12, 2019, the principle will be repaid once in maturity date.	$ 100,000	$ -
Taiwan Cooperative Bank	The period is from November 21, 2011 to November 21, 2018, ， the grace period is 2 years, every 6 months was served as an installment ， pay by 10 installments for the principle after the grace period. It has been repaid earlier in June of 2017.	-	100,000
Taiwan Cooperative Bank	The period is from July 13, 2014 to November 13, 2018, the principle will be repaid NT$ 12,000,000 every 3 months. It has been repaid earlier in February of 2017.	-	12,000
Mega International Commercial Bank Co., Ltd.	The period is from June 13, 2014 to June 13, 2017, the principle will be repaid NT$ 7,200,000 every 3 months. It has been repaid earlier in February of 2017.	$ -	$ 14,000
Bank of Taiwan	The period is from February 25, 2016 to February 25, 2019, ， the grace period is 1 years, the principle will be repaid NT$ 12,500,000 every 3 months after the ended of grace period. It has been repaid earlier in December of 2017.	-	100,000
The Export-Import Bank of the Republic of China	The period is from January 1, 2016 to January 31, 2017, the principle will be repaid once in maturity date.	-	100,000
Dasheng Enterprise Co., Ltd.			
O-Bank	The period is from November 21, 2017 to November 21, 2022, the principle will be repaid once in maturity date.	250,000	-
O-Bank	The period is from December 28, 2017 to December 28, 2022, the principle will be repaid once in maturity date.	250,000	-

(To be continued)

(Continued)

	Details	December 31, 2017	December 31, 2016
Secured borrowings			
Luckyship Marine Co., Ltd.			
Mega International Commercial Bank Co., Ltd.	The period is from November 17, 2015 to November 17, 2019, every 3 months was served as an installment，pay by 16 installments for the principle.	18,900	28,350
Mega International Commercial Bank Co., Ltd.	The period is from February 15, 2016 to February 15, 2020, every 3 months was served as an installment，pay by 16 installments for the principle.	3,938	5,688
Unsecured borrowings			
Parent company			
The Export-Import Bank of the Republic of China	The period is from October 11, 2017 to November 11, 2018, the principle will be repaid once in maturity date.	100,000	-
O-Bank	The period is from November 24, 2017 to November 23, 2019, the principle will be repaid once in maturity date.	80,000	-
The Shanghai Commercial & Savings Bank, Ltd.	The period is from July 15, 2016 to July 15, 2019, every 3 months was served as an installment，pay by 10 installments for the principle. It has been repaid earlier in December of 2017.	-	90,000
subtotal		802,838	450,038
Less: Long-term borrowings have maturities of 1 year or less.		(111,200)	(314,700)
Long-term borrowings		$ 691,638	$ 135,338

The annual interest rates of long-term borrowings were 1.7894%~2.20% and 1.7825%~2.20% respectively for December 31, 2017 and 2016.

18. Notes and Accounts Payable

	December 31, 2017	December 31, 2016
Notes payable		
From operating activities		
Non-related parties	$ 186,975	$ 155,842
Related parties	$ 26,747	$ 91,186

(To be continued)

(Continued)

	December 31, 2017	December 31, 2016
Accounts payable		
From operating activities		
Non-related parties	$ 126,733	$ 172,446
Related parties	$ 66,229	$ 90,433

19. Other Payables

	December 31, 2017	December 31, 2016
Wages and salaries payable	$ 49,853	$ 94,272
Other payables – related parties	20,777	16,632
Utilities expense payable	18,128	20,577
Taxes payable	17,458	24,271
Payable on machinery and equipment	4,528	4,759
Maintenance fee payables	2,853	2,717
Other	27,968	28,804
	$ 141,565	$ 192,032

20. Post-Employment Benefit Plan

(1) Defined contribution plans

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

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

(2) Defined benefit plans

The Company, Dasheng Enterprise, Luckicon Ready-mixed Co., Luckyship Co., and ELUMINA Technology Inc. adopted the defined benefit plan in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company, Dasheng Enterprise and Luckicon Ready-mixed Co., contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”); the Group has no right to influence the investment policy and strategy. Luckyship Co. and ELUMINA Technology Inc. did not set up and raise pension funds as of December 31, 2017.

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

	December 31, 2017	December 31, 2016
Present value of defined benefit obligation	$ 304,407	$ 337,042
Fair value of plan assets	(235,758)	(264,806)
Net defined benefit liabilities	$ 68,649	$ 72,236

The changes of net defined benefit liabilities are follows：

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
Balance on January 1,2016	$ 367,903	($ 19,679)	$ 348,224
Service cost			
Current service cost	11,659	-	11,659
Interest expense（income）	4,591	(262)	4,329
Recognize in profit or loss	16,250	(262)	15,988
Re-measurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,337)	(1,337)
Actuarial loss - changes in demographic assumptions	134	-	134
Actuarial loss - changes in financial assumptions	3,765	-	3,765
Actuarial gain – experience adjustments	(56)	-	(56)
Recognized in other comprehensive income	3,843	(1,337)	2,506
Contributions from the employer	-	(291,179)	(291,179)
Benefits paid	(50,954)	47,651	(3,303)
Balance on December 31, 2016	$ 337,042	($ 264,806)	$ 72,236

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

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

	2017	2016
Operating costs	$ 3,350	$ 6,013
Selling expenses	576	1,013
Administrative expenses	862	8,962
	$ 4,788	$ 15,988

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

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

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

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

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

	December 31, 2017	December 31, 2016
Discount rates	0.875%~1.00%	0.875%~1.125%
Expected rates of salary increase	1.25%	1.25%

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

	December 31, 2017	December 31, 2016
Discount rates		
0.25% increase	($ 5,955)	($ 7,009)
0.25% decrease	$ 6,142	$ 7,236
Expected rates of salary increase		
0.25% increase	$ 6,013	$ 7,092
0.25% decrease	($ 5,860)	($ 6,903)

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

	December 31, 2017	December 31, 2016
The expected contributions to the plan for the next year	$ 2,311	$ 2,478
The average duration of the defined benefit obligation	3.1~8.4 years	3.9~8.8 years

21. Equity

(1) Share capital

Common Stock

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

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

(2) Capital surplus

	December 31, 2017	December 31, 2016
Only to make up for losses		
From share of changes in equities of subsidiaries	$ 8	$ 8

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

(3) Retained earnings and dividend policy

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The amendments to Articles of Incorporation on earnings distribution policy had been approved by the Company's shareholders in its meeting held on June 15, 2016 and also provided allocation policy of remuneration of employee and directors and supervisors.

The amendments of earning allocation policy in the Articles of Incorporation states that in case of earning upon settled annually, the Company shall appropriate its 10% as legal surplus reserve first and account equity deduction occurred in the current year as special surplus reserve, addition to legal payment of business tax and compensation of historical annual loss, wherein if the dividend per share from the sum of balance thereafter and 40%~80% of aggregated surplus yet allocated in the previous year has not reached NTD$0.1 with calculation of the upper limit, 80%, it shall be reserved, not for allocation and allocation case shall be proposed in the Board of Directors, further presented for acknowledgement in the Meeting of Shareholders. Please refer to (6) of Note 22, Employee Benefits for the revised remuneration allocation policy of employee and directors, supervisors before/after the versions of the Articles of Incorporation. The appropriation & allocation ratio of the preceding surplus and stock to cash ratio shall be paid in cash dividend or stock dividend subject to real profit and situation of fund in the current year, with consideration of fund for investment and diluted level of surplus per share in the Meeting of Board of Directors. However, the allocated stock dividend shall be limited to 20% of the issued stock; in case that the aggregated equity deduction or equity deduction that is insufficient to account as surplus w/tax in the current year, it shall account equivalent amount of special surplus reserve from the aggregated surplus yet be allocated in the previous year and deduct it prior to the appropriation and allocation earlier. Thereafter, whenever equity deduction is turned, the turned amount shall be allocated as surplus. The allocation of related surplus shall be passed and acknowledged in the General Meeting of Shareholders held in the next year and shall be accounted in the current year.

The Company shall account and turn special surplus reserve pursuant to the provisions set forth in the Letter, Letter No. Jin-Kuang-Fa-Tzi No. 1010012865, Letter No. Jin-Kuang-Fa-Tzi No. 1010047490 and “Following the adoption of the International Financial Reporting

Standards (IFRSs), the question and answer of the applicable special surplus reserve”. Thereafter, whenever equity deduction is turned, the turned amount shall be allocated as surplus.

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

When allocating the unappropriated retained earnings, shareholders other than the residents within the territory of the Republic of China may acquire shareholder deductible that was calculated based on the tax deductible ratio on the Day of Dividend Allocation.

The appropriations of 2016 and 2015 earnings have been approved by shareholders in its meeting held on June 7, 2017 and June 15, 2016, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividend per share (NT$1.00)	
	2016	2015	2016	2015
Legal reserve	$ 31,533	$ 47,016		
Cash dividends	242,843	344,027	$ 0.6	$ 0.85

The Company proposed the proposal to offset deficits for the year 2017 and decided not to distribute the dividends by the board of directors on March 16, 2018. The resolution on the proposal to offset deficits for the year 2017 still needs to be resolved by the shareholders meeting held in 2018.

(4) Special reserve

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

	December 31, 2017	December 31, 2016
Special reserve	$ 14,135	$ 14,135

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

The Company proposed the loss compensation for the year 2017 by the board of directors on March 16, 2018. The negative value recognized of the other equity at the end of the reporting period and proposed a special surplus reserve of NT$3,241,000. The resolution on the loss for the year 2017 still needs to be resolved by the shareholders meeting held in 2018.

(5) Non-controlling interests

	2017	2016
Balance at the begin of the year	$ 30,141	$ 33,814
Number of share attributable to non-controlling equity		
Loss	(1,967)	(257)
Exchange differences on translation of foreign financial statements	(1)	(9)
Subsidiaries' Cash dividends	(1,750)	(2,500)
Subsidiary liquidation	-	(907)
Balance at the end of the year	$ 26,423	$ 30,141

22. Profit (Loss) from Continuing Operations

(1) Net other income (expense)

	2017	2016
Impairment of property, plant and equipment	($ 7,892)	$ -
Gains on disposals of property, plant and equipment	265	106

	(\$ 7,627)	\$ 106

(2) Other income

	2017	2016
Revenue from dividends	\$ 4,194	\$ 5,054
Others	11,078	7,435
	\$ 15,272	\$ 12,489

(3) Other expense

	2017	2016
Loss of disaster	\$ -	\$ 8,154
Others	15,400	17,202
	\$ 15,400	\$ 25,356

(4) Depreciation and amortization

	2017	2016
Depreciations summary by functions		
Operating costs	\$ 246,585	\$ 268,586
Operating expenses	13,921	14,124
Non-operating expenses	8,004	10,221
	\$ 268,510	\$ 292,931

	2017	2016
Amortization summary by functions		
Operating costs	\$ 6,932	\$ 8,660
Operating expenses	2,488	876
	\$ 9,420	\$ 9,536

(5) Employee benefits

	2017	2016
Post-employment benefits		
Defined contribution plans	\$ 13,240	\$ 13,514
Defined benefit plans	4,788	15,988
	18,028	29,502
Other employee benefits	366,144	421,769
	\$ 384,172	\$ 451,271

Summarized by function		
Operating costs	\$ 279,349	\$ 325,932
Operating expenses	104,823	125,339
	\$ 384,172	\$ 451,271

(6) Remuneration for employees, directors and supervisors

The Company shall appropriate 3% and not less than 5% of the profit before tax prior to the deduction of allocated remuneration for employees, directors and supervisors in the current year as the same. The Group did not estimate the remuneration for employees, directors and supervisors due to no available surplus in 2017. The remuneration for employees, the directors and supervisors of the year 2016 was decided by the board of directors on March 20, 2017 as follows:

Estimated %

	2016
Remuneration for employees	3%
Remuneration for directors and supervisors	5%

Amount

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

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

There is no difference between the amount of the remuneration for employees, the directors and supervisors actually paid and recognized in the consolidated financial statements in 2016 and 2015.

For information on the remuneration for employees, the directors and supervisors of the Company in 2018 and 2017, please check it on the Market Observation Post System of the Taiwan Stock Exchange.

(7) Foreign exchange gains or losses

	2017	2016
Total foreign exchange gains	$ 5,050	$ 3,177
Total foreign exchange losses	(3,975)	(5,128)
Net profit (loss)	$ 1,075	($ 1,951)

(8) Gains and Losses on disposals of investments

	2017	2016
Gains on Disposals of Available-for-Sale financial assets	$ 138	$ 9,103
Losses on Disposals of Available-for-Sale financial assets	(575)	(5)
Losses on disposal of the subsidiary	-	(6)
Net profit(loss)	($ 437)	$ 9,092

23. Income Tax from Continuing Operations

(1) Income tax recognized as profit or loss

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

	2017	2016
Current income tax		
Created in current period	$ 32,998	$ 44,008
Tax on Unappropriated retained earnings	-	8,618
Adjustment of previous years	3,721	4,462
	36,719	57,088
Deferred income tax		
Created in current period	(53,427)	20,040
Income tax expenses(income) of recognized in profit or loss	($ 16,708)	$ 77,128

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

	2017	2016
Profit (loss) before tax from continuing operations	($ 119,011)	$ 401,330
Income tax expense (income) calculated at statutory tax rate (17%) for profit (loss) before tax	($ 20,232)	$ 68,226
Un-deductible expenses on tax	6,243	1,585
Unrecognized the subtractable temporary differences /deductions	(5,727)	2,184
Tax-free income	(713)	(7,947)
Tax on unappropriated retained earnings	-	8,618
The reconciliation of Current income tax expense in the previous year is recognized in current year	3,721	4,462
Recognized income tax expense (income) in profit or loss	($ 16,708)	$ 77,128

The applicable tax rate for the Group applying Income Tax Act in the ROC is 17%; for China's subsidiaries, the applicable tax rate is 25%; for other jurisdictions, the tax is calculated based on the applicable tax rate in each jurisdiction.

In February 2018, it was announced by the President of the ROC that the Income Tax Act in the ROC was amended and, starting from 2018, the Profit-seeking Enterprise Income Tax rate will be adjusted from 17% to 20%. In addition, the tax rate of unappropriated retained earnings will be reduced from 10% to 5%in 2018. Deferred tax assets and deferred tax liabilities that are recognized on December 31, 2017 are expected to increase by NT$27,867,000 and NT$ 7,371,000 respectively in 2018 in according with the changes in tax rates.

As the status of the appropriation of retained earnings is uncertain in the shareholder meeting held in 2018, the potential income tax consequences of 10% tax on the unappropriated retained earnings in 2017 are not determined reliably.

(2) Current tax assets and liabilities

	December 31, 2017	December 31, 2016
Current tax assets		
Tax refund receivable	$ 16,642	$ 15,663
Current tax liabilities		
Income tax payable	$ 13,235	$ 4,128

(3) Deferred tax assets and liabilities

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

2017

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

2016

	Balance on the beginning of the year	Recognized in profit or loss	Balance on the end of the year
Deferred tax assets			
Temporary differences			
Pension limit exceeded	$ 64,898	($ 47,039)	$ 17,859
Loss deduction	6,079	2,029	8,108
Investment losses for using equity method	54,857	16,821	71,678
Unrealized inventory valuation losses	11,714	173	11,887
Unrealized foreign exchange losses	-	99	99
bad debt limit exceeded	6,211	(662)	5,549
Impairment loss on financial assets measured by cost method	3,995	-	3,995
Gross profit from advance receipts with an issued bill of lading	3,269	(127)	3,142
	$ 151,023	($ 28,706)	$ 122,317
Deferred tax liabilities			
Temporary differences			
Accelerated depreciation of Fixed assets	$ 68,269	($ 8,665)	$ 59,604
Unrealized foreign exchange gains	1	(1)	-
	$ 68,270	($ 8,666)	$ 59,604

(4) The related information of imputation system

	December 31, 2017	December 31, 2016
Unappropriated retained earnings		
Unappropriated retained earnings After 1998	$ - (Note)	$ 547,996
Balance in shareholders' imputation tax credit account	$ - (Note)	$ 192,473

	2017	2016
Tax deduction ratio applying to appropriated retained earnings	(Note)	22.37%

Note： The announcement of amendments to the effective income tax Act of Republic of China has abolished the imputation system in February 2018, and the relevant information is no longer applicable in 2017.

(5) Income tax approval

The Company, Luckicon Ready-mixed Co., and ELUMINA Technology Inc., as of the end of 2015 income tax declaration cases, approved by the tax collection authorities, the number of approved and declared is no significant difference.

Dasheng Enterprise, Luckyship Co., and Fuyu Development Company as of the end of 2016 income tax declaration cases, approved by the tax collection authorities, the number of approved and declared is no significant difference.

24. Discontinuing Operations

The board of directors of the Company decided to dissolve ELUMINA technology Inc., its subsidiaries - Elumina Holding Limited and Elumina (Xiamen) Company on August 11, 2015, and had the dissolution of liquidation; the Group classified the cash-generating units into the discounting operation in 2015. As of December 31, 2017, ELUMINA technology, Inc. and its subsidiaries have still in the processing of dissolution of liquidation.

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

	2017	2016
Current loss	($ 775)	($ 9,125)
Disposal of loss	-	-
	($ 775)	($ 9,125)

Information regarding to the profit or loss and cash flow of business suspension unit is as bellow:

	2017	2016
Operating expenses	($ 754)	($ 8,999)
Non-operating income and expenses	(21)	(126)
Pre-tax loss of business suspension units	(775)	(9,125)
Tax expense	-	-
Current loss	($ 775)	($ 9,125)
Loss of business suspension unit belongs to:		
Owners of the Company	($ 547)	($ 6,441)
Non-controlling interests	(228)	(2,684)
	($ 775)	($ 9,125)
Net cash outflows generated from operations	($ 3,779)	($ 2,502)
Net cash flows from financing activities	3,300	-
Net cash flows (outflows)	($ 479)	($ 2,502)

25. Earnings (Loss) per Share

Unit : NTD 1.00 per share

	2017	2016
Basic earnings(loss) per share		
From continuing operations	($ 0.25)	$ 0.80
From discontinued operations	-	(0.02)
Total basic earnings (loss) per share	($ 0.25)	$ 0.78
Diluted earnings per share		
From continuing operations		$ 0.80
From discontinued operations		(0.02)
Total diluted earnings per share		$ 0.78

Due to the loss incurred from January 1 to December 31, 2017, there is no need to calculate the potential dilutive effect of ordinary shares.

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

Profit (loss)

	2017	2016
Profit (loss) attributable to owners of parent	(\$ 101,111)	\$ 315,334
Plus: used to calculate the basic unit of the loss of business units per unit loss of net loss	547	6,441
To calculate the net profit (loss) of the continuing business unit's basic and diluted earnings (loss) per share	(\$ 100,564)	\$ 321,775

Number of share

unit：1,000 shares

	2017	2016
The weighted average shares of ordinary stock which is used to calculate the basic earnings(loss) per share	404,738	404,738
Dilution Effect of potential ordinary stock:		
Compensation for employee		1,801
To calculate the weighted average shares of ordinary stock for diluted earnings per share		406,539

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

26. Agreement of Operating Lease

(1) The Group is the tenant

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

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

	December 31, 2017	December 31, 2016
Within 1 year	$ 42,917	$ 38,413
More than 1 year but no more than 5 years	77,779	67,339
	$ 120,696	$ 105,752

Recognized expense of Lease payment as below:

	2017	2016
Lease payment	$ 53,867	$ 53,070

(2) The Group is the lessor

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

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

	December 31, 2017	December 31, 2016
Within 1 year	$ 10,144	$ 30,741
More than 1 year but no more than 5 years	5,180	5,714
	$ 15,324	$ 36,455

27. Financial Risk Management

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

28. Financial Instrument

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

For financial assets and liabilities that are not measured at fair value, there are no significant differences between the carrying amount and the fair value.

(2) Fair value information – financial instrument at fair value

A. Fair value hierarchy

December 31, 2017

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

December 31, 2016

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

There is no transfer between level 1 and level 2 of fair value measurement in 2017 and 2016.

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

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

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

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

(3) Type of finance instruments

	December 31, 2017	December 31, 2016
Financial assets		
Loans and receivables（Note 1）	$ 1,073,523	$ 1,457,987
Available-for-sale financial assets（Note 2 ）	183,641	224,051
Financial liabilities		
Measured at amortized cost（Note 3）	2,314,453	2,472,977

Note1: The balance includes loans and receivables measured at amortized cost such as cash and cash equivalents, notess receivable, accounts receivable, other receivables, bond investment under repurchase agreement (listed as other financial assets) and restricted assets (listed as other financial assets and other non-current assets).

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

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

(4) Objective and policy of financial risk management

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

A. Market risk

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

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

I. Currency risk

The Group's carrying amount of monetary assets and monetary liabilities denominated in non-functional currencies on the balance sheet date, including monetary items denominated in non-functional currencies that have been written off in the consolidated financial statements, please sees Note 31.

Sensitivity Analysis

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

The following table shows sensitivity analysis of the Group when individual functional currency increases or decreases 5% for each relevance currency rate. 5% is as sensitivity ratio used for reporting currency risk to key management personnel of the Group, and also represented assessment of reasonably possible range of fluctuation of foreign currency rate by the management personnel. The following table shows when the individual functional currency increases 5% relative to each relevant currency, it will make pre-tax income change; and when the individual functional currency decreases 5 % relative to each relevant currency, it will have impact of pre-tax income in negative for same amount.

	Effect of US dollars		Effect of RMB	
	2017	2016	2017	2016
Profit (loss)	($ 487)	$ 1,074	($ 345)	($ 379)

Effect of Japanese Yen	
2017	2016
($ 144)	$ -

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

II. Interest rate risk

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

	December 31, 2017	December 31, 2016
Interest rate risk with fair value		
-Financial assets	$ 162,087	$ 264,823
-Financial liabilities	420,000	624,000
Interest rate risk with cash flow		
-Financial assets	431,993	500,289
-Financial liabilities	1,396,057	1,241,310

Sensitivity Analysis

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

If interest rate increases/decreases 25 basis points, the loss before tax increases/decreases NT$2,410,000 in 2017 and the profit before tax decreases/increases NT$1,853,000 in 2016 with all other variables held constant; the main reasons are floating rate loan, demand deposit and exposure in restricted asset interest rate risk of the Group.

B. Credit risk

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

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

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

	December 31, 2017		December 31, 2016	
	Book Value	Largest credit risk exposed amount	Book Value	Largest credit risk exposed amount
Off-balance sheet commitments and guarantee				
Endorsement for subsidiary	$ -	$ 748,210	$ -	$ 517,250

The credit risk of the Group is mainly concentered on the key account (KA) of the Group; as the end of December 31, 2017 and 2016, the receivables exceed 5% of total receivables, which are separately 51.01%and 52.93% of total receivables.

C. Liquidity risk

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

Bank loan is an important source of liquidity for the Group. As the end of December 31, 2017 and 2016, the unused long-term and short-term bank loan commitments of the Group are separately NT$2,578,984,000 and NT$1,706,491,000.

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

December 31, 2017

	Weighted average valid rate (%)	Requirement: Pay at once or less than one month	1 month to 3 months	3 months to 12 months	1 year to 5 years	Above 5 years
Non - derivative financial liabilities						
Non-Interest-Bearing liability	-	$ 245,750	$ 269,489	$ 49,429	$ 12,562	$ 65,358
Floating interest rate tool	1.70%	-	35,355	669,064	691,638	-
Fixed interest rate tool	1.52%	100,000	-	320,000	-	-
		$ 345,750	$ 304,844	$1,038,493	$ 704,200	$ 65,358

December 31, 2016

	Weighted average valid rate (%)	Requirement : Pay at once or less than one month	1 month to 3 months	3 months to 12 months	1 year to 5 years	Above 5 years
Non - derivative financial liabilities						
Non-Interest-Bearing liability	-	$ 231,116	$ 403,687	$ 38,162	$ 47,843	$ 63,992
Floating interest rate tool	1.56%	122,000	292,808	691,164	135,338	-
Fixed interest rate tool	1.54%	100,000	200,000	324,000	-	-
		$ 453,116	$ 896,495	$1,053,326	$ 183,181	$ 63,992

29. Related Party Transactions

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

(1) Related party and Relations

Related party	Relations
Other related party	
Yungsheng Development Industrial Co., Ltd. (Yungsheng Development Co.)	The chairman of the company is the same as the chairman of the parent company
LIANG-CHUAN Cultural and Educational Foundation (LIANG-CHUAN Foundation)	The chairman of the foundation is the same as the chairman of the parent company
Fudong Freight Co., Ltd (Fudong Freight Co.)	The directors of the company are the same as the major shareholders of the parent company
Changjun Water Resources biotechnology Co., Ltd (Changjun Water Resources Co.)	The chairman of the company is one of the parent company chairman's first-degree relatives
Jia Fu Entertainment Co., Ltd (Jia Fu Entertainment Co.)	The chairman of the company is one of the parent company chairman's first-degree relatives
Wantong Product Insurance Brokerage Co., Ltd (Wantong Product Insurance Co.)	The chairman of the company is one of the parent company chairman's first-degree relatives
Lucky construction Co., Ltd (Lucky construction Co.)	The chairman of the company is one of the parent company chairman's first-degree relatives
Kuochuan Development Co., Ltd. (Kuochuan Development Co.)	The chairman of the company is one of the parent company chairman's first-degree relatives
Changheng Investment Co., Ltd. (Changheng Investment Co.)	The major shareholder of the parent company
Jinli Investment Co., Ltd. (Jinli Co.)	The major shareholder of the parent company
Cheng Haibin	The parent company chairman's third-degree relatives
Fuan Mining Co., Ltd. (Fuan Mining Co.)	The manger is the spouse of the parent company chairman's first-degree relatives from July, 2016

(2) Business transaction

	2017	2016
Sales		
Other related parties	$ 96,842	$ 64,727
Purchase		
Fuan Mining Co.	$ 343,707	$ 225,509
Other related parties	34,728	32,696
	$ 378,435	$ 258,205
Operating costs - transportation expenses		
Other related parties	$ 15,613	$ 15,246
Operating expenses		
Other related parties	$ 4,441	$ 3,831
Non-operating income		
Other related parties	$ 2,438	$ 2,438
Non-operating expenses		
Other related parties	$ 696	$ 443

The prices of purchases and sales of goods between the Group and its related parties are negotiated respectively. The payment period is based on the fund demand before September 30, 2017. It is equivalent to non-related persons since October 1, 2017.

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

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

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

	December 31, 2017	December 31, 2016
Notes receivable		
Other related parties	$ -	$ 12,050
Accounts receivable		
Other related parties	$ 8,861	$ 23,360
Other receivable		
Other related parties	$ 559	$ 468

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

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

	December 31, 2017	December 31, 2016
Notes payable		
Fuan Mining Co.	$ 21,580	$ 89,899
Other related parties	5,167	1,287
	$ 26,747	$ 91,186
Accounts payable		
Fuan Mining Co.	$ 61,393	$ 84,099
Other related parties	4,836	6,334
	$ 66,229	$ 90,433
Other payable（exclude financial）		
Other related parties	$ 2,449	$ 1,604

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

(5) Loans from related parties

	December 31, 2017	December 31, 2016
Other payable		
Other related parties	$ 18,328	$ 15,028
Shareholder accounts		
Cheng Haibin	$ 45,800	$ 45,800

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

(6) Remunerations of key management personnel

	2017	2016
Short-term employee benefits	$ 17,956	$ 44,300
Benefit after retirement	826	1,075
	$ 18,782	$ 45,375

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

30. Pledged Assets

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

	December 31, 2017	December 31, 2016
Developing property（Inventory）	$ 3,022,742	$ 2,999,162
Property, plant and equipment	815,592	1,062,645
Restricted assets（Other financial assets and other non-current assets）	218,754	403,249
Notes receivable	-	57,220
Repurchase bond investment (Other current assets)	-	60,021
	$ 4,057,088	$ 4,582,297

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

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

Unit：Thousands of NT$ and foreign currency

December 31, 2017

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

December 31, 2016

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

Foreign exchange gains or losses (realized or unrealized) of the Group in 2017 and 2016 are respectively grain NT$1,075,000 and loss NT$1,951,000. Because there is variety of foreign currency transactions, it cannot disclose exchange gains and losses in accordance with foreign currency of each important impact.

32. Additional Disclosures

(1) Significant transactions and (2) The related information of transferring to investment:

A. Financings provided: Schedule 1.

B. Endorsement/guarantee provided: Schedule 2.

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

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

E. Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None.

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

G. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: Schedule 4.

H. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Schedule 5.

I. Information about the derivative financial instruments transaction: None.

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

K. Information of the investees: Schedule 6.

(3) Investment information in mainland China:

A. The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Schedule 7.

B. Significant direct or indirect transactions with the investee, its prices and terms of payment and unrealized gains or losses: there are no significant transactions and unrealized gains or losses between the Company and the investee company in mainland China.

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

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

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

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

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

VI. Other transactions that have material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

33. Segment Information

The Group defined its reportable segments as follows:

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

Other segment: Other operations of non-cement business。The main business of ELUMINA Technology Inc. and its subsidiary Elumina Holding Ltd. and ELUMINA (Xiamen) company are producing and selling light-emitting Diode, and the unit of cash is transferred to discontinued operation on August, 2015; please see Note 24 related instruction.

(1) Revenue of segments and operating results

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

	Income of Department		Profit (Loss) of Department	
	2017	2016	2017	2016
Cement segment	$ 3,396,350	$ 4,210,037	$ 52,499	$ 493,164
Other segment	38,104	41,024	(152,843)	(66,838)
Gross amount of business unit	$ 3,434,454	$ 4,251,061	(100,344)	426,326
Interest revenue			1,935	1,975
Rent income			9,621	9,994
Other Income			15,272	12,489
Gains (losses) on disposals of investments			(437)	9,092
Foreign exchange gains(losses)			1,075	(1,951)
Other expenses			(15,400)	(25,356)
Interest expense			(30,733)	(31,239)
Profit from continuing operations before tax			(119,011)	401,330
Loss from discontinued operations before tax			(775)	(9,125)
Profit (loss) before tax			($ 119,786)	$ 392,205

The revenue of segments reported above is generated with external client exchanges. There is no selling between segments in 2017 and 2016.

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

(2) Total assets and liabilities of segments

	December 31, 2017	December 31, 2016
Segment assets		
Continuing operating segment		
Cement segment	$ 3,941,495	$ 4,349,220
Other segment t	3,293,622	3,401,208
Total of segment assets	7,235,117	7,750,428
Assets related discontinued operations	1,735	2,216
Total assets	$ 7,236,852	$ 7,752,644
Segment liabilities		
Continuing operating segment		
Cement segment	$ 2,134,893	$ 2,464,910
Other segment	665,514	478,292
Total of segment liabilities	2,800,407	2,943,202
Liabilities related discontinued operations	7,903	7,606
Total liabilities	$ 2,808,310	$ 2,950,808

(3) Information by area

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

(4) Main customer’s information

The annual sales revenue of NT$3,434,454,000 and NT$4,251,061,000 in 2017 and 2016, there were NT$503,829,000 and NT$472,842,000 respectively from the largest customer of the Group. In the year of 2017 and 2016, there was no other income from a single customer that exceeded 10% of the Group’s total revenue.

Lucky Cement Corporation and Subsidiaries

Financings Provided

For the Years Ended December 31, 2017

Schedule 1

Unit: NT$1,000

No.	Company of Lending Funds	Borrower	Relation Account	Maximum Balance in Current Period	Where is the related party	Balance, end of the period (Note 4)	Amount of real dealing (Note 5)	Interest rate collar (%)	Character on loan of funds (Note 1)	Amount between business	Necessary reasons for short term financial assets	Amount of allowance for uncollectible be submitted	Collateral		Limitation of loan of funds to individual party (Note 2)	Total limitation of loan of funds (Note 3)
													Name	Value		
0	Lucky Cement Corporation	Dasheng Enterprise Co., Ltd.	Receivables of Affiliated Enterprise－Financing	$ 390,000	Yes	$ 390,000	$ 226,550	1.885~1.988	(2)	$ -	Operating Turnover	$ -	－	－	$ 440,212	$ 1,760,848
		Luckyship Marine Co., Ltd.	Receivables of Affiliated Enterprise－Financing	30,000	Yes	30,000	30,000	1.885~1.988	(2)	-	Operating Turnover	-	－	－	440,212	1,760,848
		Lucky Cement Corp., Japan	Receivables of Affiliated Enterprise－Financing	10,000	Yes	10,000	-	-	(2)	-	Operating Turnover	-	－	－	440,212	1,760,848
						$ 430,000										
1	Luckicon Ready-mixed Concrete Factory Co., Ltd.	Dasheng Enterprise Co., Ltd.	Receivables of Affiliated Enterprise－Financing	40,000	Yes	40,000	40,000	1.95~2.05	(2)	-	Operating Turnover	-	－	－	57,260	114,521

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

(1) Party with business.

(2) Party with short-term financing need.

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

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

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

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

Lucky Cement Corporation and Subsidiaries

Endorsement/Guarantee Provided

For the Years Ended December 31, 2017

Schedule 2

Unit: NT$1,000, unless otherwise noted

No.	Company Name of endorser	The party for enforcement and guarantee		Limitation amount of enforcement and guarantee for single enterprise (Note 1)	Maximum balance of enforcement and guarantee in current period	Balance of enforcement and guarantee, end of the period	Amount of real dealing	Amount of enforcement and guarantee by property guarantee	Ratio of accumulated amount of enforcement and guarantee to net value of financial statement of latest period (%)	Maximum limitation on enforcement and guarantee (Note 2)	Enforcement and guarantee belong to parent vs. subsidiary company	Enforcement and guarantee belong to subsidiary vs. parent company	Enforcement and guarantee belong to Mainland China	Remark
		Company	Relations											
0	Lucky Cement Corporation	Dasheng Enterprise Co., Ltd	Subsidiary	$ 1,760,848	$ 620,000	$ 620,000	$ 560,000	$ 120,000 (Note 3)	14.08%	$ 2,201,060	Y	—	—	
		Luckicon Ready-mixed Concrete Factory Co., Ltd.	Subsidiary	1,760,848	70,000	70,000	-	-	1.59%	2,201,060	Y	—	—	
		Luckyship Marine Co., Ltd	Subsidiary	1,760,848	45,000	45,000	22,838	-	1.02%	2,201,060	Y	—	—	
		Lucky Cement Corp., Japan	Subsidiary	1,760,848	31,395 (USD1,000,000)	13,210	2,642	-	0.30%	2,201,060	Y	—	—	
						$ 748,210								

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

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

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

Lucky Cement Corporation and Subsidiaries

Marketable Securities Held

December 31, 2017

Schedule 3

Unit: NT$1,000

Company	Type and Name of Securities	Relationship with the Issuer of Securities	Account	End of period				Remarks
				Shares	Carrying Amount	(%)	Fair Value (Note 1)	
Lucky Cement Corporation	Non-listed (OTC) Company Common Stock							
	CANDO CORPORATION	—	Non-current financial assets at cost	398,889	$ -	0.1	$ -	Note 2
	Jonfeng Mining Co., Ltd	—	Non-current financial assets at cost	1,071,428	12,094	10.58	11,006	
	Redwood Group Ltd	—	Non-current financial assets at cost	700,837	5,433	0.18	7,384	
	WK TECHNOLOGY FUND	—	Non-current financial assets at cost	1,445,000	4,450	2.22	8,551	
	Listed (OTC) Company Common Stock							
	Taiwan Cement Corp.	—	Current available-for-sale financial assets	400,000	14,580	-	14,580	
	Asia Cement Corporation	—	Current available-for-sale financial assets	500,000	14,100	-	14,100	
	Winbond Electronics Corp.	—	Current available-for-sale financial assets	130,181	3,053	-	3,053	
	United Microelectronics Corporation	—	Current available-for-sale financial assets	72,351	1,027	-	1,027	
	Medigen Biotechnology Corporation	—	Current available-for-sale financial assets	28,628	1,013	-	1,013	
	China Development Financial	—	Current available-for-sale financial assets	13,496	137	-	137	
	First Financial Holding Co. Ltd.	—	Current available-for-sale financial assets	875	17	-	17	
	Capital Securities Corp.	—	Current available-for-sale financial assets	818	10	-	10	
	Hua Nan Financial Holdings Co., Ltd.	—	Current available-for-sale financial assets	385	7	-	7	
	Fund beneficiary certificate							
	Future Asset Asia Pacific Real Estate Security Fund- Stock A, free of interest allocation	—	Current available-for-sale financial assets	100,000	991	-	991	
Luckyship Marine Co., Ltd	Non-listed (OTC) Company Common Stock							
	Jonfeng Mining Co., Ltd.	—	Non-current financial assets at cost	35,129	1,239	0.35	361	

(To be continued)

（Continued）

Company	Type and Name of Securities	Relationship with the Issuer of Securities	Account	End of period				Remarks
				Shares	Carrying Amount	（ % ）	Fair Value（Note 1）	
Luckyship Marine Co., Ltd	Listed (OTC) Company Common Stock							
	Medigen Biotechnology Corporation	—	Current available-for-sale financial assets	242	8	-	8	
Just Bright Ltd.	Listed Company Common Stock							
	Global Lighting Technologies Inc.	—	Current available-for-sale financial assets	991,908	$ 44,784	-	$ 44,784	
Luckicon Ready-mixed Concrete Factory Co., Ltd.	Fund Beneficiary Certificate							
	Huanan Bank Yungchang Kirin Monetary Market Fund	—	Current available-for-sale financial assets	440,966	5,250	-	5,250	
	UPAMC James Bond Money Market	—	Current available-for-sale financial assets	1,210,311	20,110	-	20,110	
	MEGA BAOJUAN Money Market Fund	—	Current available-for-sale financial assets	4,834,653	35,236	-	35,236	
	Capital Golden Choice Balance	—	Current available-for-sale financial assets	50,000	508	-	508	
	Shin Kong Emerging ASEAN Bond Fund	—	Current available-for-sale financial assets	500,015	4,893	-	4,893	
	TSG Phnom Penh Real Estate Development Fund	—	Non-Current available-for-sale financial assets	500	8,949	-	8,949	
	Marketable Security - Corporate Bond							
	The Cathay United Jenai EMC USD Fixed Interest Allocation Bond	—	Current available-for-sale financial assets	-	5,752	-	5,752	

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

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

Note 3：Please refer to Schedule 6 and 7 for information regarding to subsidiary investment.

Lucky Cement Corporation and Subsidiaries

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

For the Years Ended December 31, 2017

Schedule 4

Unit: NT$1,000

Company Name	Transaction Counterpart	Relations	Transaction Status				Status and Reasons of Difference between Transaction Condition and General Transaction		Accounts, Notes Receivable (Payable)		Remarks
			Purchase (Sale)	Amount	Account for Purchase (Sale) Percentage to Total （%）	Credit Period	Unit Price	Credit Period	Balance	Accounts, Notes Receivable (Payable) Percentage to Total（%）	
Lucky Cement Corporation	Luckicon Ready-mixed Concrete Factory Co., Ltd.	Subsidiary	Sales	($ 223,843)	(7.65)	About 90 days	Quite	Quite	Accounts receivable $12,404 Notes receivable 11,398	2.67 2.46	Note
Lucky Cement Corporation	Fuan Mining Co., Ltd.	Other related parties	Purchase	343,707	23.45	About 90 days	Agreed	Quite	Accounts payable (61,393) Notes payable (21,580)	(13.24) (6.81)	

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

Lucky Cement Corporation and Subsidiaries

Receivables from Related Parties Amounting to at least NT$100 Million or 20% of the Paid-in Capital

December 31, 2017

Schedule 5

Unit: NT$1,000

Company of Accounts Receivable	Transaction Counterpart	Relations	Balance of Accounts Receivable due from Related Parties（Note）	Turnover Rate	Accounts Receivable past-due from Related Parties		Balance of Accounts Receivable due from Related Parties, Receive Amount after end of the period	Address Amount of Allowance for Bad Debts
					Amount	Disposal Method		
Lucky Cement Corporation	Dasheng Enterprise Co., Ltd	Subsidiary	Financing $ 226,871	—	$ -	—	$ 18,819	$ -

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

Lucky Cement Corporation and Subsidiaries

Names, Locations, and Related Information of Investees

For the Years Ended December 31, 2017

Schedule 6

Unit: NT$1,000

Investment company	Invested company	Address	Main business items	Original investment amount (Note 7)		Holding at the end of the period			Current (loss) profit of invested company	Investment (loss) profit accounted this Period (Note 1)	Remarks
				At the end of the period	End of last year	Number of shares	Rate	Carrying Amount			
Lucky Cement Corporation	Dasheng Enterprise Co., Ltd	14F., No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Real Estate Sales & Lease	$ 1,877,473	$ 1,877,473	158,294,180	99.99	$ 2,153,823	($ 150,654)	($ 150,648)	Note 5
	Luckicon Ready-mixed Concrete Factory Co., Ltd.	No.191, Sec. 1, Meishi Rd., Yangmei Dist., Taoyuan City 326, Taiwan (R.O.C.)	Ready-mixed Concrete Manufacture & Trades	99,998	99,998	21,999,868	99.99	286,302	(20,791)	(20,791)	Note 5
	Just Bright Ltd.	Tropic Isle Building, PO Box 438, Road Town, Tortola, British Virgin Islands	Investment Business	1,566	1,566	50,000	100.00	44,786	2,913	2,913	Note 5
	Lucky Cement Corp., Japan	Aichi, Japan hekinan Yu Jin-Pu-cho 12 gu	Cement Trading	82,300	84,959	200	100.00	23,463	491	491	Note 2 & 5
	Luckyship Marine Co., Ltd	13F., No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Shipping Agent	8,615	8,615	5,499,929	99.99	(5,851)	(40,238)	(40,238)	Note 3 & 6
	ELUMINA Technology Inc.	12F., No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Manufacture and Sale Light-emitting Diode Products	93,384	93,384	9,338,400	70.59	(27,437)	(775)	(547)	Note 4 & 6
Luckicon Ready-mixed Concrete Factory Co., Ltd.	Fuyu Development Company	13F., No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Mine Gravel	7,500	7,500	750,000	75.00	15,214	(6,932)	(5,199)	Note5
	ELUMINA HOLDING LIMITED	Beaufort House, P. O. Box 438, Road Town, Tortola, British Virgin Islands	Holding Company	45,563	45,563	1,282,000	100.00	259	(20)	(20)	Note5

Note 1：It has been calculated pursuant to the Accountant’ s audited financial statement.。

Note 2：Original investment amount that the Company invested in Lucky Cement Corp., Japan and did not finish equity registration is 330,000,000 Japanese Yen on December 31, 2017

Note 3：The negative carrying amount aggregates to NT$5,851,000 as of December 31, 2017 recognized as other non-current liabilities.

Note 4：The negative carrying amount aggregates to NT$27,437,000 as of December 31, 2017 recognized as other non-current liabilities.

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

Note 6：The long-term equity investment with accumulated negative carrying amount, the recognized investment loss and the net equity of the company being invested are all written off in the prepared financial statement

Note 7：Original investment amount is including capital reduction in order to make up for the loss reduction that happened in previous year.

Note 8：Please refer to Schedule 7 for the information regarding to the invested company in China.

Lucky Cement Corporation and Subsidiaries

Investment Information in Mainland China

For the Years Ended December 31, 2017

Schedule 7

Unit：NT$1,000, unless otherwise noted

Invested company in China	Major business	Paid-up capital	Inventory type (Note 1)	The amount of accumulated investment remitted from Taiwan at the beginning of the period (Note 4)	Remittance or recovery of investment amount in this period		The amount of accumulated investment remitted from Taiwan at the end of the period	Current profit and loss of invested company (Note 2 & 5)	The proportion of shares held by the Company directly or indirectly	Investment (Loss) profit accounted of this period (Note 2 & 5)	Book value of end-of-period investment (Note 2 & 5)	Investment income has been remitted as of this period
					Remittance	Recovered						
ELUMINA (Xiamen) Technology Inc.	Manufacture and sale light-emitting diode products	$ 80,631	(2)	$ 80,631	$ -	$ -	$ 80,631	($ 15)	70.59%	($ 11)	$ 250	$ -

Cumulative amount of investment from Taiwan investing China at end of this period	Investment Review Committee of the Ministry of Economic Affairs approved amount of investment	Upper limit of investment to China pursuant to regulation of Investment Review Committee of the Ministry of Economic Affairs (Note 3)
USD2,522,000	USD1,286,000	$4,402,119×60%=$2,641,271

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

(1) Direct investment in China.

(2) Invest in China companies through companies in the third area (investment company of the third area is ELUMINA HOLDING LIMITED) .

(3) Others

Note 2：Calculation of financial statement with audited by Taiwan Headquarter’ s Certified Accountant. 。

Note 3：Calculated by the limits set forth in the “China Investment or Technic Cooperation & Review Principle” issued by Investment & Review Committee, August 29,2008

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

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

Lucky Cement Corporation and Subsidiary

Intercompany Relationships and Significant Intercompany Transactions

For the Years Ended December 31, 2017

Schedule 8

Unit：NT$1,000

No.	Name of Trader	Subject in Trade	Relations with trader (Note 1)	State of Trade			
				Account	Amount	Condition of Trade	The ratio of total revenue or total assets (%)
0	Lucky Cement Corporation	Luckicon Ready-mixed Concrete Factory Co., Ltd.	1	Notes receivable	$ 11,398	About 90 days	0.16
	Lucky Cement Corporation	Luckicon Ready-mixed Concrete Factory Co., Ltd.	1	Accounts receivable	12,404	About 90 days	0.17
	Lucky Cement Corporation	Luckicon Ready-mixed Concrete Factory Co., Ltd.	1	Other receivables	81	About 90 days	-
	Lucky Cement Corporation	Luckicon Ready-mixed Concrete Factory Co., Ltd.	1	Cement pending in delivery and advance sales receipts	5,933	About 90 days	0.08
	Lucky Cement Corporation	Luckicon Ready-mixed Concrete Factory Co., Ltd.	1	Sales revenue	223,843	About 90 days	6.52
	Lucky Cement Corporation	Luckicon Ready-mixed Concrete Factory Co., Ltd.	1	Rent income	1,525	30 days	0.04
	Lucky Cement Corporation	Fuyu Development Company	1	Other receivables	3	About 90 days	-
	Lucky Cement Corporation	Fuyu Development Company	1	Notes payable	8	About 90 days	-
	Lucky Cement Corporation	Fuyu Development Company	1	Other payables	425	About 90 days	0.01
	Lucky Cement Corporation	Fuyu Development Company	1	Cost of sales	1,518	About 90 days	0.04
	Lucky Cement Corporation	Fuyu Development Company	1	Rent income	19,880	About 90 days	0.58
	Lucky Cement Corporation	Fuyu Development Company	1	Other income	1,200	30 days	0.03
	Lucky Cement Corporation	Luckyship Marine Co., Ltd	1	Other financial assets - Financing Payment	30,000	Financing, did not express the repayment period	0.41
	Lucky Cement Corporation	Luckyship Marine Co., Ltd	1	Other receivables	50	About 90 days	-
	Lucky Cement Corporation	Luckyship Marine Co., Ltd	1	Rent income	256	30 days	0.01
	Lucky Cement Corporation	Luckyship Marine Co., Ltd	1	Interest income	305	30 days	0.01
	Lucky Cement Corporation	Dasheng Enterprise Co., Ltd	1	Other financial assets - Financing Payment	226,550	Financing, did not express the repayment period	3.13
	Lucky Cement Corporation	Dasheng Enterprise Co., Ltd	1	Other receivables	321	About 90 days	-
	Lucky Cement Corporation	Dasheng Enterprise Co., Ltd	1	Rent income	80	30 days	-
	Lucky Cement Corporation	Dasheng Enterprise Co., Ltd	1	Interest income	4,432	30 days	0.13
1	Luckicon Ready-mixed Concrete Factory Co., Ltd.	Fuyu Development Company	1	Rent income	9,000	30 days	0.26
	Luckicon Ready-mixed Concrete Factory Co., Ltd.	Dasheng Enterprise Co., Ltd	3	Notes receivable	4,801	30 days	0.07
	Luckicon Ready-mixed Concrete Factory Co., Ltd.	Dasheng Enterprise Co., Ltd	3	Accounts receivable	6,383	About 90 days	0.09
	Luckicon Ready-mixed Concrete Factory Co., Ltd.	Dasheng Enterprise Co., Ltd	3	Other financial assets - Financing Payment	40,000	Financing, did not express the repayment period	0.55
	Luckicon Ready-mixed Concrete Factory Co., Ltd.	Dasheng Enterprise Co., Ltd	3	Other receivables	66	About 90 days	-
	Luckicon Ready-mixed Concrete Factory Co., Ltd.	Dasheng Enterprise Co., Ltd	3	Sales revenue	20,774	About 90 days	0.60
	Luckicon Ready-mixed Concrete Factory Co., Ltd.	Dasheng Enterprise Co., Ltd	3	Interest income	791	30 days	0.02

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

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