

Lucky Cement Co. and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2020 and 2019 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
Lucky Cement Co.

Introduction

We have reviewed the accompanying consolidated balance sheets of Lucky Cement Co. and its subsidiaries (collectively referred to as the "Group") as of March 31, 2020 and 2019, the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 11 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2020 and 2019, combined total assets of these non-significant subsidiaries were NT\$86,283 thousand and NT\$135,637 thousand, respectively, representing 1% and 2%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT\$11,451 thousand and NT\$22,908 thousand, respectively, representing 0% and 1%, respectively, of the consolidated total liabilities; for the three-month periods ended March 31, 2020 and 2019, the amounts of combined comprehensive income of these subsidiaries were NT\$(2,471) thousand and NT\$(116) thousand, respectively.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of March 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the three months then ended March 31, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 12, 2020

Notice to Readers

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

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

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	March 31, 2020 (Reviewed)		December 31, 2019 (Audited)		March 31, 2019 (Reviewed)	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash (Note 6)	\$ 262,409	4	\$ 233,426	3	\$ 188,313	3
Financial assets at fair value through profit or loss - current (Note 7)	10,104	-	15,562	-	26,948	-
Financial assets at fair value through other comprehensive income - current (Note 8)	32,644	-	22,038	-	94,351	1
Notes receivable (Notes 9 and 32)	603,072	8	488,761	7	379,499	5
Notes receivable from related parties (Notes 9 and 31)	51,789	1	4,972	-	3,611	-
Accounts receivable (Note 9)	498,673	7	412,120	6	305,255	4
Accounts receivable from related parties (Notes 9 and 31)	6,549	-	7,450	-	10,860	-
Other receivables (Notes 9 and 31)	8,362	-	88,101	1	41,686	1
Current income tax assets	17,607	-	17,607	-	21,328	-
Inventories (Notes 10 and 32)	3,505,784	47	3,516,072	48	3,626,028	48
Prepayments (Note 12)	173,038	2	164,806	2	199,829	3
Non-current assets held for sale (Notes 4 and 13)	5,017	-	-	-	-	-
Other financial assets - current (Notes 14 and 32)	80,313	1	93,165	1	88,149	1
Other current assets (Note 15)	<u>23,579</u>	<u>-</u>	<u>23,068</u>	<u>1</u>	<u>32,105</u>	<u>1</u>
Total current assets	<u>5,278,940</u>	<u>70</u>	<u>5,087,148</u>	<u>69</u>	<u>5,017,962</u>	<u>67</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	9,478	-	9,598	-	6,557	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	12,794	-	19,733	-	21,984	-
Property, plant and equipment (Notes 16 and 32)	1,672,370	22	1,711,806	24	1,826,176	25
Right-of-use assets (Note 17)	116,768	2	129,591	2	155,286	2
Deferred income tax assets (Note 4)	120,366	2	127,645	2	142,972	2
Refundable deposits	20,986	-	20,908	-	90,401	1
Other non-current assets (Notes 18 and 32)	<u>271,504</u>	<u>4</u>	<u>222,448</u>	<u>3</u>	<u>245,898</u>	<u>3</u>
Total non-current assets	<u>2,224,266</u>	<u>30</u>	<u>2,241,729</u>	<u>31</u>	<u>2,489,274</u>	<u>33</u>
TOTAL	<u>\$ 7,503,206</u>	<u>100</u>	<u>\$ 7,328,877</u>	<u>100</u>	<u>\$ 7,507,236</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 19 and 32)	\$ 206,852	3	\$ 232,700	3	\$ 971,419	13
Short-term bills payable (Notes 19 and 32)	219,474	3	219,465	3	109,726	1
Contract liabilities (Note 24)	340,402	4	259,431	4	229,081	3
Notes payable (Note 20)	193,244	3	202,062	3	185,196	3
Notes payable to related parties (Notes 20 and 31)	49,147	1	34,656	-	33,416	-
Accounts payable (Note 20)	170,447	2	124,131	2	112,373	2
Accounts payable to related parties (Notes 20 and 31)	38,725	-	35,532	-	28,752	-
Other payables (Note 21)	194,005	3	142,714	2	132,871	2
Other payables to related parties (Note 31)	1,927	-	1,281	-	1,517	-
Current income tax liabilities	8,825	-	2,149	-	127	-
Lease liabilities - current (Note 17)	48,720	1	50,494	1	48,659	1
Current portion of long-term borrowings (Notes 19 and 32)	390,000	5	310,000	4	8,838	-
Other current liabilities	<u>1,745</u>	<u>-</u>	<u>2,516</u>	<u>-</u>	<u>1,660</u>	<u>-</u>
Total current liabilities	<u>1,863,513</u>	<u>25</u>	<u>1,617,131</u>	<u>22</u>	<u>1,863,635</u>	<u>25</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 19 and 32)	1,090,000	15	1,170,000	16	1,160,000	16
Deferred tax liabilities (Note 4)	20,327	-	23,792	-	28,266	-
Lease liabilities - non-current (Note 17)	69,773	1	80,289	1	107,444	1
Other payables to related parties (Note 31)	45,800	1	45,800	1	45,800	1
Net defined benefit liabilities (Note 4)	39,175	-	40,128	1	59,316	1
Guarantee deposits received	<u>30,738</u>	<u>-</u>	<u>30,800</u>	<u>-</u>	<u>28,951</u>	<u>-</u>
Total non-current liabilities	<u>1,295,813</u>	<u>17</u>	<u>1,390,809</u>	<u>19</u>	<u>1,429,777</u>	<u>19</u>
Total liabilities	<u>3,159,326</u>	<u>42</u>	<u>3,007,940</u>	<u>41</u>	<u>3,293,412</u>	<u>44</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 23)						
Share capital						
Common stock	<u>4,047,380</u>	<u>54</u>	<u>4,047,380</u>	<u>55</u>	<u>4,047,380</u>	<u>54</u>
Capital surplus	<u>8</u>	<u>-</u>	<u>8</u>	<u>-</u>	<u>8</u>	<u>-</u>
Retained earnings						
Legal reserve	170,899	2	166,309	3	166,309	2
Special reserve	14,135	-	17,256	-	17,376	-
Unappropriated earnings	<u>117,330</u>	<u>2</u>	<u>85,901</u>	<u>1</u>	<u>(33,659)</u>	<u>-</u>
Total retained earnings	<u>302,364</u>	<u>4</u>	<u>269,466</u>	<u>4</u>	<u>150,026</u>	<u>2</u>
Other equity	<u>(5,949)</u>	<u>-</u>	<u>4,006</u>	<u>-</u>	<u>16,332</u>	<u>-</u>
Total equity attributable to owners of the Corporation	4,343,803	58	4,320,860	59	4,213,746	56
NON-CONTROLLING INTERESTS (Note 23)	<u>77</u>	<u>-</u>	<u>77</u>	<u>-</u>	<u>78</u>	<u>-</u>
Total equity	<u>4,343,880</u>	<u>58</u>	<u>4,320,937</u>	<u>59</u>	<u>4,213,824</u>	<u>56</u>
TOTAL	<u>\$ 7,503,206</u>	<u>100</u>	<u>\$ 7,328,877</u>	<u>100</u>	<u>\$ 7,507,236</u>	<u>100</u>

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

(With Deloitte & Touche review report dated May 12, 2020)

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 24 and 31)				
Sales	\$ 1,105,249	100	\$ 834,399	100
Less: Discounts and allowances	<u>529</u>	<u>-</u>	<u>54</u>	<u>-</u>
Total operating revenues	1,104,720	100	834,345	100
OPERATING COSTS (Notes 10, 25 and 31)	<u>921,863</u>	<u>83</u>	<u>807,682</u>	<u>97</u>
GROSS PROFIT	<u>182,857</u>	<u>17</u>	<u>26,663</u>	<u>3</u>
OPERATING EXPENSES (Notes 25 and 31)				
Selling and marketing expenses	29,729	3	27,591	3
General and administrative expenses	35,344	3	24,969	3
Expected credit loss (Note 9)	<u>7,732</u>	<u>1</u>	<u>4,584</u>	<u>1</u>
Total operating expenses	<u>72,805</u>	<u>7</u>	<u>57,144</u>	<u>7</u>
OTHER OPERATING INCOME AND EXPENSES (Note 25)	<u>80</u>	<u>-</u>	<u>4,120</u>	<u>1</u>
PROFIT/(LOSS) FROM OPERATIONS	<u>110,132</u>	<u>10</u>	<u>(26,361)</u>	<u>(3)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 25 and 31)				
Interest income	433	-	511	-
Rental income	2,323	-	2,227	-
Other gains	3,701	1	654	-
Gain on disposal of financial assets	-	-	109	-
Foreign exchange gains/(losses)	(416)	-	132	-
Fair value changes of financial assets	(435)	-	468	-
Other losses	(2,390)	-	(2,410)	-
Interest expense	<u>(9,052)</u>	<u>(1)</u>	<u>(10,379)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(5,836)</u>	<u>-</u>	<u>(8,688)</u>	<u>(1)</u>
PROFIT/(LOSS) BEFORE INCOME TAX	104,296	10	(35,049)	(4)
INCOME TAX (EXPENSE)/BENEFIT (Notes 4 and 26)	<u>(10,687)</u>	<u>(1)</u>	<u>5,276</u>	<u>-</u>
NET PROFIT/(LOSS)	<u>93,609</u>	<u>9</u>	<u>(29,773)</u>	<u>(4)</u>

(Continued)

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	\$ (9,863)	(1)	\$ 15,957	2
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	253	-	6	-
Unrealized gain/(loss) on investments in debt instruments at fair value through other comprehensive income	<u>(345)</u>	<u>-</u>	<u>636</u>	<u>-</u>
Other comprehensive income (loss), net of income tax	<u>(9,955)</u>	<u>(1)</u>	<u>16,599</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 83,654</u>	<u>8</u>	<u>\$ (13,174)</u>	<u>(2)</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Parent	\$ 93,609	8	\$ (29,773)	(4)
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 93,609</u>	<u>8</u>	<u>\$ (29,773)</u>	<u>(4)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Parent	\$ 83,654	8	\$ (13,174)	(2)
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 83,654</u>	<u>8</u>	<u>\$ (13,174)</u>	<u>(2)</u>
EARNINGS (LOSS) PER SHARE (Note 27)				
Basic	<u>\$ 0.23</u>		<u>\$ (0.07)</u>	
Diluted	<u>\$ 0.23</u>		<u>\$ (0.07)</u>	

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

(With Deloitte & Touche review report dated May 12, 2020)

(Concluded)

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Equity Attributable to Shareholders of the Parent Company					Other Equity		Total	Non-controlling Interests	Total Equity		
	Common Stock	Capital Surplus	Retained Earnings		Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain on Financial Assets at Fair Value through Other Comprehensive Income					
			Legal Reserve	Special Reserve								
BALANCE AT JANUARY 1, 2019	\$ 4,047,380	\$ 8	\$ 166,309	\$ 17,376	\$ (1,032)	\$ 7,660	\$ (10,781)	\$ 4,226,920	\$ 78	\$ 4,226,998		
Net loss for the three months ended March 31, 2019	-	-	-	-	(29,773)	-	-	(29,773)	-	(29,773)		
Other comprehensive income for the three months ended March 31, 2019	-	-	-	-	-	6	16,593	16,599	-	16,599		
Total comprehensive income (loss) for the three months ended March 31, 2019	-	-	-	-	(29,773)	6	16,593	(13,174)	-	(13,174)		
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	(2,854)	-	2,854	-	-	-		
BALANCE AT MARCH 31, 2019	\$ 4,047,380	\$ 8	\$ 166,309	\$ 17,376	\$ (33,659)	\$ 7,666	\$ 8,666	\$ 4,213,746	\$ 78	\$ 4,213,824		
BALANCE AT JANUARY 1, 2020	\$ 4,047,380	\$ 8	\$ 166,309	\$ 17,256	\$ 85,901	\$ 7,450	\$ (3,444)	\$ 4,320,860	\$ 77	\$ 4,320,937		
Appropriation of 2019 earnings												
Legal reserve	-	-	4,590	-	(4,590)	-	-	-	-	-		
Special reserve	-	-	-	(3,121)	3,121	-	-	-	-	-		
Cash dividends distributed by the Company	-	-	-	-	(60,711)	-	-	(60,711)	-	(60,711)		
Net profit for the three months ended March 31, 2020	-	-	-	-	93,609	-	-	93,609	-	93,609		
Other comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	-	253	(10,208)	(9,955)	-	(9,955)		
Total comprehensive income (loss) for the three months ended March 31, 2020	-	-	-	-	93,609	253	(10,208)	83,654	-	83,654		
BALANCE AT MARCH 31, 2020	\$ 4,047,380	\$ 8	\$ 170,899	\$ 14,135	\$ 117,330	\$ 7,703	\$ (13,652)	\$ 4,343,803	\$ 77	\$ 4,343,880		

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

(With Deloitte & Touche review report dated May 12, 2020)

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before income tax	\$ 104,296	\$ (35,049)
Adjustments for:		
Depreciation expense	52,735	69,418
Amortization expense	3,042	2,178
Expected credit loss	7,732	4,584
Net (gain)/loss on fair value changes of financial assets at fair value through profit or loss	435	(468)
Interest expense	9,052	10,379
Interest income	(433)	(511)
Dividend income	(1,557)	-
Gain on disposal of property, plant and equipment	(80)	(4,120)
Gain on disposal of financial assets	-	(109)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	5,143	16,999
Notes receivable	(114,311)	(61,578)
Notes receivable from related parties	(1,817)	1,559
Accounts receivable	(94,285)	(47,335)
Accounts receivable from related parties	901	280
Other receivables	(471)	3,319
Inventories	10,288	(15,057)
Prepayments	(8,232)	(18,557)
Other current assets	(511)	(2,147)
Other non-current assets	(4)	-
Contract liabilities	80,971	30,275
Notes payable	(8,818)	36,850
Notes payable to related parties	14,491	(10,179)
Accounts payable	46,316	(2,486)
Accounts payable to related parties	3,193	5,212
Other payables	(9,285)	14,914
Other payables to related parties	646	360
Other current liabilities	(771)	(2,107)
Net defined benefit liabilities	(953)	(1,510)
Cash generated from/(used in) operations	97,713	(4,886)
Interest received	859	907
Interest paid	(9,178)	(10,605)
Income tax paid	(197)	(150)
Net cash generated from (used in) operating activities	89,197	(14,734)

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LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ (18,927)	\$ -
Proceeds from sale of financial assets at fair value through other comprehensive income (Note 28)	21,393	21,654
Payments for property, plant and equipment	(5,427)	(6,229)
Proceeds from disposal of property, plant and equipment	80	4,120
Increase in refundable deposits	(78)	(50)
Decrease in other receivables	20,000	-
Decrease in other financial assets	12,852	20,083
Increase in other non-current assets	<u>(52,094)</u>	<u>(28,478)</u>
Net cash generated from (used in) investing activities	<u>(22,201)</u>	<u>11,100</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(25,848)	118,768
Decrease in short-term bills payable	-	(110,000)
Repayment of the principal portion of lease liabilities	(12,290)	(12,462)
Repayments of long-term borrowings	-	(2,800)
Decrease in guarantee deposits received	<u>(62)</u>	<u>(480)</u>
Net cash used in financing activities	<u>(38,200)</u>	<u>(6,974)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>187</u>	<u>119</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	28,983	(10,489)
CASH, BEGINNING OF PERIOD	<u>233,426</u>	<u>198,802</u>
CASH, END OF PERIOD	<u>\$ 262,409</u>	<u>\$ 188,313</u>

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

(With Deloitte & Touche review report dated May 12, 2020)

(Concluded)

LUCKY CEMENT CO. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Lucky Cement Corporation (hereinafter referred to as the “Parent Company”, the Parent Company and entities controlled by the Parent Company hereinafter referred to as “Group”) was established in 1974. The Parent Company’s shares were listed and have been trading on the Taiwan Stock Exchange since June 1990, and its main business is the manufacture and sale of Portland cement.

The accompanying consolidated financial statements are presented in the Parent Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Parent Company’s board of directors on May 12, 2020.

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

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

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

- b. The IFRSs issued by the IASB but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

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

Note 2: IASB has decided on March 17, 2020 that the effective date of the Standard will be postponed to annual reporting periods beginning on and after January 1, 2023. The Board expects to release the amendment to IFRS 17 in the second quarter of 2020.

As of the date the consolidated financial statements were authorized for issue, the Group assessed that the application of other standards and interpretations will have no significant impact on the Group's financial position and financial performance.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

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

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

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

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and the entities controlled by the Parent Company (i.e. its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective date of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Parent Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Note 11 and Note 35 (7) for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2019.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

3) Non-current assets held for sale

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

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation of those assets would cease.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

In the application of the Group's accounting policies, estimates and underlying assumptions, management of the Group did not recognize critical accounting judgments and key sources of estimation uncertainty.

6. CASH

	March 31, 2020	December 31, 2019	March 31, 2019
Cash on hand and revolving funds	\$ 2,132	\$ 1,528	\$ 1,500
Checking accounts and demand deposits	259,322	224,498	153,549
Foreign currency demand deposits	<u>955</u>	<u>7,400</u>	<u>33,264</u>
	<u>\$ 262,409</u>	<u>\$ 233,426</u>	<u>\$ 188,313</u>

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

	March 31, 2020	December 31, 2019	March 31, 2019
Bank deposits	0.001%-0.08%	0.01%-0.48%	0.05%-0.42%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Current</u>			
Financial assets mandatorily classified as at FVTPL - mutual funds	<u>\$ 10,104</u>	<u>\$ 15,562</u>	<u>\$ 26,948</u>
<u>Non-current</u>			
Financial assets mandatorily classified as at FVTPL - mutual funds	<u>\$ 9,478</u>	<u>\$ 9,598</u>	<u>\$ 6,557</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Current</u>			
Investments in equity instruments	\$ 26,854	\$ 15,977	\$ 88,392
Investments in debt instruments	<u>5,790</u>	<u>6,061</u>	<u>5,959</u>
	<u>\$ 32,644</u>	<u>\$ 22,038</u>	<u>\$ 94,351</u>
<u>Non-current</u>			
Investments in equity instruments	<u>\$ 12,794</u>	<u>\$ 19,733</u>	<u>\$ 21,984</u>

a. Investments in equity instruments at FVTOCI

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Current</u>			
Domestic investments - common stock			
Formosa Plastics Corporation	\$ 15,020	\$ -	\$ -
Far Eastern New Century Corporation	4,510	5,970	24,360
U-Ming Marine Transport Corporation	3,328	4,301	3,974
Winbond Electronics Corp.	1,477	2,545	1,920
Medigen Biotechnology Corp.	1,392	1,793	1,703
United Microelectronics Corp.	988	1,190	843

(Continued)

	March 31, 2020	December 31, 2019	March 31, 2019
China Development Financial	\$ 100	\$ 131	\$ 139
First Financial Holding Co., Ltd.	17	21	19
Capital Securities Corp.	8	10	9
Hua Nan Financial Holdings Co., Ltd.	8	10	8
Taiwan Cement Corp	6	6	-
Global Lighting Technologies Inc. (F-Maolin)	-	-	32,981
Asia Cement Corporation	-	-	20,050
Excelsior Medical Co., Ltd.	-	-	1,980
Highwealth Construction	<u>-</u>	<u>-</u>	<u>406</u>
	<u>\$ 26,854</u>	<u>\$ 15,977</u>	<u>\$ 88,392</u>
<u>Non-current</u>			
Domestic investments - common stocks			
Jonfeng Mining Co., Ltd.	\$ 6,971	\$ 8,443	\$ 10,966
Global Securities Finance Corp.	5,390	6,433	6,147
WK Technology Fund	<u>433</u>	<u>4,857</u>	<u>4,871</u>
	<u>\$ 12,794</u>	<u>\$ 19,733</u>	<u>\$ 21,984</u>
			(Concluded)

For more information on the above-mentioned investments, please refer to Table 3 “Marketable Securities Held” in Note 35.

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

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

Capital reduction of \$5,125 thousand and dividends of \$1,557 thousand were recognized during the three months ended March 31, 2020.

b. Investments in debt instruments at FVTOCI

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Current</u>			
Bond investments	<u>\$ 5,790</u>	<u>\$ 6,061</u>	<u>\$ 5,959</u>

The bonds held by the Group have a coupon rate of 3.375%.

9. NOTES RECEIVABLE, TRADE RECEIVABLES, OTHER RECEIVABLES AND OVERDUE RECEIVABLES

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	<u>\$ 603,072</u>	<u>\$ 488,761</u>	<u>\$ 379,499</u>
<u>Notes receivable from related parties</u>			
At amortized cost			
Gross carrying amount	<u>\$ 51,789</u>	<u>\$ 4,972</u>	<u>\$ 3,611</u>
Notes receivable - operating	\$ 609,861	\$ 493,733	\$ 383,110
Notes receivable - non-operating	<u>45,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 654,861</u>	<u>\$ 493,733</u>	<u>\$ 383,110</u>
<u>Trade receivables</u>			
At amortized cost			
Gross carrying amount	\$ 519,293	\$ 424,728	\$ 323,272
Less: Allowance for impairment loss	<u>(20,620)</u>	<u>(12,608)</u>	<u>(18,017)</u>
	<u>\$ 498,673</u>	<u>\$ 412,120</u>	<u>\$ 305,255</u>
<u>Trade receivables from related parties</u>			
At amortized cost			
Gross carrying amount	<u>\$ 6,549</u>	<u>\$ 7,450</u>	<u>\$ 10,860</u>
<u>Other receivables</u>			
Capital reduction receivables - at FVTOCI	\$ 5,125	\$ -	\$ -
Dividend receivables	1,557	-	-
From related parties	555	155	701
Deposits	-	65,162	-
Sale of securities	-	21,393	39,795
Other	<u>1,125</u>	<u>1,391</u>	<u>1,190</u>
	<u>\$ 8,362</u>	<u>\$ 88,101</u>	<u>\$ 41,686</u>
<u>Overdue receivables</u>			
Overdue	\$ 31,816	\$ 32,096	\$ 30,500
Less: Allowance for impairment loss - overdue	<u>(31,816)</u>	<u>(32,096)</u>	<u>(30,500)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The deposits as of December 31, 2019 were the deposits that the Group made for mining. These deposits had been transferred to the related party - Fuan Mining Co., Ltd in March 2020, and the Group has received payment in full in April 2020.

a. Note receivable

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

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

For information on the notes receivable pledged as collateral, please refer to Note 32.

b. Trade receivables

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

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs under IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

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

March 31, 2020

1) Lucky Cement Co.

	Customers without Financial Difficulties					Customers with Financial Difficulties	Total
	Not Past Due	Past Due within 30 Days	Past Due 31 to 60 Days	Past Due 61 to 180 Days	Past Due Over 180 Days		
Expected credit loss rate	-	-	-	-	100%	100%	
Gross carrying amount	\$ 643,517	\$ -	\$ -	\$ -	\$ 269	\$ -	\$ 643,786
Loss allowance (Lifetime ECLs)	-	-	-	-	(269)	-	(269)
Amortized cost	<u>\$ 643,517</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 643,517</u>

2) Luckicon Ready-mixed Concrete Factory Co., Ltd.

	Customers without Financial Difficulties					Customers with Financial Difficulties	Total
	Not Past Due	Past Due within 30 Days	Past Due 31 to 60 Days	Past Due 61 to 180 Days	Past Due Over 180 Days		
Expected credit loss rate	0%-0.95%	2.77%	4.63%	9.95%-68.60%	100%	100%	
Gross carrying amount	\$ 475,593	\$ 8,409	\$ 5,315	\$ 16,789	\$ 4,553	\$ 31,816	\$ 542,475
Loss allowance (Lifetime ECLs)	(3,301)	(233)	(246)	(5,062)	(4,553)	(31,816)	(45,211)
Amortized cost	<u>\$ 472,292</u>	<u>\$ 8,176</u>	<u>\$ 5,069</u>	<u>\$ 11,727</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 497,264</u>

3) Others

	Customers without Financial Difficulties					Customers with Financial Difficulties	Total
	Not Past Due	Past Due within 30 Days	Past Due 31 to 60 Days	Past Due 61 to 180 Days	Past Due Over 180 Days		
Expected credit loss rate	-	-	-	-	100%	100%	
Gross carrying amount	\$ 19,302	\$ -	\$ -	\$ -	\$ -	\$ 6,956	\$ 26,258
Loss allowance (Lifetime ECLs)	-	-	-	-	-	(6,956)	(6,956)
Amortized cost	<u>\$ 19,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,302</u>

December 31, 2019

1) Lucky Cement Co.

	Customers without Financial Difficulties					Customers with Financial Difficulties	Total
	Not Past Due	Past Due within 30 Days	Past Due 31 to 60 Days	Past Due 61 to 180 Days	Past Due Over 180 Days		
Expected credit loss rate	-	-	-	-	100%	100%	
Gross carrying amount	\$ 506,489	\$ -	\$ -	\$ -	\$ 269	\$ -	\$ 506,758
Loss allowance (Lifetime ECLs)	-	-	-	-	(269)	-	(269)
Amortized cost	<u>\$ 506,489</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 506,489</u>

2) Luckicon Ready-mixed Concrete Factory Co., Ltd.

	Customers without Financial Difficulties					Customers with Financial Difficulties	Total
	Not Past Due	Past Due within 30 Days	Past Due 31 to 60 Days	Past Due 61 to 180 Days	Past Due Over 180 Days		
Expected credit loss rate	0%-0.95%	2.77%	4.63%	9.95%-68.60%	100%	100%	
Gross carrying amount	\$ 362,105	\$ 11,309	\$ 8,979	\$ 11,682	\$ 17	\$ 32,096	\$ 426,188
Loss allowance (Lifetime ECLs)	<u>(2,683)</u>	<u>(313)</u>	<u>(416)</u>	<u>(1,953)</u>	<u>(17)</u>	<u>(32,096)</u>	<u>(37,478)</u>
Amortized cost	<u>\$ 359,422</u>	<u>\$ 10,996</u>	<u>\$ 8,563</u>	<u>\$ 9,729</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 388,710</u>

3) Others

	Customers without Financial Difficulties					Customers with Financial Difficulties	Total
	Not Past Due	Past Due within 30 Days	Past Due 31 to 60 Days	Past Due 61 to 180 Days	Past Due Over 180 Days		
Expected credit loss rate	0%-0.14%	-	-	-	100%	100%	
Gross carrying amount	\$ 18,105	\$ -	\$ -	\$ -	\$ -	\$ 6,956	\$ 25,061
Loss allowance (Lifetime ECLs)	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,956)</u>	<u>(6,957)</u>
Amortized cost	<u>\$ 18,104</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,104</u>

March 31, 2019

1) Lucky Cement Co.

	Customers without Financial Difficulties					Customers with Financial Difficulties	Total
	Not Past Due	Past Due within 30 Days	Past Due 31 to 60 Days	Past Due 61 to 180 Days	Past Due Over 180 Days		
Expected credit loss rate	0%-0.24%	-	-	-	100%	100%	
Gross carrying amount	\$ 395,360	\$ -	\$ -	\$ -	\$ 269	\$ -	\$ 395,629
Loss allowance (Lifetime ECLs)	<u>(142)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(269)</u>	<u>-</u>	<u>(411)</u>
Amortized cost	<u>\$ 395,218</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 395,218</u>

2) Luckicon Ready-mixed Concrete Factory Co., Ltd.

	Customers without Financial Difficulties					Customers with Financial Difficulties	Total
	Not Past Due	Past Due within 30 Days	Past Due 31 to 60 Days	Past Due 61 to 180 Days	Past Due Over 180 Days		
Expected credit loss rate	0%-4.13%	5.78%	7.18%	10.63%-30.2%	100%	100%	
Gross carrying amount	\$ 274,299	\$ 8,194	\$ 8,545	\$ 367	\$ -	\$ 30,500	\$ 321,905
Loss allowance (Lifetime ECLs)	<u>(9,464)</u>	<u>(474)</u>	<u>(613)</u>	<u>(99)</u>	<u>-</u>	<u>(30,500)</u>	<u>(41,150)</u>
Amortized cost	<u>\$ 264,835</u>	<u>\$ 7,720</u>	<u>\$ 7,932</u>	<u>\$ 268</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 280,755</u>

3) Other

	Customers without Financial Difficulties					Customers with Financial Difficulties	Total
	Not Past Due	Past Due within 30 Days	Past Due 31 to 60 Days	Past Due 61 to 180 Days	Past Due Over 180 Days		
Expected credit loss rate	-	-	-	-	100%	100%	
Gross carrying amount	\$ 23,252	\$ -	\$ -	\$ -	\$ -	\$ 6,956	\$ 30,208
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,956)</u>	<u>(6,956)</u>
Amortized cost	<u>\$ 23,252</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,252</u>

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

	For the Three Months Ended March 31	
	2020	2019
Balance at January 1	\$ 44,704	\$ 43,985
Add: Net remeasurement of loss allowance	7,732	4,584
Foreign exchange gains and losses	<u>-</u>	<u>(52)</u>
Balance at March 31	<u>\$ 52,436</u>	<u>\$ 48,517</u>

10. INVENTORIES

	March 31, 2020	December 31, 2019	March 31, 2019
Real estate under development and real estate to be developed	\$ 3,135,094	\$ 3,133,578	\$ 3,136,904
Raw materials	163,601	141,493	199,269
Work in progress	105,638	107,472	132,451
Finished goods	60,960	91,310	111,893
Supplies and spare parts	28,851	33,218	35,691
Merchandise	<u>11,640</u>	<u>9,001</u>	<u>9,820</u>
	<u>\$ 3,505,784</u>	<u>\$ 3,516,072</u>	<u>\$ 3,626,028</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2020 was \$921,863 thousand. The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2019 was \$807,682 thousand, which included losses on inventory write-downs of \$5,946 thousand.

As of March 31, 2020, December 31, 2019 and March 31, 2019, the inventories expected to be recovered after more than 12 months were \$3,135,094 thousand, \$3,133,578 thousand and \$3,136,904 thousand, respectively, which were mainly real estate under development.

For more information on the inventories pledged as collateral, please refer to Note 32.

11. SUBSIDIARIES

The main entities included in the preparation of the consolidated financial statements are as follows:

Investor Company Name	Subsidiary Name	Nature of Business	Percentage of Equity Held (%)			Explanation
			March 31, 2020	December 31, 2019	March 31, 2019	
Lucky Cement Co.	Dasheng Enterprise Co., Ltd. (Dasheng Enterprise)	Sale and lease of national residences, commercial buildings, parking lots and industrial areas	99.99	99.99	99.99	a.
	Luckicon Ready-mixed Concrete Factory Co., Ltd. (Luckicon Ready-mixed Co.)	Production and sale of concrete	99.99	99.99	99.99	a.
	Lucky Cement Corp., Japan (Lucky Cement Japan,)	Trading of cement	100.00	100.00	100.00	
	Luckyship Marine Co., Ltd (Luckyship Co.)	Shipping agent	99.99	99.99	99.99	
	Just Bright Ltd.	Investment business	100.00	100.00	100.00	b.
Luckicon Ready-mixed Co.	Fuyu Development Co., Ltd.	On land clay and stone quarrying	100.00	100.00	100.00	

Notes:

- a. Significant subsidiaries include Dasheng Enterprise and Luckicon Ready-mixed Co.
- b. The Parent Company resolved in the board of directors' meeting on December 27, 2019 to discontinue the operations of its subsidiary, Just Bright Ltd., and the cancellation procedures are expected to be completed on May 1, 2021.

For the three months ended March 31, 2020 and 2019, except for the Luckicon Ready-mixed Co. and Dasheng Enterprise, the financial statements of the rest of the non-significant subsidiaries which had been included in the consolidated financial statements were not reviewed. As of March 31, 2020 and 2019, the total assets of these non-significant subsidiaries were \$86,283 thousand and \$135,637 thousand, accounting for 1% and 2% of the consolidated total assets, respectively; and the total liabilities of these subsidiaries were \$11,451 thousand and \$22,908 thousand, respectively, accounting for 0% and 1% of the consolidated total liabilities, respectively. For the three-month periods ended March 31, 2020 and 2019, the amounts of the comprehensive loss of these subsidiaries were \$2,471 thousand and \$116 thousand, respectively.

12. PREPAYMENTS

	March 31, 2020	December 31, 2019	March 31, 2019
Office supplies	\$ 109,083	\$ 105,474	\$ 102,866
Prepaid expenses	59,694	54,366	93,125
Prepaid purchase materials	3,567	4,837	3,205
Other	<u>694</u>	<u>129</u>	<u>633</u>
	<u>\$ 173,038</u>	<u>\$ 164,806</u>	<u>\$ 199,829</u>

13. NON-CURRENT ASSETS AS HELD FOR SALE

	March 31, 2020	December 31, 2019	March 31, 2019
Freehold land held for sale	<u>\$ 5,017</u>	<u>\$ -</u>	<u>\$ -</u>

The Parent company had proposed to dispose the idle land at Puxin factory on March 24, 2020, and signed the contract with non-related parties on April 24, 2020. The proceeds from the contract totaled \$21,618 thousand. The Parent company reclassified the idle land from property, plant and equipment to non-current assets held for sale. Since the net proceeds of the disposal was higher than the carrying amount of the related net assets, no impairment loss should be recognized.

14. OTHER FINANCIAL ASSETS

	March 31, 2020	December 31, 2019	March 31, 2019
Restricted assets	<u>\$ 80,313</u>	<u>\$ 93,165</u>	<u>\$ 88,149</u>

The restricted assets are savings and certificates of deposit that are provided for bank loan guarantees; market interest rate ranges for other financial assets on the end of the reporting period are as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Restricted assets	0.04%-2.65%	0.04%-2.65%	0.59%-3.50%

For information on other financial assets pledged as collateral, please refer to Note 32.

15. OTHER CURRENT ASSETS

	March 31, 2020	December 31, 2019	March 31, 2019
Offset against business tax payable	\$ 23,579	\$ 23,067	\$ 26,096
Others	<u>-</u>	<u>1</u>	<u>6,009</u>
	<u>\$ 23,579</u>	<u>\$ 23,068</u>	<u>\$ 32,105</u>

16. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2020	December 31, 2019	March 31, 2019
Land	\$ 1,079,085	\$ 1,084,102	\$ 1,084,102
Buildings	365,926	380,898	423,254
Machinery and equipment	125,951	135,918	178,196
Electrical equipment	16,191	18,017	23,950
Transportation equipment	78,541	85,955	110,752
Other equipment	<u>6,676</u>	<u>6,916</u>	<u>5,922</u>
	<u>\$ 1,672,370</u>	<u>\$ 1,711,806</u>	<u>\$ 1,826,176</u>

	Land	Buildings	Machinery and Equipment	Electrical Equipment	Transportation Equipment	Other Equipment	Total
<u>Cost</u>							
Balance at January 1, 2020	\$ 1,084,102	\$ 2,294,349	\$ 6,107,551	\$ 1,196,322	\$ 858,385	\$ 499,954	\$ 12,040,663
Additions	-	-	4,104	-	761	562	5,427
Disposals	-	-	(76)	-	(1,317)	(170)	(1,563)
Reclassification	(5,017)	-	-	-	-	-	(5,017)
Net exchange difference	-	882	114	-	3	4	1,003
Balance at March 31, 2020	<u>1,079,085</u>	<u>2,295,231</u>	<u>6,111,693</u>	<u>1,196,322</u>	<u>857,832</u>	<u>500,350</u>	<u>12,040,513</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2020	-	1,913,451	5,971,633	1,178,305	772,430	493,038	10,328,857
Depreciation expenses	-	15,019	14,090	1,826	8,175	802	39,912
Disposals	-	-	(76)	-	(1,317)	(170)	(1,563)
Net exchange difference	-	835	95	-	3	4	937
Balance at March 31, 2020	<u>-</u>	<u>1,929,305</u>	<u>5,985,742</u>	<u>1,180,131</u>	<u>779,291</u>	<u>493,674</u>	<u>10,368,143</u>
Carrying amounts at December 31, 2019 and January 1, 2020	<u>\$ 1,084,102</u>	<u>\$ 380,898</u>	<u>\$ 135,918</u>	<u>\$ 18,017</u>	<u>\$ 85,955</u>	<u>\$ 6,916</u>	<u>\$ 1,711,806</u>
Carrying amounts at March 31, 2020	<u>\$ 1,079,085</u>	<u>\$ 365,926</u>	<u>\$ 125,951</u>	<u>\$ 16,191</u>	<u>\$ 78,541</u>	<u>\$ 6,676</u>	<u>\$ 1,672,370</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Electrical Equipment	Transportation Equipment	Other Equipment	Total
<u>Cost</u>							
Balance at January 1, 2019	\$ 1,084,102	\$ 2,291,624	\$ 6,095,913	\$ 1,196,322	\$ 918,627	\$ 496,420	\$ 12,083,008
Additions	-	76	1,757	-	3,296	1,100	6,229
Disposals	-	-	-	-	(40,777)	(639)	(41,416)
Net exchange difference	-	32	4	-	(2)	4	38
Balance at March 31, 2019	<u>1,084,102</u>	<u>2,291,732</u>	<u>6,097,674</u>	<u>1,196,322</u>	<u>881,144</u>	<u>496,885</u>	<u>12,047,859</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2019	-	1,852,828	5,892,324	1,170,392	800,718	490,665	10,206,927
Depreciation expenses	-	15,549	27,220	1,980	10,451	938	56,138
Disposals	-	-	-	-	(40,777)	(639)	(41,416)
Net exchange difference	-	101	(66)	-	-	(1)	34
Balance at March 31, 2019	-	<u>1,868,478</u>	<u>5,919,478</u>	<u>1,172,372</u>	<u>770,392</u>	<u>490,963</u>	<u>10,221,683</u>
Carrying amounts at March 31, 2019	<u>\$ 1,084,102</u>	<u>\$ 423,254</u>	<u>\$ 178,196</u>	<u>\$ 23,950</u>	<u>\$ 110,752</u>	<u>\$ 5,922</u>	<u>\$ 1,826,176</u>

(Concluded)

The Group assessed that there was no indication of impairment for property, plant and equipment for the three months ended March 31, 2020 and 2019.

Part of the Parent Company's land on which they have land use rights is reserved for use of the aborigines and is temporarily registered in the name of a third person. The trustee has issued an affidavit and mortgaged the land to the Parent Company.

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

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

The above-mentioned property, plant and equipment were reclassified as non-current assets held for sale, please refer to Note 13 for the details.

For the information on property, plant and equipment mortgaged, please refer to Note 32.

17. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Carrying amounts</u>			
Land	\$ 31,845	\$ 35,847	\$ 45,470
Buildings	83,338	91,684	106,331
Transportation equipment	<u>1,585</u>	<u>2,060</u>	<u>3,485</u>
	<u>\$ 116,768</u>	<u>\$ 129,591</u>	<u>\$ 155,286</u>

	For the Three Months Ended March 31	
	2020	2019
Depreciation charge for right-of-use assets		
Land	\$ 4,002	\$ 3,995
Buildings	8,346	8,810
Transportation equipment	<u>475</u>	<u>475</u>
	<u>\$ 12,823</u>	<u>\$ 13,280</u>

Except for the aforementioned recognized depreciation, the Group did not have any significant subleases or impairment of right-of-use assets during the three months ended March 31, 2020 and 2019.

b. Lease liabilities

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Carrying amounts</u>			
Current	<u>\$ 48,720</u>	<u>\$ 50,494</u>	<u>\$ 48,659</u>
Non-current	<u>\$ 69,773</u>	<u>\$ 80,289</u>	<u>\$ 107,444</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Land	1.55%	1.55%	1.55%
Buildings	1.55%	1.55%	1.55%
Transportation equipment	1.55%	1.55%	1.55%

c. Material lease activities and terms (the Group is lessee)

The Group leased several plots of land including land for factory and warehouse use under a lease term of 1 to 6 years. Luckicon Ready-Mixed Co. leased the ready-mixed concrete factory and the related equipment of Jilong factory. Luckicon Ready-Mixed Co. has the right to tear down and retrieve the add-ons and improvements on the leased equipment at the end of the lease contract, however, no damage should be made to the original equipment provided by the lessor. Luckicon Ready-Mixed agreed that the lessor has bargain purchase options of the add-ons and improvements on the equipment.

d. Other lease information

2019

	For the Three Months Ended March 31	
	2020	2019
Expenses relating to short-term leases	\$ 405	\$ -
Expenses relating to low-value asset leases	77	413
Interest relating to leases liabilities	448	583
Repayment of principal of leases	<u>12,290</u>	<u>12,462</u>
Total cash outflow for leases	<u>\$ 13,220</u>	<u>\$ 13,458</u>

18. OTHER NON-CURRENT ASSETS

	March 31, 2020	December 31, 2019	March 31, 2019
Restricted assets	\$ 132,588	\$ 132,588	\$ 162,567
Long-term prepaid expenses	68,822	70,770	64,550
Prepayments for the purchase of land	51,000	-	-
Net limestone mining rights	18,779	18,779	18,781
Net defined benefit assets (Note 4)	315	311	-
Overdue receivables (Note 9)	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 271,504</u>	<u>\$ 222,448</u>	<u>\$ 245,898</u>

Restricted assets refer to bank time deposits that are pledged as security for mining rights, and the market interest rate ranges at the end of the reporting periods are as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Restricted assets	0.13%-1.065%	0.13%-1.065%	0.13%-1.065%

For information on other non-current assets pledged as collateral, please refer to Note 32.

Prepayments for the purchase of land are the prepayments made by the Group for the purchase of land used for factory construction, please refer to Note 33 for the details.

19. BORROWINGS

a. Short-term borrowings

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Secured borrowings (Note 32)</u>			
Bank loans	\$ 206,852	\$ 200,000	\$ 971,419
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>-</u>	<u>32,700</u>	<u>-</u>
	<u>\$ 206,852</u>	<u>\$ 232,700</u>	<u>\$ 971,419</u>

The interest rates of the bank loans are as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Secured borrowings	1.60%-1.64%	1.60%	1.30%-1.57%
Unsecured borrowings	-	1.47%-1.70%	-

b. Short-term bills payable

	March 31, 2020	December 31, 2019	March 31, 2019
Commercial paper	\$ 220,000	\$ 220,000	\$ 110,000
Less: Unamortized discounts on bills payable	<u>(526)</u>	<u>(535)</u>	<u>(274)</u>
	<u>\$ 219,474</u>	<u>\$ 219,465</u>	<u>\$ 109,726</u>

March 31, 2020

Guarantee/Promissory Institution	Par Value	Discounted Amount	Carrying Amount	Interest Rate
<u>Commercial paper</u>				
Ta Ching Bills Finance Corporation	\$ 110,000	\$ 297	\$ 109,703	1.458%-1.70%
Grand Bills Finance Corporation	<u>110,000</u>	<u>229</u>	<u>109,771</u>	1.464%-1.73%
	<u>\$ 220,000</u>	<u>\$ 526</u>	<u>\$ 219,474</u>	

December 31, 2019

Guarantee/Promissory Institution	Par Value	Discounted Amount	Carrying Amount	Interest Rate
<u>Commercial paper</u>				
Ta Ching Bills Finance Corporation	\$ 110,000	\$ 302	\$ 109,698	1.458%-1.70%
Grand Bills Finance Corporation	<u>110,000</u>	<u>233</u>	<u>109,767</u>	1.64%-1.73%
	<u>\$ 220,000</u>	<u>\$ 535</u>	<u>\$ 219,465</u>	

March 31, 2019

Guarantee/Promissory Institution	Par Value	Discounted Amount	Carrying Amount	Interest Rate
<u>Commercial paper</u>				
Ta Ching Bills Finance Corporation	\$ 50,000	\$ 92	\$ 49,908	1.46%
Grand Bills Finance Corporation	<u>60,000</u>	<u>182</u>	<u>59,818</u>	1.73%
	<u>\$ 110,000</u>	<u>\$ 274</u>	<u>\$ 109,726</u>	

The above refer to commercial promissory notes guaranteed by the bank, and the term of each note does not exceed 180 days.

c. Long-term borrowings

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Secured borrowings (Note 32)</u>			
Bank loans	\$ 1,250,000	\$ 1,250,000	\$ 1,008,838
<u>Unsecured borrowings</u>			
Loans from bank	230,000	230,000	160,000
Less: Current portions	<u>(390,000)</u>	<u>(310,000)</u>	<u>(8,838)</u>
	<u>\$ 1,090,000</u>	<u>\$ 1,170,000</u>	<u>\$ 1,160,000</u>

	Method of Repayment	March 31, 2020	December 31, 2019	March 31, 2019
<u>Secured borrowings</u>				
<u>The Parent Company</u>				
Taiwan Cooperative Bank	The term of the loan is April 12, 2018 to April 12, 2023, with a grace period of 2 years. After the grace period, the principal is to be repaid in installments once every quarter for a total of 12 quarters.	\$ 500,000	\$ 500,000	\$ 500,000
Bank of Taiwan	The term of the loan is November 12, 2019 to November 12, 2022. \$40,000 thousand of the principal should be repaid in February 2021, while the remaining amount should be paid in installments of \$30,000 thousand every quarter (in the months Feb, May, August and November) for a total of 7 quarters.	250,000	250,000	-
<u>Dasheng Enterprise</u>				
O-Bank	The term of the loan is November 21, 2017 to November 21, 2022, and a one-time full repayment of the principal should be made on the maturity date.	250,000	250,000	250,000
O-Bank	The term of the loan is December 21, 2017 to December 21, 2022, and a one-time full repayment of the principal should be made on the maturity date.	250,000	250,000	250,000
<u>Luckyship Marine Co.</u>				
Mega Bank	The term of the loan is June 30, 2015 to June 30, 2019, and the principal should be repaid in installments once every quarter for a total of 16 quarters.	-	-	7,088
Mega Bank	The term of the loan is February 15, 2016 to February 15, 2020, and the principal should be repaid in installments once every quarter for a total of 16 quarters; the last installment payment of the principal has been made in advance in November 2019.	-	-	1,750

(Continued)

Details		March 31, 2020	December 31, 2019	March 31, 2019
<u>Unsecured borrowings</u>				
<u>The Parent Company</u>				
O-Bank	The term of the loan is April 23, 2018 to April 23, 2020, and a one-time repayment of the principal should be made in full on the maturity date.	\$ 80,000	\$ 80,000	\$ 80,000
KGI Bank	The term of the loan is March 9, 2018 to March 9, 2020, and a one-time repayment of the principal should be made in full on the maturity date.	80,000	80,000	80,000
The Export-Import Bank of the Republic of China	The term of the loan is June 14, 2019 to July 14, 2020, and a one-time repayment of the principal should be made in full on the maturity date.	<u>70,000</u>	<u>70,000</u>	<u>-</u>
Less: Current portions		<u>1,480,000</u> <u>(390,000)</u>	<u>1,480,000</u> <u>(310,000)</u>	<u>1,168,838</u> <u>(8,838)</u>
Long-term borrowings		<u>\$ 1,090,000</u>	<u>\$ 1,170,000</u>	<u>\$ 1,160,000</u> (Concluded)

The annual interest rate ranges of long-term borrowings were 1.23%-1.92%, 1.40%-1.92% and 1.39%-2.20% as of March 31, 2020, December 31, 2019 and March 31, 2019, respectively.

20. NOTES PAYABLE AND TRADE PAYABLES

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Notes payable</u>			
From operating activities			
Non-related parties	<u>\$ 193,244</u>	<u>\$ 202,062</u>	<u>\$ 185,196</u>
Related parties	<u>\$ 49,147</u>	<u>\$ 34,656</u>	<u>\$ 33,416</u>
<u>Trade payables</u>			
From operating activities			
Non-related parties	<u>\$ 170,447</u>	<u>\$ 124,131</u>	<u>\$ 112,373</u>
Related parties	<u>\$ 38,725</u>	<u>\$ 35,532</u>	<u>\$ 28,752</u>

The Group's bills payable and trade payables (including related parties) arose from operating activities. The average credit period for purchases is 3 months, and the Group has financial risk management policies in place to ensure that all payables are repaid within the pre-agreed credit period.

21. OTHER PAYABLES

	March 31, 2020	December 31, 2019	March 31, 2019
Payables for dividends (Note 23)	\$ 60,711	\$ -	\$ -
Payables for salaries and bonuses	46,782	48,604	38,170
Payables for taxes	32,785	41,599	24,505
Payables for utilities expense	17,743	15,536	21,811
Others	<u>35,984</u>	<u>36,975</u>	<u>48,385</u>
	<u>\$ 194,005</u>	<u>\$ 142,714</u>	<u>\$ 132,871</u>

22. RETIREMENT BENEFIT PLANS

Related pension expenses of the Group's defined benefit plan were based on the actuarially determined pension cost rate for the three months ended March 31, 2020 and 2019. An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plan is as follows:

	For the Three Months Ended March 31	
	2020	2019
Operating costs	\$ 413	\$ 432
Selling and marketing expenses	66	71
General and administrative expenses	<u>99</u>	<u>116</u>
	<u>\$ 578</u>	<u>\$ 619</u>

23. EQUITY

a. Share capital

Ordinary shares

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

A holder of issued ordinary shares with a par value of \$10 is entitled to voting rights and to the receipt of distributed dividends.

b. Capital surplus

	March 31, 2020	December 31, 2019	March 31, 2019
<u>May be used to offset a deficit only*</u>			
Changes in percentage of ownership interests in subsidiaries	\$ <u>8</u>	\$ <u>8</u>	\$ <u>8</u>

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

c. Retained earnings and dividends policy

The Parent Company has passed an amendment to the Company's Articles of Incorporation (the "Articles") in the shareholders' meeting on June 12, 2019, which stipulates that the Parent Company should distribute earnings or offset losses after each half of the fiscal year or at the end of the fiscal year, and submit the proposal for the earnings distribution or loss offset together with the business report and financial statements to the audit committee for review, which should be resolved by in the board of directors' meeting.

Under the dividends policy as set forth in the amended Articles, where the Parent Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Parent Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. However, this shall not apply when the legal reserve amounts reach the authorized capital. The Parent Company should also comply with Article 240 under the Company Act in the case of distributing the surplus profits in the form of issuing new shares; in the case of distributing in cash, the board of directors is authorized to resolve adopted by a majority vote of a meeting of the board of directors attended by two thirds of all the directors, and then report to the shareholders' meeting.

When the Parent Company distributes earnings or offsets deficit according the Articles, it should be based on the financial statements which have been audited or reviewed by an accountant.

Under the earnings distribution policy as set forth in the Parent Company's Articles, where the Parent Company made a profit in a fiscal year, other than paying for the corporate income tax and offsetting losses of previous years, 10% of the profit should first be set aside as legal reserve and the amount of deduction of shareholders' equity that occurred in the current year should be set aside as special reserve, then 40% - 80% of the remaining profit together with the accumulated undistributed retained earnings of the previous year should be used by the Parent Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. If the amount of dividends per share calculated based on the upper limit of 80% is lesser than NT\$0.1 per share, the profit can be retained and not distributed as dividends. For the policies on employees' compensation and the remuneration of directors and supervisors under the Parent Company's articles, refer to Note 25(e) Employees' compensation and remuneration of directors and supervisors. The earnings distribution ratio and ratio of share dividends to cash dividends is subject to the board of directors' assessment of the year's actual profit and funding situation, taking into consideration investment funding needs and the dilutive effect on earnings per share, before deciding on an appropriate distribution of cash dividends or share dividends. However, the amount of share dividends should not exceed 20% of the total issued shares. In the case of accumulated retained earnings or retained earnings in the current year but for which the profit after tax is insufficient

for setting aside as deduction to shareholders' equity, an amount equivalent to the retained earnings for the previous year should be set aside as special reserve, and should be deducted before the earnings distribution. For subsequent reversals of the deductions of shareholders' equity, the amount reversed may be distributed as dividends. Any proposals regarding the distribution of dividends should be resolved and passed in the shareholders' meeting in the following year, and accounted for in that year.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company. Thereafter, whenever equity deduction is turned, the turned amount shall be allocated as surplus.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Parent Company resolved the offset of losses in the shareholders' meeting on June 12, 2019 and decided not to distribute dividends.

The Parent Company resolved the offset of losses in the board of directors' meeting on November 12, 2019 and decided not to distribute dividends.

The appropriation of earnings for 2019 that was approved in the shareholders' meeting on March 24, 2020, was as follows:

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

d. Special reserve

	For the Three Months Ended March 31	
	2020	2019
Balance at January 1	\$ 17,256	\$ 17,376
Reversals:		
Reversal of the debits to other equity items	<u>(3,121)</u>	<u>-</u>
Balance at March 31	<u>\$ 14,135</u>	<u>\$ 17,376</u>

Upon initial application of IFRSs, the amount of the recognized accumulated exchange differences transferred to retained earnings amounted to \$14,135 thousand, and an equivalent amount has been appropriated as special reserve.

When distributing the earnings for 2019, the Parent Company recognized the negative value in the decrease in other equity at the end of the reporting period, and reversed \$3,121 thousand from the special reserve.

When offsetting the losses for 2018, the Parent Company recognized the negative value in the decrease in other equity at the end of the reporting period, and reversed \$120 thousand from the special reserve.

e. Other equity items

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

	For the Three Months Ended March 31	
	2020	2019
Balance at January 1	\$ 7,450	\$ 7,660
Exchange differences on translating the financial statements of foreign operations	<u>253</u>	<u>6</u>
Balance at March 31	<u><u>\$ 7,703</u></u>	<u><u>\$ 7,666</u></u>

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

	For the Three Months Ended March 31	
	2020	2019
Balance at January 1	\$ (3,444)	\$ (10,781)
Unrealized gain/(loss) on financial assets at FVTOCI	(10,208)	16,593
Cumulative unrealized gain/(loss) of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>2,854</u>
Balance at March 31	<u><u>\$ (13,652)</u></u>	<u><u>\$ 8,666</u></u>

f. Non-controlling interests

	For the Three Months Ended March 31	
	2020	2019
Balance at January 1 and March 31	<u><u>\$ 77</u></u>	<u><u>\$ 78</u></u>

24. REVENUE

a. Disaggregation of revenue

	For the Three Months Ended March 31	
	2020	2019
Cement	\$ 561,972	\$ 473,621
Stone	179,195	138,076
Cement products	216,693	122,701
Others	<u>146,860</u>	<u>99,947</u>
	<u><u>\$ 1,104,720</u></u>	<u><u>\$ 834,345</u></u>

b. Contract balances

	March 31, 2020	December 31, 2019	March 31, 2019	January 1, 2019
Notes receivable (Note 9)	\$ 603,072	\$ 488,761	\$ 379,499	\$ 317,921
Notes receivable from related parties (Note 9)	6,789	4,972	3,611	5,170
Trade receivables (Note 9)	498,673	412,120	305,255	262,504
Trade receivables from related parties (Note 9)	<u>6,549</u>	<u>7,450</u>	<u>10,860</u>	<u>11,140</u>
Total receivables	<u>\$ 1,115,083</u>	<u>\$ 913,303</u>	<u>\$ 699,225</u>	<u>\$ 596,735</u>
Contract liabilities				
Receivables	<u>\$ 340,402</u>	<u>\$ 259,431</u>	<u>\$ 229,081</u>	<u>\$ 198,806</u>

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

Revenue amounts recognized in the current period from the satisfaction of performance obligations of contract liabilities at the beginning of the period are as follows:

	March 31	
	2020	2019
Contract liabilities at the beginning of the period		
Sales of goods	<u>\$ 259,431</u>	<u>\$ 198,806</u>

c. Customer contracts not yet fully complete

The timing of expected revenue recognition of performance obligations not yet fully satisfied is as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Sales of goods			
Fulfillment in April to June 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229,081</u>
Fulfillment in January to March 2020	<u>\$ -</u>	<u>\$ 259,431</u>	<u>\$ -</u>
Fulfillment in April to June 2020	<u>\$ 340,402</u>	<u>\$ -</u>	<u>\$ -</u>

25. NET PROFIT (LOSS)

a. Other operating income and expenses

	For the Three Months Ended March 31	
	2020	2019
Gain on disposal of property, plant and equipment	<u>\$ 80</u>	<u>\$ 4,120</u>

b. Interest expense

	For the Three Months Ended March 31	
	2020	2019
Interest on bank loans	\$ 8,604	\$ 9,796
Interest to lease liabilities	<u>448</u>	<u>583</u>
	<u>\$ 9,052</u>	<u>\$ 10,379</u>

c. Depreciation, depletion and amortization

	For the Three Months Ended March 31	
	2020	2019
Property, plant and equipment	\$ 39,912	\$ 56,138
Right-of-use assets	12,823	13,280
Long-term prepaid expenses	3,042	2,178
Limestone mining rights	<u>-</u>	<u>-</u>
	<u>\$ 55,777</u>	<u>\$ 71,596</u>
An analysis of depreciation by function		
Operating costs	\$ 39,899	\$ 65,620
Operating expenses	11,344	2,069
Non-operating expenses	<u>1,492</u>	<u>1,729</u>
	<u>\$ 52,735</u>	<u>\$ 69,418</u>
An analysis of amortization by function		
Operating costs	\$ 1,103	\$ 2,010
Operating expenses	<u>1,939</u>	<u>168</u>
	<u>\$ 3,042</u>	<u>\$ 2,178</u>
An analysis of depletion by function		
Operating costs	<u>\$ -</u>	<u>\$ -</u>

d. Employee benefits expense

	For the Three Months Ended March 31	
	2020	2019
Post-employment benefits		
Defined contribution plan	\$ 6,103	\$ 3,713
Defined benefit plans (Note 22)	<u>578</u>	<u>619</u>
	6,681	4,332
Other employee benefits	<u>99,032</u>	<u>85,228</u>
Total employee benefits expense	<u>\$ 105,713</u>	<u>\$ 89,560</u>

(Continued)

	For the Three Months Ended March 31	
	2020	2019
An analysis of employee benefits expense by function		
Operating costs	\$ 69,131	\$ 63,566
Operating expenses	<u>36,582</u>	<u>25,994</u>
	<u>\$ 105,713</u>	<u>\$ 89,560</u> (Concluded)

e. Employees' compensation and remuneration of directors and supervisors

According to the Parent Company's Articles, the Parent Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 3% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. For the three months ended March 31, 2019, the Parent Company did not estimate the employee's compensation and remuneration of directors due to the loss before income tax. For the three months ended March 31, 2020, the employees' compensation and the remuneration of directors are as follows:

Accrual rate

	For the Three Months Ended March 31, 2020	
Employees' compensation	3%	\$ 3,252
Remuneration of directors	5%	5,420

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

The appropriations of employees' compensation and remuneration of directors and supervisors for 2019 that were resolved by the board of directors on March 24, 2020 are as shown below:

Amount

	March 31, 2020
	Cash
Employees' compensation	\$ 1,542
Remuneration of directors	2,570

As the Parent Company incurred a net loss before tax for 2018, no employees' compensation and remuneration of directors were estimated.

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019 that were resolved by the Parent Company's board of directors on March 24, 2020 and March 22, 2019, respectively.

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

- f. Gain on disposal of financial assets

	For the Three Months Ended March 31	
	2020	2019
At FVTPL	\$ <u>-</u>	\$ <u>109</u>

- g. Gains or losses on foreign currency exchange

	For the Three Months Ended March 31	
	2020	2019
Foreign exchange gains	\$ 71	\$ 689
Foreign exchange losses	<u>(487)</u>	<u>(557)</u>
	\$ <u>(416)</u>	\$ <u>132</u>

26. INCOME TAXES

- a. Income tax recognized in profit or loss

Major components of income tax expense (benefit) are as follows:

	For the Three Months Ended March 31	
	2020	2019
Current tax		
In respect of the current year	\$ 5,641	\$ -
Income tax on unappropriated earnings	<u>1,232</u>	<u>-</u>
	6,873	-
Deferred tax		
In respect of the current year	<u>3,814</u>	<u>(5,276)</u>
Income tax expense (benefit) recognized in profit or loss	\$ <u>10,687</u>	\$ <u>(5,276)</u>

- b. Income tax assessments

The tax returns of Luckicon Ready-Mixed Co, Dasheng Enterprise, Luckyship Co. and Fuyu Development Co. through 2018 have been assessed by the tax authorities.

The tax returns of the Parent Company through 2017 have been assessed by the tax authorities.

27. EARNINGS (LOSS) PER SHARE

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

Net Profit (Loss)

	For the Three Months Ended March 31	
	2020	2019
Profit (loss) for the year attributable to owners of the Parent Company	<u>\$ 93,609</u>	<u>\$ (29,773)</u>
Earnings (loss) used in the computation of diluted earnings per share	<u>\$ 93,609</u>	<u>\$ (29,773)</u>

Weighted Average Number of Ordinary Shares Outstanding (in Thousands of Shares) is as Follows:

	For the Three Months Ended March 31	
	2020	2019
Weighted average number of ordinary shares used in the computation of basic earnings (loss) per share	404,738	404,738
Effect of potentially dilutive ordinary shares Employees' compensation	<u>589</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share	<u>405,327</u>	<u>404,738</u>

If the Parent Company offered to settle the compensation or bonuses paid to employees in cash or shares, the Group assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

28. CASH FLOW INFORMATION

Partial Cash Transactions

The Group entered into the following partial cash investing activities which were not reflected in the consolidated statements of cash flows for the three months ended March 31, 2020 and 2019:

	For the Three Months Ended March 31	
	2020	2019
Proceeds from sale of financial assets at fair value through other comprehensive income	\$ -	\$ 61,449
Change in sale of securities (recognized as other receivables)	<u>21,393</u>	<u>(39,795)</u>
Cash received	<u>\$ 21,393</u>	<u>\$ 21,654</u>

Changes in Liabilities Arising from Financing Activities

For the three months ended March 31, 2020

	Balance at January 1, 2020	Cash Flows	Non-cash Changes Discount Amortization	Balance at March 31, 2020
Short-term borrowings	\$ 232,700	\$ (25,848)	\$ -	\$ 206,852
Short-term bills payable	219,465	-	9	219,474
Long-term borrowings	1,480,000	-		1,480,000
Guarantee deposits received	30,800	(62)		30,738
Lease liabilities	<u>130,783</u>	<u>(12,290)</u>	<u>-</u>	<u>118,493</u>
	<u>\$ 2,093,748</u>	<u>\$ (38,200)</u>	<u>\$ 9</u>	<u>\$ 2,055,557</u>

For the three months ended March 31, 2019

	Balance at January 1, 2019	Cash Flows	Non-cash Changes Discount Amortization	Balance at March 31, 2019
Short-term borrowings	\$ 852,651	\$ 118,768	\$ -	\$ 971,419
Short-term bills payable	219,736	(110,000)	(10)	109,726
Long-term borrowings	1,171,638	(2,800)		1,168,838
Guarantee deposits received	29,431	(480)		28,951
Lease liabilities	<u>168,565</u>	<u>(12,462)</u>	<u>-</u>	<u>156,103</u>
	<u>\$ 2,442,021</u>	<u>\$ (6,974)</u>	<u>\$ (10)</u>	<u>\$ 2,435,037</u>

29. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

30. FINANCIAL INSTRUMENTS

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

There is no significant difference between the carrying amounts and fair values of the financial assets and financial liabilities which are not measured at fair value.

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

1) Fair value hierarchy

March 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual Funds	<u>\$ 10,104</u>	<u>\$ -</u>	<u>\$ 9,478</u>	<u>\$ 19,582</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 26,854	\$ -	\$ -	\$ 26,854
Unlisted shares	-	-	12,794	12,794
Investments in debt instruments				
Corporate bonds	<u>5,790</u>	<u>-</u>	<u>-</u>	<u>5,790</u>
	<u>\$ 32,644</u>	<u>\$ -</u>	<u>\$ 12,794</u>	<u>\$ 45,438</u>

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual Funds	<u>\$ 15,562</u>	<u>\$ -</u>	<u>\$ 9,598</u>	<u>\$ 25,160</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 15,977	\$ -	\$ -	\$ 15,977
Unlisted shares	-	-	19,733	19,733
Investments in debt instruments				
Corporate bonds	<u>6,061</u>	<u>-</u>	<u>-</u>	<u>6,061</u>
	<u>\$ 22,038</u>	<u>\$ -</u>	<u>\$ 19,733</u>	<u>\$ 41,771</u>

March 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual Funds	\$ 26,948	\$ -	\$ 6,557	\$ 33,505
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	\$ 88,392	\$ -	\$ -	\$ 88,392
Unlisted shares	-	-	21,984	21,984
Investments in debt instruments				
Corporate bonds	5,959	-	-	5,959
	<u>\$ 94,351</u>	<u>\$ -</u>	<u>\$ 21,984</u>	<u>\$ 116,335</u>

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

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

For the three months ended March 31, 2020

	Financial Assets at FVTPL Mutual Funds	Financial Assets at FVTOCI Equity Instruments	
Balance at January 1, 2020	\$ 9,598	\$ 19,733	\$ 29,331
Return of shares after capital reduction	-	(5,125)	(5,125)
Recognized in profit or loss (included in fair of changes of financial assets)	(120)	-	(120)
Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI)	-	(1,814)	(1,814)
Balance at March 31, 2020	<u>\$ 9,478</u>	<u>\$ 12,794</u>	<u>\$ 22,272</u>

For the three months ended March 31, 2019

	Financial Assets at FVTPL Mutual Funds	Financial Assets at FVTOCI Equity Instruments	
Balance at January 1, 2019	\$ 6,535	\$ 19,015	\$ 25,550
Recognized in profit or loss (included in fair of changes of financial assets)	22	-	22
Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI)	-	2,969	2,969
Balance at March 31, 2019	<u>\$ 6,557</u>	<u>\$ 21,984</u>	<u>\$ 28,541</u>

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

The asset approach or comparable listed companies approach were used to calculate the fair values of investment targets of domestic unlisted equity investments.

The comparable listed companies approach takes into account the transaction prices of shares of listed companies in an active market, and the value multiplier implicit in the price, at the same time taking into consideration the liquidity discount, when deciding the value of the target company.

The asset approach assesses the total market value of individual assets and liabilities covered by the valuation target, and takes into consideration the discount for lack of control and liquidity discount to reflect the overall value of the business or enterprise.

c. Categories of financial instruments

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 19,582	\$ 25,160	\$ 33,505
Financial assets at amortized cost (1)	1,664,741	1,481,491	1,179,940
Financial assets at FVTOCI			
Equity instruments	39,648	35,710	110,376
Debt instruments	5,790	6,061	5,959

Financial liabilities

Amortized cost (2)	2,490,081	2,458,938	2,705,938
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1) The balances include financial assets at amortized cost, which comprise cash, notes receivable and trade receivables, other receivables, restricted assets (recognized as other financial assets and other non-current assets) and refundable deposits.

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

d. Financial risk management objectives and policies

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

1) Market risk

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

There were no changes to the Group's exposure to market risk with respect to financial instruments or the manner in which these risks were managed or measured.

a) Foreign currency risk

For the carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period, please refer to Note 34.

Sensitivity analysis

The Group is mainly exposed to the USD and the RMB.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates a decrease in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 5% against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	USD Impact		RMB Impact	
	For the Three Months Ended		For the Three Months Ended	
	March 31		March 31	
	2020	2019	2020	2019
Profit or loss	\$ (47)	\$ (336)	\$ (342)	\$ (359)

The above is mainly attributable to the exposure on outstanding cash in banks, receivables, other financial assets and payables in USD and RMB that were not hedged at the end of the reporting period.

b) Interest rate risk

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

	March 31, 2020	December 31, 2019	March 31, 2019
Cash flow interest rate risk			
Financial assets	\$ 359,081	\$ 386,965	\$ 392,243
Financial liabilities	1,906,326	1,932,165	1,587,138

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments on the balance sheet date. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and also represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points lower/higher and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2020 would decrease/increase by \$967 thousand, and pre-tax loss for the three months ended March 31, 2019 would increase/decrease by \$747 thousand, which was mainly a result of variable-rate borrowings, demand deposits and restricted assets.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of transacting only with creditworthy counterparties, and obtains sufficient collateral when necessary to reduce the risk of financial loss resulting from default of payments.

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

	March 31, 2020		December 31, 2019		March 31, 2019	
	Carrying Amount	Largest Credit Risk Exposure Amount	Carrying Amount	Largest Credit Risk Exposure Amount	Carrying Amount	Largest Credit Risk Exposure Amount
Off-balance sheet commitments and guarantee						
Endorsements and guarantees for subsidiary	\$ -	\$ 703,940	\$ -	\$ 703,800	\$ -	\$ 748,915

The Group's concentration of credit risk of 19.76%, 39.84% and 25.70% of total amounts of trade receivables which is over 5% of the total amounts of trade receivables as of March 31, 2020, December 31, 2019 and March 31, 2019, respectively, was attributable to the Group's large customers.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of the end of March 31, 2020, December 31, 2019 and March 31, 2019, the Group had available unutilized short-term bank loan facilities of \$1,893,857 thousand, \$1,892,447 thousand and \$1,768,289 thousand, respectively.

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

March 31, 2020

	Weighted-average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities		\$ 320,431	\$ 176,677	\$ 22,462	\$ 1,385	\$ 62,800
Lease liabilities	1.55	8,766	4,102	37,381	70,240	-
Variable interest rate liabilities	1.70	<u>129,947</u>	<u>294,527</u>	<u>391,852</u>	<u>1,090,000</u>	<u>-</u>
		<u>\$ 459,144</u>	<u>\$ 475,306</u>	<u>\$ 451,695</u>	<u>\$ 1,161,625</u>	<u>\$ 62,800</u>

December 31, 2019

	Weighted-average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities		\$ 260,664	\$ 180,887	\$ 20,765	\$ 457	\$ 64,000
Lease liabilities	1.55	8,870	4,311	38,803	81,546	-
Variable interest rate liabilities	1.82	<u>1,000</u>	<u>124,645</u>	<u>636,520</u>	<u>1,170,000</u>	<u>-</u>
		<u>\$ 270,534</u>	<u>\$ 309,843</u>	<u>\$ 696,088</u>	<u>\$ 1,252,003</u>	<u>\$ 64,000</u>

March 31, 2019

	Weighted-average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities		\$ 274,458	\$ 209,437	\$ 18,685	\$ 49,121	\$ 17,000
Lease liabilities	1.55	2,192	13,104	35,798	109,335	-
Variable interest rate liabilities	1.88	-	52,800	395,764	1,160,000	-
Fixed interest rate liabilities	1.74	<u>86,406</u>	<u>-</u>	<u>576,439</u>	<u>-</u>	<u>-</u>
		<u>\$ 363,056</u>	<u>\$ 275,341</u>	<u>\$ 1,026,686</u>	<u>\$ 1,318,456</u>	<u>\$ 17,000</u>

31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Parent Company and its subsidiaries, which are related parties of the Parent Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

a. Related parties

Related Party Name	Related Party Category
Other related party	
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 director of the Company is one of the Parent Company chairman's first-degree relatives
Changjun Water Resources biotechnology Co., Ltd. (Changjun Water Resources Co.)	The chairman of the Company is the same as the chairman of the Parent Company
Jia Fu Entertainment Co., Ltd. (Jia Fu Entertainment Co.)	The chairman of the Company is one of the Parent Company chairman's first-degree relatives
Wantong Product Insurance Brokerage Co., Ltd. (Wantong Product Insurance Co.)	The chairman of the Company is one of the Parent Company chairman's first-degree relatives
Lucky Construction Co., Ltd. (Lucky construction Co.)	The chairman of the Company is one of the Parent Company chairman's first-degree relatives
Kuochuan Development Co., Ltd. (Kuochuan Development Co.)	The chairman of the Company is one of the Parent Company chairman's first-degree relatives
Changheng Investment Co. (Changheng Investment Co.)	The major shareholder of the Parent Company
Jinli Investment Co., Ltd. (Jinli Co.)	The major shareholder of the Parent Company
Cheng Haibin	The Parent Company chairman's third-degree relatives
Fuan Mining Co., Ltd. (Fuan Mining Co.)	The key management of the Company is the spouse of the Parent Company chairman's first-degree relatives

b. Business transactions

Line Item	Related Party Category/Name	For the Three Months Ended March 31	
		2020	2019
Sales	Other related parties	\$ 19,728	\$ 15,375
Purchases of goods	Fuan Mining Co.	\$ 71,258	\$ 52,681
	Other related parties	13,280	11,183
		\$ 84,538	\$ 63,864
Operating costs - transportation expenses	Other related parties	\$ 4,914	\$ 3,081
Operating costs - factory expense	Other related parties	\$ 152	\$ -
Operating expenses	Other related parties	\$ 1,464	\$ 1,608

The prices of purchases and sales between the Group and related parties are negotiated separately, and the period of receipt and payment is comparable to that of non-related parties.

c. Receivables from related parties

Line Items	Related Party Category	March 31, 2020	December 31, 2019	March 31, 2019
Notes receivable	Other related parties	<u>\$ 51,789</u>	<u>\$ 4,972</u>	<u>\$ 3,611</u>
Trade receivables	Other related parties	<u>\$ 6,549</u>	<u>\$ 7,450</u>	<u>\$ 10,860</u>
Other receivables	Other related parties	<u>\$ 555</u>	<u>\$ 155</u>	<u>\$ 701</u>

The outstanding trade receivables from related parties are unsecured. For the three months ended March 31, 2020 and 2019, no impairment losses were recognized for trade receivables from related parties.

Regarding the notes receivable from related parties as of March 31, 2020, \$45,000 thousand refers to the refundable deposits of the Parent Company for mining which has been transferred to a related party - Fuan Mining Co. The receivables have been collected in full in April 2020, please refer to Note 9 for the details.

d. Payables to related parties

Line Items	Related Party Category/Name	March 31, 2020	December 31, 2019	March 31, 2019
Notes payable	Fuan Mining Co.	\$ 44,190	\$ 28,810	\$ 32,312
	Other related parties	<u>4,957</u>	<u>5,846</u>	<u>1,104</u>
		<u>\$ 49,147</u>	<u>\$ 34,656</u>	<u>\$ 33,416</u>
Trade payables	Fuan Mining Co.	\$ 30,632	\$ 26,000	\$ 23,003
	Other related parties	<u>8,093</u>	<u>9,532</u>	<u>5,749</u>
		<u>\$ 38,725</u>	<u>\$ 35,532</u>	<u>\$ 28,752</u>
Other payables	Other related parties	<u>\$ 1,927</u>	<u>\$ 1,281</u>	<u>\$ 1,517</u>

The outstanding trade payables to related parties are unsecured.

e. Loan from related parties

Line Items	Related Party Name	March 31, 2020	December 31, 2019	March 31, 2019
Other payables to related parties	Cheng Haibin	<u>\$ 45,800</u>	<u>\$ 45,800</u>	<u>\$ 45,800</u>

The above loan from the related party is interest-free.

- f. Lease arrangements - the Group is lessor

Lease arrangements - the Group is lessor under operating leases

The balance of operating lease receivables (recognized other receivable) was as follows:

Related Party Category	March 31, 2020	December 31, 2019	March 31, 2019
Other related parties	\$ <u>398</u>	\$ <u>-</u>	\$ <u>104</u>

Future lease payment receivables are as follows:

Related Party Category/Name	March 31, 2020	December 31, 2019	March 31, 2019
Fudong Freight Co.	\$ 2,274	\$ 2,274	\$ 2,274
Other related parties	<u>99</u>	<u>132</u>	<u>231</u>
	\$ <u>2,373</u>	\$ <u>2,406</u>	\$ <u>2,505</u>

Lease income was as follows:

Related Party Category/Name	For the Three Months Ended March 31	
	2020	2019
Fudong Freight Co.	\$ 569	\$ 569
Other related parties	<u>33</u>	<u>33</u>
	\$ <u>602</u>	\$ <u>602</u>

The determination of rental amounts and collection methods are similar to those of general lease arrangements.

- g. Compensation of key management personnel

	For the Three Months Ended March 31	
	2020	2019
Short-term employee benefits	\$ 11,349	\$ 4,606
Post-employment benefits	<u>126</u>	<u>92</u>
	\$ <u>11,475</u>	\$ <u>4,698</u>

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	March 31, 2020	December 31, 2019	March 31, 2019
Notes receivable	\$ -	\$ -	\$ 40,732
Real estate under development (recognized inventories)	3,075,192	3,073,626	3,077,002
Property, plant and equipment	779,076	782,986	771,882
Restricted assets (recognized other financial assets and other non-current assets)	<u>212,901</u>	<u>225,753</u>	<u>250,716</u>
	<u>\$ 4,067,169</u>	<u>\$ 4,082,365</u>	<u>\$ 4,140,332</u>

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

On March 20, 2020, Luckicon Ready-mixed Co. resolved in their board of directors' meeting to acquire a total of 24 lots of land in land serial no. 470 etc. located in Sanjiaopu Shulin District of New Taipei City from non-related parties. The total contract price of the land is \$590,129 thousand and will be paid based on the contract schedule. The last payment is expected to be made on December 20, 2020. As of the end of March 31, 2020, \$51,000 thousand has already been paid and has been accounted for as prepayments for the purchase of land, please refer to Note 18.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

(In Thousands of New Taiwan Dollars and Foreign Currencies)

March 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 31	30.225 (USD:NTD)	\$ 942
RMB	1,610	4.255 (RMB:NTD)	6,849
JPY	26	0.2788 (JPY:NTD)	7

December 31, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 279	29.98 (USD:NTD)	\$ 8,373
RMB	1,610	4.305 (RMB NTD)	6,930
JPY	26	0.276 (JPY:NTD)	7

March 31, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 218	30.82 (USD:NTD)	\$ 6,719
RMB	1,566	4.58 (RMB NTD)	7,174
JPY	100,013	0.2783 (JPY:NTD)	27,834

Foreign exchange gains or losses (realized or unrealized) of the Group in the three months ended March 31, 2020 and 2019 are respectively losses of \$416 thousand and gains of \$132 thousand. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

35. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)

- 9) Trading in derivative instruments: None
- 10) Intercompany relationships and significant intercompany transactions (Table 8)
- 11) Information on investees (Table 7)
- b. Information on investments in mainland China
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: None
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None
 - c) The amount of property transactions and the amount of the resultant gains or losses: None
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds: None
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

36. SEGMENT INFORMATION

The Group defined its reportable segments as follows:

Cement segment: Producing and selling products related to cement.

Other segments: Other operating activities not belonging to the cement segment.

a. Segment revenue and operating results

The Group's revenues and operating results by reportable segments were as follows:

	Segment Revenue		Segment Profit/Loss	
	For the Three Months Ended		For the Three Months Ended	
	March 31		March 31	
	2020	2019	2020	2019
Cement segment	\$ 1,093,486	\$ 816,052	\$ 121,857	\$ (24,794)
Other segments	<u>11,234</u>	<u>18,293</u>	<u>(11,725)</u>	<u>(1,567)</u>
Total from operations	<u>\$ 1,104,720</u>	<u>\$ 834,345</u>	110,132	(26,361)
Interest income			433	511
Rental income			2,323	2,227
Other gains			3,701	654
Gain on disposal of financial assets			-	109
Foreign exchange gains/(losses)			(416)	132
Fair value changes of financial assets			(435)	468
Other losses			(2,390)	(2,410)
Interest expense			<u>(9,052)</u>	<u>(10,379)</u>
Profit/(loss) before income tax			<u>\$ 104,296</u>	<u>\$ (35,049)</u>

The segment revenue reported above was all generated from transactions with external customers. There were no inter-segment sales in the three months ended March 31, 2020 and 2019.

Segment profit represents the profit before tax earned by each segment without allocation of interest income, rental income, other gains, gain on disposal financial assets, foreign exchange gains/(losses), fair value changes of financial assets, other losses, and interest expense.

b. Total assets and liabilities of segments

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Segment assets</u>			
Continuing operating segment			
Cement segment	\$ 4,256,383	\$ 4,081,748	\$ 4,211,199
Other segments	<u>3,246,823</u>	<u>3,247,129</u>	<u>3,296,037</u>
Total assets	<u>\$ 7,503,206</u>	<u>\$ 7,328,877</u>	<u>\$ 7,507,236</u>
<u>Segment liabilities</u>			
Continuing operating segment			
Cement segment	\$ 2,487,613	\$ 2,337,236	\$ 2,670,801
Other segments	<u>671,713</u>	<u>670,704</u>	<u>622,611</u>
Total liabilities	<u>\$ 3,159,326</u>	<u>\$ 3,007,940</u>	<u>\$ 3,293,412</u>

TABLE 1**LUCKY CEMENT CO. AND SUBSIDIARIES**

**FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(In Thousands of New Taiwan Dollars)**

No.	Lender	Borrower	Financial Statement Account	Maximum Balance in Current Period	Related Party	Ending Balance (Note 4)	Actual Amount Borrowed (Note 5)	Interest Rate (%)	Nature of Financing (Note 1)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 3)
													Item	Value		
0	Lucky Cement Co.	Dasheng Enterprise	Other receivables from related parties	\$ 200,000	Yes	\$ 200,000	\$ 55,650	1.7875	b.	\$ -	Operating turnover	\$ -	-	-	\$ 434,380	\$ 1,737,521
		Luckyship Co.	Other receivables from related parties	30,000	Yes	30,000	12,000	1.7875	b.	-	Operating turnover	-	-	-	434,380	1,737,521
		Lucky Cement Japan,	Other receivables from related parties	30,000	Yes	<u>30,000</u>	-	1.7875	b.	-	Operating turnover	-	-	-	434,380	1,737,521
						<u>\$ 260,000</u>										
1	Luckicon Ready-mixed Co.	Dasheng Enterprise	Other receivables from related parties	20,000	Yes	<u>\$ 20,000</u>	20,000	1.31	b.	-	Operating turnover	-	-	-	57,305	114,611

Note 1: The nature of financing is numbered as follows:

- a. Has a business relationship with the counterparty.
- b. Counterparty has short-term financing needs.

Note 2: For financing provided to subsidiaries which Lucky Cement Co. has shareholdings greater than 50%, the financing limit is 10% of the borrower's net value at the end of the period; for financing provided to subsidiaries which Lucky Cement Co. has shareholdings greater than or equal to 20% but less than 50%, the financing limit is 5% of the borrower's net value at the end of the period; while the financing limit for the remaining companies is 2% of the net value at the end of the period; the financing limit of Luckicon Ready-mixed Co. is 20% of its net value at the end of the period.

Note 3: The maximum financing allowed is limited to 40% of the net value of the lender at the end of the period.

Note 4: The maximum balance for the period and ending balance were approved by the board of directors.

Note 5: Eliminated during preparation of the consolidated financial statements.

TABLE 2**LUCKY CEMENT CO. AND SUBSIDIARIES****ENDORSEMENTS/GUARANTEES PROVIDED****FOR THE THREE MONTHS ENDED MARCH 31, 2020****(In Thousands of New Taiwan Dollars, Unless Otherwise Noted)**

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Lucky Cement Co.	Dasheng Enterprise	Subsidiary	\$ 1,737,521	\$ 620,000	\$ 620,000	\$ 620,000	\$ 120,000 (Note 3)	14.27	\$ 2,171,902	Y	-	-	
		Luckicon	Subsidiary	1,737,521	70,000	70,000	-	-	1.61	2,171,902	Y	-	-	
		Ready-mixed Co.												
		Luckyship Co.	Subsidiary	1,737,521	45,000	-	-	-	-	2,171,902	Y	-	-	
		Lucky Cement Japan,	Subsidiary	1,737,521	13,940	13,940	-	-	0.32	2,171,902	Y	-	-	
						<u>\$ 703,940</u>								

Note 1: The limit on endorsement/guarantee given by Lucky Cement Co. for a single company shall not exceed 10% of the net value, except for subsidiaries where the limit is 40% of their net value.

Note 2: The limit on endorsement approved in the shareholders' meeting is 50% of the net value.

Note 3: The certificate of deposit of NT\$60,000 thousand which had been provided as collateral was recognized as other financial assets - restricted assets.

TABLE 3

LUCKY CEMENT CO. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2020

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value (Notes 1 and 2)	
Lucky Cement Co.	<u>Mutual fund</u> O-Bank No.1 Real Estate Investment Trust	-	Financial assets at FVTPL - current	100,000	\$ 911	-	\$ 911	
	<u>Non-listed common stock</u> Jonfeng Mining Co., Ltd.	-	Financial assets at FVTOCI - non-current	1,071,428	6,750	0.08	6,750	
	WK Technology Fund	-	"	1,156,000	5,390	0.02	5,390	
	Global Securities Finance Corp.	-	"	32,636	433	1.76	433	
	<u>Listed common stock</u> Formosa Plastics Corporation		Financial assets at FVTOCI - current	200,000	15,020	-	15,020	
	Far Eastern New Century Corporation	-	"	200,000	4,510	-	4,510	
	U-Ming Marine Transport Corporation	-	"	128,000	3,328	-	3,328	
	Winbond Electronics Corp.	-	"	130,181	1,477	-	1,477	
	Excelsior Medical Co., Ltd.	-	"	28,628	1,380	-	1,380	
	United Microelectronics Corporation	-	"	72,351	988	-	988	
	China Development Financial	-	"	13,496	100	-	100	
	First Financial Holding Co., Ltd.	-	"	891	17	-	17	
	Capital Securities Corp.	-	"	875	8	-	8	
	Hua Nan Financial Holdings Co., Ltd.	-	"	423	8	-	8	
	Taiwan Cement Corp	-	"	141	6	-	6	
Luckyship Co.	<u>Non-listed common stock</u> Jonfeng Mining Co., Ltd.	-	Financial assets at FVTOCI - non-current	35,129	221	-	221	
	<u>Listed common stock</u> Medigen Biotechnology Corporation	-	Financial assets at FVTOCI - current	242	12	-	12	
Luckicon Ready-mixed Co.	<u>Mutual fund</u> Mega Danish Covered Mortgage Bond Index Fund	-	"	500,000	4,865	-	4,865	
	Shin Kong Emerging ASEAN Bond Fund	-	"	500,015	4,328	-	4,328	
	TSG Phnom Penh Real Estate Development Fund	-	Financial assets at FVTPL - non-current	500	9,478	-	9,478	
	<u>Corporate bond</u> The Cathay United Jenai EMC USD Fixed Interest Allocation Bond	-	Financial assets at FVTOCI - current	-	5,790	-	5,790	

(Continued)

Note 1: Financial assets at FVTPL: Fair value is based on the net asset value of funds on March 31, 2020.

Note 2: The fair values of financial assets at FVTOCI are based on the stock closing price on March 31, 2020, while the fair values of corporate bonds are based on the market price on March 31, 2020. The fair values of non-listed stock are estimated using the fair value evaluation method.

Note 3: Please refer to Table 7 for information on investments in subsidiaries.

(Concluded)

TABLE 4

LUCKY CEMENT CO. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Luckicon Ready-Mixed Co.	24 lots of land of land serial no. 470 etc. located in Sanjiaopu Shulin District of New Taipei City	March 20, 2020 (Note)	\$ 590,129	Will be paid based on the contract schedule. As of the end of March 31, 2020, \$51,000 thousand has been paid.	Natural person who is not a related party of the Group	N/A	-	-	-	\$ -	Negotiated based on the appraisal report and later resolved in the board of directors' meeting.	Factory use	N/A

Note: It is the board resolution date of Luckicon Ready-Mixed Co.

TABLE 5

LUCKY CEMENT CO. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable			Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance		% to Total	
Lucky Cement Co.	Luckicon Ready-mixed Co.	Subsidiary	Sale	\$ 187,495	16.97	About 90 days	Similar to general transactions	Similar to general transactions	Accounts receivable	\$ 83,983	16.00	
									Notes receivable	94,001	14.00	

Note: Eliminated from the consolidated financial statements.

TABLE 6

LUCKY CEMENT CO. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Lucky Cement Co.	Luckicon Ready-mixed Co.,	Subsidiary	\$ 177,984	4.97	\$ -	-	\$ 177,984	\$ -

Note: Eliminated from the consolidated financial statements.

TABLE 7

LUCKY CEMENT CO. AND SUBSIDIARIES

**NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Address	Main Businesses and Products	Original Investment Amount (Note 3)		As of March 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2020	December 31, 2019	Number of Shares	Percentage of Ownership (%)	Carrying Value			
Lucky Cement Co.	Dasheng Enterprise	14F., No. 237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Sale and lease of real estate	\$ 2,167,473	\$ 2,167,473	157,295,283	99.99	\$ 2,290,128	\$ (4,520)	\$ (4,520)	Note 1
	Luckicon Ready-mixed Co.	No. 191, Sec. 1, Meishi Rd., Yangmei Dist., Taoyuan City 326, Taiwan (R.O.C.)	Manufacturing and trading of ready-mixed concrete	99,998	99,998	21,999,868	99.99	303,197	16,992	16,994	Note 1
	Just Bright Ltd.	Tropic Isle Building, PO Box 438, Road Town, Tortola, British Virgin Islands	Investment business	-	-	50,000	-	-	-	-	Notes 2 and 4
	Lucky Cement Japan, Luckyship Co.	Aichi, Japan hekinan Yu Jin-Pu-cho 12 gu 13F., No. 237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Cement trading	82,300	82,300	6,800	100.00	25,224	393	393	Note 2
			Shipping agent	88,615	88,615	8,499,994	99.99	40,950	(2,864)	(2,864)	Note 2
Luckicon Ready-mixed Co.	Fuyu Development	13F., No. 237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	On land clay and stone quarrying	12,751	12,751	1,000,000	100.00	4,042	(773)	(773)	Note 1

Note 1: The amounts were calculated based on the reviewed financial statements.

Note 2: The amounts were calculated based on the financial statements that were not reviewed.

Note 3: The original investment amount includes the previous year's capital reduction amount for the offset of losses.

Note 4: The Parent Company resolved to cease operations of its subsidiary, Just Bright Ltd., in the board of directors' meeting on December 27, 2019, and the cancellation procedures are expected to be completed on May 1, 2021.

TABLE 8

LUCKY CEMENT CO. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(In Thousands of New Taiwan Dollars)**

No	Company Name	Counterparty	Nature of Relationship (Note)	Intercompany Transactions			
				Financial Statement Item	Amount	Terms	% of Consolidated Net Revenue or Total Assets
0	Lucky Cement Co.	Luckicon Ready-mixed Co.	a.	Accounts receivable	\$ 83,983	About 90 days	1.12
		"	a.	Notes receivable	94,001	About 90 days	1.25
		"	a.	Other receivables	122	About 90 days	-
		"	a.	Contract liabilities	9,155	About 90 days	0.12
		"	a.	Sales	187,495	About 90 days	16.97
		"	a.	Rental income	381	30 days	0.03
		Fuyu Development Co., Ltd.	a.	Notes receivables	810	About 90 days	0.07
		"	a.	Notes payable	75	About 90 days	-
		"	a.	Other payables	180	About 90 days	-
		"	a.	Operating cost	332	About 90 days	0.03
		"	a.	Rental income	2,015	30 days	0.18
		"	a.	Other gains	300	30 days	0.03
		Luckyship Co.	a.	Other receivables	12,000	Financing, the repayment period is one year	0.16
		"	a.	Other receivables	26	About 90 days	-
		"	a.	Notes payable	2,056	About 90 days	0.03
		"	a.	Other payables	1,312	About 90 days	0.02
		"	a.	Operating cost	7,800	About 90 days	0.71
		"	a.	Interest income	53	30 days	-
		"	a.	Rental income	64	30 days	0.01
		Dasheng Enterprise	a.	Refundable deposits	159,000	Returned upon completion according to the contract	2.12
		"	a.	Other receivables	55,650	Financing, the repayment period is one year	0.74
		"	a.	Other receivables	84	About 90 days	-
		"	a.	Rental income	20	30 days	-
		"	a.	Interest income	230	30 days	0.02
1	Luckicon Ready-mixed Co.	Dasheng Enterprise	c.	Accounts receivable	543	About 90 days	0.01
		"	c.	Other receivables	20,000	Financing, the repayment period is one year	0.27
		"	c.	Other receivables	22	About 90 days	-
		"	c.	Sales	149	About 90 days	0.01
		"	c.	Interest income	65	30 days	0.01

Note: The flow of transactions is as follows:

- a. From the parent to the subsidiary.
- b. From the subsidiary to the parent.
- c. From the subsidiary to the subsidiary.

TABLE 9**LUCKY CEMENT CO. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****MARCH 31, 2020**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Changheng Investment Co.	52,631,034	13.00
Changjun Water Resources Co.	27,131,008	6.70
Jinli Investment Co.	25,230,451	6.23
RI KON construction Co.	22,658,066	5.59
Yungsheng Development Co.	22,514,509	5.56
Lucky Construction Co., Ltd.	22,091,152	5.45

Note 1: The information of shareholders in the above table is calculated by the Taiwan Depository and Clearing Corporation based on the ordinary and special shares (including treasury shares) of the Parent Company held by major shareholders holding at least 5% of the shares on the last business day of the current quarter which have been physically registered and settled. The number of shares recorded in the Parent Company's consolidated financial statements may be different from that physically registered and settled due to differences in the basis of preparation and calculation.

Note 2: If the shares of the major shareholders in the above table are held by trustees, the shareholdings should be separately disclosed by the trust accounts opened by the trustee. As for shareholders' handling of insider shareholding declarations with more than 10% of their shares in accordance with the Securities Exchange Act, their shareholdings include their own shareholdings plus those shares held under trust accounts with the right to utilize the trust assets, etc. For more information on insider shareholding declarations, please refer to the market observation post system website of the TWSE.