Stock code: 1108

Website to access the annual report
Website of Market Observation Post System, http://mops.twse.com.tw
Company website: http://www.luckygrp.com.tw

Lucky Cement Corporation

2021 Annual Report

Printed Date: May 2, 2022

One. Spokesperson and Acting Spokesperson

Name: Hsiu-Chu Wen/Yi-Cheng Chen
Title: Manager/Assistant Manager
Telephone: (02)2509-2188
Fax: (02)2504-8672
Email: wendy@luckygrp.com.tw /ycchen@luckygrp.com.tw

Two. Address and Phone Number of Headquarters and Plants

Title	Address	Telephone
Headquarters	15th Floor, No. 237, Songjiang Road, Zhongshan District, Taipei City	(02)2509-2188
Dong-Ao Plant	No. 101, Section 3, Suhua Road, Nan'ao Township, Yilan County	(03)998-6110
Puxin Plant	No. 193, Section 1, Meishi Road, Yong-Ping Village, Yangmei District, Taoyuan County	(03)481-4788
Heren Plant	No. 73, Heren Road, Heping Village, Xiulin Township, Hualien County	(03)868-1217

Three. Name, Address and Website of Stock Services
Name: Shareholder Services Department of SinoPac Securities Corporation
Address: 3rd Floor, No. 17, Bo'ai Road, Zhongzheng District, Taipei City 100
Telephone: (02)2381-6288
Website: http://www.sinotrade.com.tw

Four. Auditors of the Last Audited Financial Report
Certified Public Accountants: Chao-Mei Chen, Chiang-Hsun Chen
CPA Firm: Deloitte Taiwan
Address: 20F, No. 100, Songren Road, Xinyi Road, Taipei City
Telephone: (02)2725-9988
Website: http://www.deloitte.com.tw

Five. Name of overseas exchange where securities are listed, and the methods for inquiring the foreign-listed securities: None

Six. Company's Website: http://www.luckygrp.com.tw

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One. Letter to Shareholders

I. Chairman's speech

Greetings to all of our valued shareholders,

The Company's consolidated revenue for the full year of 2021 was NT$3.77 billion, the consolidated net income was NT$339 million, and the consolidated earnings was NT$262 million. In 2021, the Company's consolidated revenue and earnings declined compared with 2020 mainly due to factors such as the maintenance of rotary kilns and cement mills and the shutdown of sand and gravel yards, which affected the production capacity of cement and sand and gravel; the revenue from waste treatment was also affected by the shutdown of kilns in Dongao for maintenance, resulting in a decrease in production capacity, and waste cannot be processed in the kilns during the maintenance period, resulting in a decrease in the Company's consolidated revenue and gross profit compared with the same period last year.

The novel coronavirus pandemic was still ravaging the world in 2021, but the IMF has estimated that the global economic growth rate in 2021 would be 5.9%, which would be enough to offset the recession of 3.1% in 2020, returning to the level before the pandemic. Although Taiwan was affected by the incident of China Airline pilot who was reported infected in April, which further heightened the pandemic crisis and extended the Level 3 alert, the economic growth rate turned in a health result of 6.28%. The continuing US-China trade conflict has also caused the repatriation of Taiwanese businesses, which drove the continuous growth of the domestic cement and ready-mix concrete market.

Looking ahead, the IMF has revised down the 2022 global economic growth rate to 4.4%, mainly reflecting the weak expansion momentum of the two major economies, the United States and China. According to the forecast of the

Director-General of Budget, Accounting and Statistics of the Executive Yuan, Taiwan's economic growth rate in 2022 will be 4.42% and the overall economic situation can still maintain to some certain extent, while the domestic cement and ready-mixed concrete market can remain stable. However, inflation caused by loose monetary policies in various countries, coupled with the Russian-Ukrainian war, has caused a huge increase in coal prices, which also has put a huge pressure on the Company's operating costs. Besides increasing the sales price and passing down the cost, we will continue to review our operations strategy, hoping that the implementation of the various strategies and the joint efforts of our teams will turn in good results in 2022.

Finally, we give you our best regards for the upcoming future! Thank you, everyone.

Chairman: Liang-Chuan Chen

II. 2021 business report

(I) Business performance:

1. Main production:

Item	2021	2020	Increase (Decrease)	Growth %
Cement and blast furnace slag (Unit: Thousand tonnes)	721	875	(154)	(17.6%)
Stone Materials (Unit: Thousand tonnes)	1,537	2,135	(598)	(28.01%)

Implementation status of the plan: The total production volume of cement and furnace slag is 721 thousand tonnes, the planned total production volume is 853 thousand tonnes and the achievement rate is 84.5%.

The total production volume of stones is 1,537 thousand tonnes, the planned total production volume is 2,422 thousand tonnes and the achievement rate is 63.5%.

2. Main sales:

Item	2021	2020	Increase (Decrease)	Growth %
Cement and blast furnace slag (Unit: Thousand tonnes)	825	948	(123)	(12.97%)
Stone Materials (Unit: Thousand tonnes)	668	685	(17)	(2.48%)
Cement and blast furnace slag (Unit: NT$1,000)	1,857,564	2,082,244	(224,680)	(10.79%)
Stone Materials (Unit: NT$1,000)	299,897	322,445	(22,548)	(6.99%)

Implementation status of the plan: The total sales volume of cement and furnace slag is 825 thousand tonnes, the planned total production volume is 895 thousand tonnes and the achievement rate is 92.2%.

The total sales volume of stone materials is 668 thousand tonnes, the planned total production volume is 974 thousand tonnes and the achievement rate is 68.6%.

(II) Financial income and expense and profitability analysis:

Unit: NT$ million

Item	2021	2020	Increase (Decrease)	Increase (decrease)%

Operating revenue	3,769	4,530	(761)	(16.80%)
Operating profit (loss)	339	447	(108)	(24.16%)
Pre-tax net profit (loss)	341	444	(103)	(23.20%)
Annual net profit (loss)	262	392	(130)	(33.16%)

Item			2021	2020
Standalone profit	Operating profit (%)	Proportion of Paid-in capital	5.27	7.78
	Net profit (loss) before tax (%)		7.56	10.29
	Net profit (loss) in %		9.53	11.95
	Earnings per share (NT$)		0.65	0.97

(III) Status on research and development:

In response to the future development of cement, blast furnace slag, stones and waste treatment business, the Company has spared no efforts in the research of production process. At the same time, we have also achieved remarkable results in the research and development of environmental pollution prevention and control measures, and has met the government's environmental protection requirements. In response to issues of energy conservation and carbon emissions reduction mostly addressed around the world, the company and factories are committed in developing talents and manpower in order to achieve the government's policy objectives.

(IV) Affiliates:

1. Dai Shen Development Co., Ltd.

   The land plot in the Daganlin area of Anle District in Keelung City in which the Company invested has undergone land preparation and development according to the original plan. The disposal of land in the first phase has been completed, and the total amount of disposal is approximately NT$1.757 billion. The rezoning area of the second phase is in the process of having the urban development plan changed due to the Keelung City Government's request to move 2 hectares of school land to the south side.

   The Company's 2021 net profit was NT$1.83 million.

2. Lucky Cement Corp., Japan

The 2021 cement sales revenue was NT$33.72 million, and the net loss is NT$1.94 million.

3. Luckicon Ready Mixed Concrete Factory Co., Ltd.
   The 2021 sales revenue was NT$1.25144 billion, and the net loss is NT$87.73 million.
4. Luckyship Marine Agency Co., Ltd.
   The 2021 sales revenue was NT$33.16 million, and the net loss is NT$9.43 million.
5. Fu Yu Development Co., Ltd.
   The 2021 operating revenue was NT$63.59 million, and the net loss was NT$970 thousand.

Chairman: President: Head of Accounting:

III. 2022 business plan

2022 manufacturing and sales plans:

Unit: Thousand tonnes

Product	Production Volume	Sales Volume
Cement and blast furnace slag	750,000～900,000	800,000～1,200,000
Stone materials	2,000,000～2,500,000	900,000～2,000,000

In 2021, the results of Taiwan's diligent measures for pandemic control and the continuing repatriation of Taiwanese businesses led to the recovery of the real estate market, which also benefited the Company. Looking forward to 2022, the overall economic situation may look good, but the cement industry still faces many challenges. The Company is taking a conservative approach in the industry in 2022, and has estimated that the production and sales volume of cement and blast furnace slag will be about 800 thousand to 1.2 million tonnes and the stone materials will be about 900 thousand to 2 million tonnes.

Two. Company Profile

1974:	Establishment of Lucky Cement Corporation on May 7.
1979:	Breaking ground of Dong-Ao plant project.
1981:	Completion of the 1st set of cement production equipment for operation at Dong-Ao plant, with an annual production capacity of 600 thousand tonnes.
1983:	Expansion of Dong-Ao plant added the 2nd set of cement production equipment.
1985:	Completion of the 2nd set of cement production equipment for operation at Dong-Ao plant, with an annual production capacity of 800 thousand tonnes.
1986:	Upgrading the 1st set of cement production equipment at Dong-Ao plant, improving its annual production capacity to 800 thousand tonnes.
1987:	Invested in Dai Shen Building Enterprise Co., Ltd. Invested in the establishment of Lucky Cement Corp., Japan.
1989:	Dai Shen Building Enterprise Co., Ltd. was renamed Dai Shen Development Co., Ltd.
1990:	Publicly listed for trading as a Type 1 company stock. Completion of storage and transportation station in Nangang for operation.
1991:	Completion of storage and transportation station in Taichung for operation to improve the cement delivery capacity in central Taiwan.
1992:	Purchased the land, plant and equipment of Yongkang Industrial Company's cement plant in Puxin, which has an annual production capacity of 200 thousand tonnes.
1993:	Justification project of the 1st set of cement production equipment at Dong-Ao plant, improving its annual production capacity to 1 million tonnes. Invested in the establishment of Luckyship Marine Agency Co., Ltd. Invested in the establishment of Luckicon Ready Mixed Concrete Factory Co., Ltd.
1994:	3 set of cement mill equipment at Puxin plant completed at the end of the year, improving its annual production capacity to 1.4 million tonnes.
1995:	Improvement of the 1st rotary kiln in Dong-Ao plant, bringing the annual production capacity of clinker to 1.2 million tonnes. So far, the two sets of cement rotary kilns in Dong-Ao plant have an annual production capacity of 2 million tonnes of clinker, and the cement mills of Dong-Ao and Puxin plants have an annual production capacity of as high as 3 million tonnes. The storage and transportation station in Taichung added one cement storage facility to increase the cement delivery capacity in central Taiwan. Began first phase expansion project of Heren mine to improve the

development and quality of the mine source.

Developing blast furnace slag products and promotion of the products from Puxin plant.

Invested in the establishment of the Panama merchant marine Luckyship Marine Agency Co., Ltd.

Invested in the establishment of Luckipar Professional Basketball Co., Ltd.

1996: Official launch of blast furnace slag products.

Dong-Ao and Puxin plants obtained ISO 9002 certification.

1997: Completed first phase expansion (limestone transportation and secondary crushing equipment) of Heren mine.

Completion of justification project of Dong-Ao plant.

1998: Completion of addition of blast furnace slag production equipment at Puxin plant to add an annual production capacity of 300 thousand tonnes.

1999: Completion of addition of fly ash production equipment at Puxin plant to add an annual production capacity of 260 thousand tonnes.

2000: Add waste treatment business to increase operating revenue.

Invested in the establishment of Just Bright (BVI).

Invested in the establishment of Heren Harbor Development Co., Ltd.

2001: Invested in the establishment of Chang-Hsin Optoelectronics (renamed Elumina Technology Inc.).

2002: Completion of storage and transportation station in Kaohsiung for operation to improve the cement delivery capacity in southern Taiwan.

Dissolution and liquidation of Lucky Leopard Professional Basketball Co., Ltd.

2003: Completion of Wudu storage and transportation station to replace the station in Nangang as the main delivery center in northern Taiwan.

Dissolution and liquidation of the Panama merchant marine Luckyship Marine Agency Co., Ltd.

2004: Began second phase expansion project of Heren mine to add mine source and development various limestone products to increase revenue.

2006: Official launch of sand and gravel products.

Subsidiary Luckyship Navigation S.A. Panama merchant marine company of Luckyship Marine Agency Co., Ltd. purchased a ship.

2007: Renovated the second rotary kiln of Dong-Ao plant in order to reduce the production cost.

Established Fu Yu Development Co., Ltd. for the purpose of mining and transporting various limestone products.

2008: Completed second phase expansion of Heren mine.

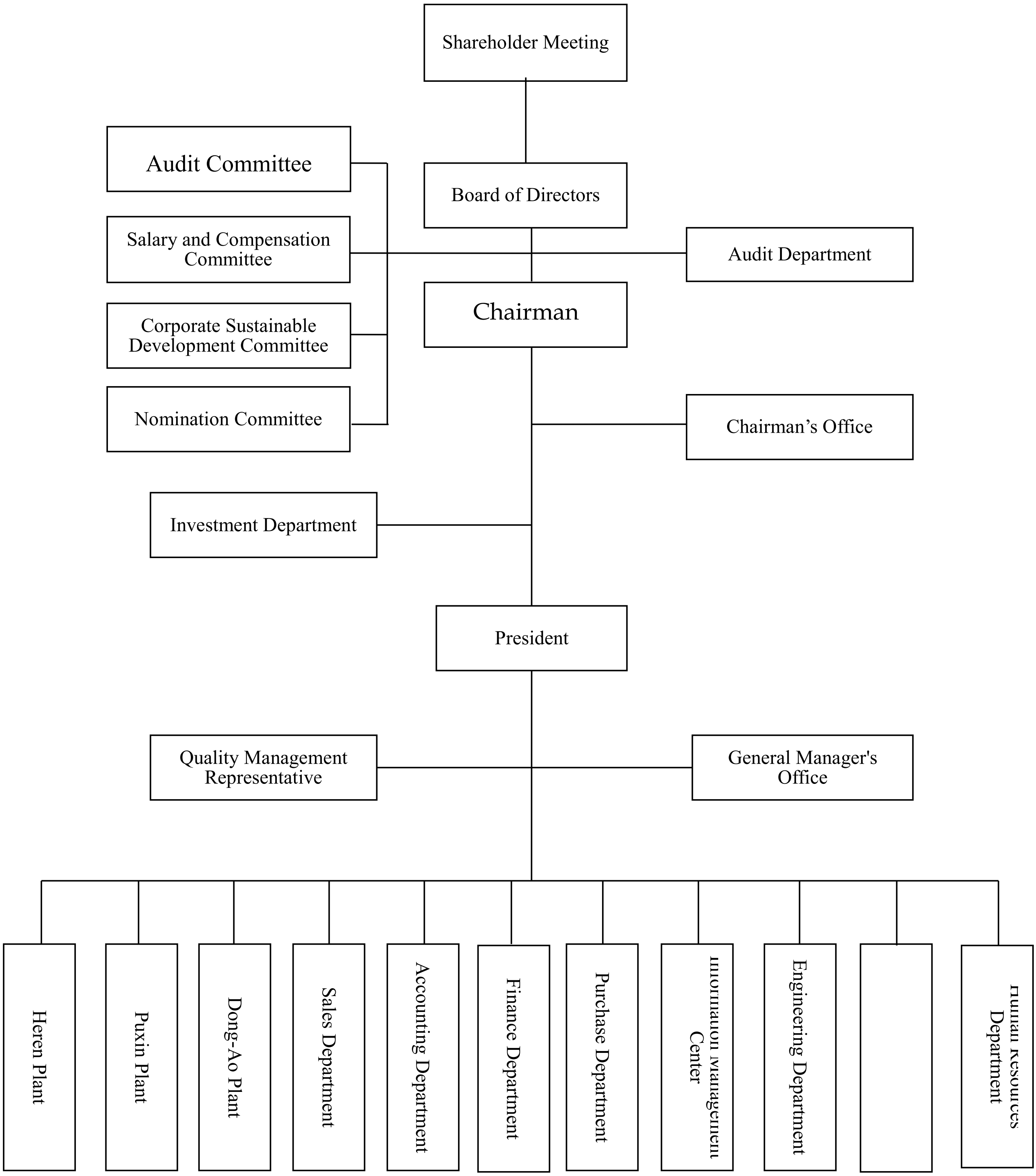
The Company obtained the ISO 9001:2008 quality certification.

2012:	Liquidation and closing of Luckyship Navigation S.A.
2015:	Subsidiary Luckyship Marine Agency purchased a ship.
	Subsidiary Elumina (Xiamen) Technology Inc. of Elumina Technology Inc. conducted dissolution and liquidation.
2016:	Subsidiary Heren Harbor Development conducted liquidation and dissolution in September 2016.
2018:	Subsidiary Elumina Technology Inc. was approved for registration of dissolution on November 8, 2018.
2019:	The board meeting on December 27, 2019 resolved to terminate the operation of the subsidiary Just Bright Ltd. (BVI).
2021:	Liquidation and closing of Just Bright Ltd. (BVI).

Three. Corporate Governance Report

I. Corporate organization

(I). Organizational system



(II) Business operations of main departments

Departments	Operations
General Manager's Office	Assist the president to handle various matters.
Dong-Ao and Puxin plants	Manage production and manufacturing tasks of cement, blast furnace slag and fly ash, and Dong-Ao plant also engages in waste treatment.
Heren Plant	Mining of rough stones, production of limestone, dimension stones and sand and gravel, and shipping management of related products.
Sales Department	Sales, coordination and shipping distribution management of cement, blast furnace slag, fly ash, dimension stones and sand and gravel at home and abroad.
Finance Department	Raising and allocation of capital and other services.
Accounting Department	Accounting and tax treatment matters.
Purchase Department	Procurement management of raw materials and supplies at home or abroad.
Engineering Department	Research and improvement of production equipment and manufacturing process and construction management matters.
Human Resources Department	Manage personnel recruitment and training and general affairs.
Information Management Center	Corporate information system planning, design, integration and maintenance.
Audit Department	Check and evaluate the reasonableness and appropriateness of various business controls.
R&D and Quality Assurance Center	Research and development of cement-related and other new products.
Investment Department	Domestic and foreign investment and management matters.

II. Information on directors and managerial officers

(I). Information on board members

May 2, 2022

Job title (Note 1)	Nationality or registration place	Name	Gender Age (Note 2)	Election / Appointment Date	Term of Service	Date First Elected (Note 3)	Number of Shares Owned at Time of Election		Number of Shares Currently Held		Shareholding of Spouse and Minor Children		Shares Held in the Name of Others		Main Work Experience or Education Background (Note 4)	Concurrent Position in the Company or other Companies	Other managers, directors of supervisors who are spouse or blood relatives within the second degree			Remarks (Note 5)
							Number of Shares	Ownership	Number of Shares	Ownership	Number of Shares	Ownership	Number of Shares	Ownership			Title	Name	Relationship	
Legal person director	Republic of China	Shi-Yi Cement Corporation	–	2019.06.12	3 years	96.06.13	3,634,588	0.90%	6,632,588	1.64 %	–	–	–	–	–	–	–	–	–	
	Republic of China	Representative: Liang-Chuan Chen	Male C	2019.06.12	3 years	79.06.06	6,754,627	1.67%	6,158,497	1.52 %	None	–	None	–	Chengzhou Elementary School	Chairman and president of Yong-Sheng Development/Luckicon Ready Mixed Concrete/Luckyship Marine Agency/Dai Shen Development/Lucky Cement Corp. Japan/Lucky Cement Corporation	Executive Vice President	Yun-Ju Chen	Father-Daughter	Note 5
	Republic of China	Shi-Yi Cement Corporation	–	2019.06.12	3 years	96.06.13	3,634,588	0.90%	6,632,588	1.64 %	–	–	–	–	–	–	–	–	–	
	Republic of China	Representative: Yun-Ju Chen	Female A	2019.06.12	3 years	90.12.30	7,951,298	1.96%	7,951,298	1.96 %	None	–	None	–	EMBA from Tulane University, USA	Chairman of Ri Kon Construction/Executive vice president of Lucky Cement	Chairman and President	Liang-Chuan Chen	Father-Daughter	
Director	Republic of China	Hsiang-Lin Chang	Male B	2019.06.12	3 years	96.06.13	7,539,587	1.86 %	7,539,587	1.86 %	None	–	None	–	Datong High School	Vice chairman of Hong-Chi Construction Co., Ltd.	None	–	–	
	Republic of China	Shang-Kai Cheng	Male A	2019.06.12	3 years	2019.06.12 (Note 6)	1,832,666	0.45%	1,832,666	0.45%	None	–	None	–	MBA from Suffolk University, USA	Director at Hai-Hua Investment	None	–	–	
Independent Director	Republic of China	Yan Chen	Female A	2019.06.12	3 years	105.06.15	–	–	–	–	None	–	None	–	Tamkang University Department of Accounting	Financial consultant to Eorex Corporation. Senior VP at Zoyi Management Consulting.	None	–	–	
	Republic of China	Chih-Cheng Wang	Male A	2019.06.12	3 years	105.06.15	–	–	–	–	None	–	None	–	National Chengchi University Doctor of Law	Vice president at Chinese Culture University. Professor and Dean of Department of Law at Chinese Culture University. Distinguished research professor (Professor emeritus) at National Chung-Cheng University. Independent director of CTBC Financial Holding. Independent director of Dyaco International. Member of Advisory Committee of Central Deposit Insurance Corporation.	None	–	–	
	Republic of China	Yang-Wei Shao	Male A	2019.06.12	3 years	108.06.12	–	–	–	–	None	–	None	–	Ph.D., College of Engineering at National Taipei University of Technology	President of Ya-Bi-Si Construction. Vice chairman of Chung Hua Association for Financial and Economic Strategies. Chairman and honorary chairman of CCIM Taiwan Real Estate Investment Association.	None	–	–	

Note 1: Corporate shareholders should be listed by their names and representatives (representatives should indicate the name of corporate shareholders for whom they represent), filled in Table 1 below.
Note 2: A means under 60 years old, B is 60 to 69 years old, and C is 70 years and older.
Note 3: Please note any interruption to those who serve as a director or supervisor for the first time.
Note 4: Previous experience related to the current position. If the person in the most recent year has held a position at the accounting firm of the certified public accountant or an affiliated company, please state the position name and the tasks the person is responsible for.
Note 5: In the event that the Company's chairman and president or a position of the same level (top-level manager) are the same person, spouse or a first-degree relative, relevant information such as the reasons, rationality, necessity and future improvement measures must be disclosed (such as adding the seat number of independent directors, and there should be ways for majority directors who are not taking concurrent positions as employees or managers).

The chairman is the founder taking a concurrent position as the president and has rich industry experience, and the succession plan is in progress. Among the seven directors, three are independent directors, and more than half of the

directors are not concurrently working as employees or managers.
Note 6: Director Shang-Kai Cheng used to serve as the Company's supervisor before the re-election on 2019.06.12.

(1) Table 1: Principal shareholders of corporate shareholders

May 2, 2022

Name of Corporate Shareholders (Note 1)	Principal corporate shareholders (Note 2)
Shi-Yi Cement Corporation	Long Cosmos Investment (32.49%), Ri Kon Construction (20.38%), Yun-Ju Chen (34.05%)

Note 1: If the director is the representative of corporate shareholder, fill in the name of the corporate shareholder.
Note 2: Fill in the name of the principal shareholders (top ten in shareholding) of corporate shareholders and their shareholding. If the principal shareholder is a legal person, please fill out Table 2 below.

(2) Table 2: Principal shareholders of corporate shareholders in Table 1 who are legal persons

May 2, 2022

Name of Legal Person (Note 1)	Principal Shareholder of Legal Person (Note 2)
Ri Kon Construction Co., Ltd.	Chang-Run Water Resources (29.45%), Golden Legend Investment (19.48%), Long Cosmos Investment (50.63%)
Long Cosmos Investment Limited	Shi-Yi Cement (99.85%)

Note 1: If the principal shareholder is a legal person, fill in the name of the legal person.
Note 2: Fill in the name of the principal shareholders (top ten in shareholding) of corporate shareholders and their shareholding.

(3) **Information about board members:**

(3-1) Disclosure of professional qualifications of directors and independence of independent directors:

May 2, 2022

Unit: Share

Conditions / Name	Professional qualifications and experience (Note 1)		Independence (Note 2)					Concurrently serving as an independent director in other publicly listed companies
	Work experience	Any conditions defined in Article 30 of the Company Act.	Person, spouse, or relatives within the second degree are directors, supervisors or employees of the Company or the affiliates.	Number and percentage of company shares held by the person, spouse or second-degree relatives (or in the name of others)		Whether serving as a director, supervisor or employee of a company that has specific affiliation with the Company	The amount of remuneration received by providing the Company or its affiliates with business, legal, financial, accounting and other services in the last 2 years.	
				Number of Shares	Ownership			
Shi-Yi Cement Corporation Representative: Liang-Chuan Chen	Chairman and president of Lucky Construction/Yong-Sheng Development/Luckicon Ready Mixed Concrete/Luckyship Marine Agency/Dai Shen Development/Lucky Cement Corp. Japan/Lucky Cement Corporation	No	Yes	14,109,795	3.48%	Yes	—	None
Shi-Yi Cement Corporation Representative: Yun-Ju Chen	Executive assistant in the Chairman's Office. Chairman of Ri Kon Construction. Executive vice president of Lucky Cement Corporation.	No	Yes	14,109,795	3.48%	Yes	—	None
Hsiang-Lin Chang	Chairman of Fu-Du Construction Co., Ltd.. Director of Greenfort Construction. Director of Han-Bao Construction Co., Ltd.. President of She-He Construction Materials Co., Ltd.. Vice chairman of Hong-Chi Construction Co., Ltd..	No	No	—	—	No	—	None
Shang-Kai Cheng	Financial supervisor at Citibank (Wealth Management). Manager at Hai-Hua Investment.	No	No	—	—	No	—	None

Yan Chen (Independent director)	Executive VP of Aspiro (Taiwan) Ltd. Senior VP at Zoyi Management Consulting. Financial consultant to Eorex Corporation.	No	No	—	—	No	—	None
Chih-Cheng Wang (Independent director)	Vice president at Chinese Culture University. Professor and Dean of Department of Law at Chinese Culture University. Distinguished research professor (Professor emeritus) at National Chung-Cheng University. Independent director of CTBC Financial Holding. Independent director of Dyaco International. Member of Advisory Committee of Central Deposit Insurance Corporation.	No	No	—	—	No	—	2
Yang-Wei Shao (Independent director)	Honorary chairman of CCIM Taiwan Real Estate Investment Association. Vice chairman of Chung Hua Association for Financial and Economic Strategies. President of Ya-Bi-Si Construction.	No	No	—	—	No	—	None

Note 1: Professional qualifications and experience: Describe the professional qualifications and experience of individual directors and supervisors. If they are members of the audit committee and have accounting or financial expertise, their accounting or financial background and work experience should be stated, and explain whether there are no circumstances described in Article 30 of the Company Act.

Note 2: Describe the independence of independent directors, including but not limited to whether the person, spouse or relative within the second degree of kinship are serving as directors, supervisors or employees of the Company or its affiliates; the number of shares and the shareholding percentage held by the person, spouse or relative within the second degree of kinship (or in the name of others); whether the person is serving as a director, supervisor or employee of a company that has a specific relationship with the Company (please refer to Subparagraph 5 to 8, Paragraph 1 of Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and the amount of remuneration received by providing the Company or its affiliates with business, legal, financial, accounting and other services within the last 2 years.

(3-2) Board diversity and independence

Article 20 of the Corporate Governance Best Practice Principles stipulates the policies on diversity as follows:
The Company's board shall guide the Company's strategy and supervises the management, and is responsible to the Company and shareholders. In terms of the operation and arrangement of the corporate governance system, the board exercises its powers in accordance with laws and regulations, the Articles of Incorporation or the resolutions of the shareholder meetings. The structure of the Company's board of directors shall be determined by choosing an appropriate number of board members, not less than five, in consideration of its business scale, the shareholdings of its major shareholders, and practical operational needs.

The composition of the board shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as Company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:
I. Background and value: Gender, age, nationality, culture etc.
II. Knowledge and skills: Career background (e.g. law, accounting, industry, finance, marketing or technology), professional skill and industry experience.

The board members are selected based on their capabilities, including the basic composition, their respective industry experience and relevant skills on judgment, management, leadership, decision-making and crisis handling. In order to achieve the ideal goal of corporate governance, the board as a whole should have the capabilities as follows: 1. Judgment in operations; 2. Accounting and financial analysis; 3. Operation and management; 4. Crisis management; 5. Industry experience; 6. International market perspective; 7. Leadership; 8. Decision-making.

The current term (2019 to 2022) of the board consists of 7 members. According to the provisions of Article 20 of the Corporate Governance Best Practice Principles, the board diversity is related to the seat number of principal shareholders, the participation of female directors and the different professional fields of the elite members, and the board conducts the succession planning of management to achieve the sustainability goals. The election results of the current shareholder meeting have met the management objectives.

Implementation of diversity of board members:

Title	Name	Basic composition		Background of individuals					Gender ratio in board seats		Percentage of board members who are independent directors	Percentage of board members who concurrently hold an employee position	Age distribution of all board members	
		Nationality	Gender	Ability to make operational judgments.	Leadership and Decision-Making	Industry Knowledge	Financial accounting	Business administration.	Male	Female			60 years and older	Under 60 years old
Chairman and General Manager	Liang-Chuan Chen	Republic of China	Male	V	V	V	V	V	71%	29%	43%	29%	29%	71%
Executive VP	Yun-Ju Chen	Republic of China	Female	V	V	V	V	V						
Director	Hsiang-Lin Chang	Republic of China	Male	V	V	V	V	V						
Director	Shang-Kai Cheng	Republic of China	Male	V	V	V	V	V						
Independent Director	Yan Chen	Republic of China	Female	V	V	V	V	V						
Independent Director	Chih-Cheng Wang	Republic of China	Male	V	V	V	V	V						
Independent Director	Yang-Wei Shao	Republic of China	Male	V	V	V	V	V						

(II) Profile of president, vice presidents, assistant presidents, and supervisors of departments and branches

May 2, 2022
Unit: Share

Job title (Note 1)	Nationality	Name	Gender	Election / Appointment Date	Shareholding		Shareholding of Spouse and Minor Children		Shares Held in the Name of Others		Main Work Experience or Educational Background (Note 2)	Concurrent Position in Other Companies	Managerial officers who are Spouse or Blood Relatives Within the Second Degree			Remarks (Note 3)
					Number of Shares	Ownership	Number of Shares	Ownership	Number of Shares	Ownership			Title	Name	Relationship	
President	Republic of China	Liang-Chuan Chen	Male	1994.12.01	6,158,497	1.52%	0	—	0	—	Chengzhou Elementary School	Yong-Sheng Development/Luckicon Ready Mixed Concrete/Luckyship Marine Agency/Dai Shen Development/Lucky Cement Corp. Japan Chairman	Executive VP	Yun-Ju Chen	Father-Daughter	Note 3
Executive VP	Republic of China	Yun-Ju Chen	Female	2001.04.01	7,951,298	1.96%	0	—	0	—	EMBA from Tulane University, USA	Chairman of Ri Kon Construction	President	Liang-Chuan Chen	Father-Daughter	
Assistant president	Republic of China	Chen-Ku Huang	Male	2003.07.11	6,520	0.00%	0	—	0	—	Department of Industrial Engineering at National Taipei University of Technology	None	None	—	—	
Assistant president	Republic of China	Yao-Yin Fu	Male	2020.01.30	0	—	0	—	0	—	Department of Mechanical Engineering at Minghsin University of Science and Technology	None	None	—	—	
Manager of Finance Department	Republic of China	Hsiu-Chu Wen	Female	2002.07.01	13,717	0.00%	0	—	0	—	Department of Business Administration at National Taipei University of Business	Director of Lucky Cement Corp. Japan and Luckicon Ready Mixed Concrete. Supervisor of Luckyship Marine Agency	None	—	—	
Manager of Accounting Department	Republic of China	Ching-Tien Chang	Male	2019.12.27	21,000	0.01%	0	—	0	—	Master's degree in accounting at Chung Yuan Christian University	None	None	—	—	

Manager of the Audit Office	Republic of China	Wei-Jen Wang	Male	2009.11.18	0	–	0	–	0	–	Master's degree in finance at Wright State University, USA	None	None	–	–	

Note 1: Shall include the information on the general manager, assistant general manager, directors of departments, managers of divisions and departments, and those whose positions are equivalent to the general manager, vice general manager or department directors shall also be disclosed, regardless of the position name.

Note 2: Previous experience related to the current position. If the person in the most recent year has held a position at the accounting firm of the certified public accountant or an affiliated company, please state the position name and the tasks the person is responsible for.

Note 3: In the event that the Company's chairman and president or a position of the same level (top-level manager) are the same person, spouse or a first-degree relative, relevant information such as the reasons, rationality, necessity and future improvement measures must be disclosed (such as adding the seat number of independent directors, and there should be ways for majority directors who are not taking concurrent positions as employees or managers).

The chairman is the founder taking a concurrent position as the president and has rich industry experience, and the succession plan is in progress. Among the seven directors, three are independent directors, and more than half of the directors are not concurrently working as employees or managers.

(III). Remuneration paid to directors of the board, independent directors, the president, and vice presidents

(1-1) Remuneration paid to directors and independent directors (name and remuneration paid disclosed for each)

Unit: NT$1,000

Title	Name	Directors' remuneration: Base Compensation (A): The Company	Directors' remuneration: Base Compensation (A): From All Consolidated Entities	Directors' remuneration: Severance Pay and Pensions (B): The Company	Directors' remuneration: Severance Pay and Pensions (B): From All Consolidated Entities	Directors' remuneration: Compensation to Directors (C) (Note 1): The Company	Directors' remuneration: Compensation to Directors (C) (Note 1): From All Consolidated Entities	Directors' remuneration: Allowances for Operations (D): The Company	Directors' remuneration: Allowances for Operations (D): From All Consolidated Entities	Total Remuneration (A+B+C+D) as a % of the Net Income: The Company	Total Remuneration (A+B+C+D) as a % of the Net Income: From All Consolidated Entities	Remuneration for concurrent position as an employee: Base Compensation, Bonuses, and Allowances (E): The Company	Remuneration for concurrent position as an employee: Base Compensation, Bonuses, and Allowances (E): From All Consolidated Entities	Remuneration for concurrent position as an employee: Severance Pay and Pensions (F) (Note 2): The Company	Remuneration for concurrent position as an employee: Severance Pay and Pensions (F) (Note 2): From All Consolidated Entities	Employees' Profit Sharing Bonus (G) (Note 3): The Company: Cash Dividends	Employees' Profit Sharing Bonus (G) (Note 3): The Company: Stock Dividends	Employees' Profit Sharing Bonus (G) (Note 3): From All Consolidated Entities: Cash Dividends	Employees' Profit Sharing Bonus (G) (Note 3): From All Consolidated Entities: Stock Dividends	Number of Shares Subscribed Through Employee Stock Options (H): The Company	Number of Shares Subscribed Through Employee Stock Options (H): From All Consolidated Entities	Number of Shares of Employee Restricted Stocks (I): The Company	Number of Shares of Employee Restricted Stocks (I): From All Consolidated Entities	Total Compensation (A+B+C+D+E+F+G) as a % of the Net Income: The Company	Total Compensation (A+B+C+D+E+F+G) as a % of the Net Income: From All Consolidated Entities	Compensation from invested businesses other than subsidiaries
Director	Shi-Yi Cement Corporation	–	–	–	–	16,064	16,064	0	0	6.12%	6.12%	0	0	0	0	–	–	–	–	–	–	–	–	6.12%	6.12%	None
Director	Representative of Shi-Yi Cement Corporation: Liang-Chuan Chen	–	–	–	–	0	0	1,200	1,200	0.46%	0.46%	2,972	5,886	124	274	172	–	172	–	–	–	–	–	1.70%	2.87%	
Director	Representative of Shi-Yi Cement Corporation: Yun-Ju Chen	–	–	–	–	0	0	600	600	0.23%	0.23%	1,942	1,942	92	92	127	–	127	–	–	–	–	–	1.05%	1.05%	
Director	Hsiang-Lin Chang	4	4	–	–	278	278	600	600	0.34%	0.34%	0	0	0	0	–	–	–	–	–	–	–	–	0.34%	0.34%	
Director	Shang-Kai Cheng	4	4	–	–	278	278	600	600	0.34%	0.34%	0	0	0	0	–	–	–	–	–	–	–	–	0.34%	0.34%	

Independent Director	Yan Chen	-	-	-	-	0	0	840	840	0.32%	0.32%	0	0	0	0	-	-	-	-	-	-	-	-	0.32%	0.32%	
Independent Director	Chih-Cheng Wang	-	-	-	-	0	0	960	960	0.37%	0.37%	0	0	0	0	-	-	-	-	-	-	-	-	0.37%	0.37%	
Independent Director	Yang-Wei Shao	-	-	-	-	0	0	960	960	0.37%	0.37%	0	0	0	0	-	-	-	-	-	-	-	-	0.37%	0.37%	

Note 1: The 2021 remuneration of directors distributed as recommended by the Salary and Remuneration Committee in accordance with Article 30 of the Articles of Incorporation is the proposed amount. Note 2: The figures disclosed for the retirement pension are the allocated amounts. Note 3: The 2021 remuneration of employees distributed in accordance with the Articles of Incorporation is the proposed amount.

Note 4: According to the Company's regulations on payment of remuneration and compensation, independent directors should receive no more than NT$100 thousand per month as a fixed remuneration payment, subject to the board's approval, and will not receive the directors' compensation allocated from the annual profit distribution.

(2-1) Remuneration paid to the president and vice presidents (separately disclose the names and the associated remunerations paid). Unit: NT$1,000

Title	Name	Salary (A)		Severance Pay and Pensions (B) (Note 1)		Bonuses and Allowances (C)		Employees' Profit Sharing Bonus (D) (Note 2)				Total Remuneration (A+B+C+D) as a % of the Net Income		Number of Shares of Employee Stock Options Obtained		Number of Shares of Employee Restricted Stocks Obtained		Compensation from invested businesses other than subsidiaries
		The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company Cash Dividends	The Company Stock Dividends	From All Consolidated Entities Cash Dividends	From All Consolidated Entities Stock Dividends	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	
President	Liang-Chuan Chen	2,068	4,564	124	274	904	1,322	172	0	172	0	1.25%	2.42%	–	–	–	–	None
Executive VP	Yun-Ju Chen	1,538	1,538	92	92	404	404	127	0	127	0	0.82%	0.82%	–	–	–	–	None

Note 1: The figures disclosed for the retirement pension are the allocated amounts.
Note 2: The 2021 remuneration of employees distributed in accordance with the Articles of Incorporation is the proposed amount.

(3-1) Company's five highest paid executives in the most recent fiscal year (name and remuneration paid disclosed for each) Unit: NT$1,000

Title	Name	Salary (A) (Note 2)		Severance Pay and Pensions (B)		Bonuses and Allowances (C) (Note 3)		Employees' Profit Sharing Bonus (D) (Note 4)				Total Remuneration (A+B+C+D) as a % of the Net Income (Note 6)		Compensation from invested businesses other than subsidiaries (Note 7)
		The Company	From All Consolidated Entities (Note 5)	The Company	From All Consolidated Entities (Note 5)	The Company	From All Consolidated Entities (Note 5)	The Company: Cash	The Company: Stock	From All Consolidated Entities (Note 5): Cash	From All Consolidated Entities (Note 5): Stock	The Company	From All Consolidated Entities	
–	A	2,068	4,564	124	274	904	1,322	172	–	172	–	1.25%	2.42%	None
–	B	1,538	1,538	92	92	404	404	127	–	127	–	0.82%	0.82%	None
–	C	1,503	1,503	91	91	250	250	688	–	688	–	0.97%	0.97%	None
–	D	1,272	1,272	73	73	160	160	581	–	581	–	0.80%	0.80%	None
–	E	1,163	1,163	73	73	193	193	532	–	532	–	0.75%	0.75%	None

Note 1: The “Five highest paid executives” refer to the Company's managerial officers. Please refer to Tai-Tsai-Zheng-San-Zhi #0920001301 document published by the Securities and Futures Bureau, Financial Supervisory Commission on March 27, 2003 on the standards which define the scope of roles of “managerial officers”. As for the calculation of the five highest amount in remuneration, it is the total of salary, retirement pensions, bonuses and allowances and employees' remuneration (that is, A+B+C+D) recorded on the consolidated financial reports received by the Company's managers, which is then ranked to show the managers who have the five highest figure in remuneration. For directors who take concurrent positions as the abovementioned managers, please fill in this table and the table above (1-1).

Note 2: Refers to the salary, differential pay for the job and severance of five highest paid managers in the most recent year.

Note 3: Refers to the various rewards, bonuses, transportation, special disbursement, various allowances, housing, cars and other tangibles and other remunerations of the five highest paid managers in the most recent year. In the case of provision of housing, cars and other forms of transportation or personal expenditure, disclose the nature and cost of the assets provided and the rent, gasoline and other payments paid at the actual or the fair market price. If a driver is assigned to the executive, please note the Company's payment to the driver, which is not included in the remuneration here. The salary expenses recognized in accordance with IFRS 2 Share-based Payment, including obtaining employee stock options, restricted stock awards, participation in new share issuance through cash capital increase, should be included in the remuneration.

Note 4: Refers to the employee remuneration (including stocks and cash), approved by the board, to be allocated to the five highest paid managers in the most recent year. If the amount cannot be estimated, calculate the amount for this year based on the actual allocated amount last year and then fill out Table I-III.

Note 5: The total amount of remunerations paid to the five highest paid managers of the Company by all companies (including the Company) shall be disclosed in the consolidated report.

Note 6: The net income after tax refers to the number in the standalone and individual financial reports.

Note 7: a. This field should clearly state the amount of remuneration paid to the five highest paid managers from non-consolidated affiliates or the parent company. (Please fill in “None,” if there is none).

b. Remunerations refer to remuneration, compensation (including employee, director and supervisor compensation) and allowance for business operations received by the five highest paid managers of the Company who serve as directors, supervisors or managing executives of the other non-consolidated affiliates that are not subsidiaries or the parent company.

* The remunerations disclosed here in this Table are different from the incomes defined by the Income Tax Act. This Table is for the purpose of information disclosure and not for tax matters.

(4-1) Names of managers who are assigned employee compensation and the status of assignment

December 31, 2021 Unit: NT$1,000

	Title	Name	Amount of Compensation in Stocks	Amount of Compensation in Cash	Total	Total as % of the Net Income
Managerial officers	President	Liang-Chuan Chen	None	798	None	0.30%
	Executive VP	Yun-Ju Chen				
	Department director	Chen-Ku Huang				
	Department director	Yao-Yin Fu				
	Manager	Hsiu-Chu Wen				
	Manager	Ching-Tien Chang				
	Manager	Wei-Jen Wang				

Note: The 2021 remuneration of employees distributed in accordance with the Articles of Incorporation is the proposed amount.

(IV). Analysis on the ratio taken by the gross total of profit sharing from earnings paid by the Company and all firms disclosed in the consolidated financial statements to the directors, independent directors, presidents and vice presidents of the Company to the net earnings after tax over the past two years, including a description of the policies, criteria and composition of profit sharing from earnings; the procedures to determine profit sharing from earnings, and their interrelations with business performance and future risks.

1.

Unit: In NT$1,000

Title	2020				2021			
	The Company		From All Consolidated Entities		The Company		From All Consolidated Entities	
	Amount	Ownership	Amount	Ownership	Amount	Ownership	Amount	Ownership
Directors and Independent Directors	34,868	8.89%	37,516	9.56%	27,817	10.61%	30,881	11.78%
General Manager and Vice General Managers	6,702	1.71%	9,350	2.38%	5,429	2.07%	8,493	3.24%

2. The Articles of Incorporation stipulate that the directors of the Company may receive remuneration on a monthly basis in accordance with the payment standard of industry peers, regardless of profit or loss. Besides, the shareholders or directors of the Company who work as managers or employees receive salaries as regular employees.
3. If the Company shows profit after the annual final accounts, it will allocate directors' remuneration and employees' remuneration according to the percentage stipulated in the Articles of Incorporation. Directors' remuneration is distributed based on the calculation and performance appraisal conducted by the Salary and Remuneration Committee in accordance with the Director Performance Appraisal Methods, which is reported to the board meetings for approval, so as to minimize the possibility of future risks. Director performance appraisal shall include the alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education and internal control. Managerial officers' remuneration is distributed based on the Company's profitability, work performance, management capabilities, work attitude, education and training of departments, and employees' career development plans evaluated by the Salary and Remuneration Committee as specified in the Articles of Incorporation and the Employee Performance Appraisal Measures, which is reported to the board meetings for approval.

III. Implementation of corporate governance

(I) Operation of the board of directors

The board of directors had 7 meetings in the most recent fiscal year, and the attendance of directors is shown as follows:

Title	Name (Note 1)	Actual Attendance in Person, B	Attendance by Substitution	Actual Attendance Rate (%) (B/A) (Note 2)	Remarks
Chairman	Shi-Yi Cement Representative: Liang-Chuan Chen	7	0	100.00%	
Director	Representative of Shi-Yi Cement: Yun-Ju Chen	7	0	100.00%	
Director	Hsiang-Lin Chang	7	0	100.00%	
Director	Shang-Kai Cheng	7	0	100.00%	
Independent Director	Yan Chen	7	0	100.00%	
Independent Director	Chih-Cheng Wang	7	0	100.00%	
Independent Director	Yang-Wei Shao	7	0	100.00%	

Other issues to be recorded:

I. The date, session, proposal content, and resolution specified and the opinion expressed by independent directors shall be specified under any one of the following circumstances:

The attendance of independent directors at board meetings

◎: In person ☆: By proxy ＊: Not attending

Independent Director	1st meeting	2nd meeting	3rd meeting	4th meeting	5th meeting	6th meeting	7th meeting
Chih-Cheng Wang	◎	◎	◎	◎	◎	◎	◎
Yan Chen	◎	◎	◎	◎	◎	◎	◎
Yang-Wei Shao	◎	◎	◎	◎	◎	◎	◎

1. Matters specified in Article 14-3 of the Securities and Exchange Act:

   Please refer to (XI) Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year and up to the date of publication of the annual report on pp. 49-51.

2. Other BOD resolutions to which objections or qualified opinions for the record or in writing are expressed by independent directors.

   The board convened 7 meetings in 2021. The 3 independent directors offered several recommendations at the board meetings, but they had no objections or qualified opinions. Their recommendations are detailed in the board meeting minutes.

II. For the recusal of directors due to conflict of interest, please describe the name of the director, the proposal content, the reason for recusal and the participation in voting.

Meeting Number Meeting Date	Content of Motions	Resolution	Status of Implementation
1st meeting 2021.02.01	Discussion Topics: Summary 1: Proposed the payment of 2020 year-end bonus for the Company's managers for resolution. (Proposed by the Salary and Remuneration Committee)	(I) For the voting on the proposal, the related parties, representatives of corporate directors Mr. Liang-Chuan Chen and Mrs. Yun-Ju Chen and managers Mrs. Hsiu-Chu Wen, Mr. Wei-Jen Wang and Mr. Ching-Tien Chang, recused themselves from the voting, and independent director Mrs. Yan Chen served as the acting chairperson of the meeting. (II) Recommendations from independent directors Mr. Chih-Cheng Wang: 1. The number of copies of written information is prepared according to the number of directors present, and is marked as “Confidential Documents”. The information will be collected after the meeting. 2. For employees whose performance appraisal are rated C, the Company shall offer coaching practices to help the employees improve or other replacement or retention plans. (III) The acting chairperson consulted with the other attending directors, and the proposal was approved without objection.	Approved. Already distributed on February 9, 2021.
4th meeting 2021.06.30	Summary 2: It is proposed to nominate members of the Nomination Committee and have director Yun-Ju Chen and independent directors Chih-Cheng Wang and Yan Chen serve as the members of the 1st term of the Nomination Committee.	(I) For the voting on the proposal, the nominated committee members, representative of corporate director, Yun-Ju Chen, and independent directors Chih-Cheng Wang and Yan Chen, recused themselves from the voting. (II) The chairperson consulted with the other attending directors, and the proposal was approved without objection.	The board resolution approved the election of director Mrs. Yun-Ju Chen and independent directors Mr. Chih-Cheng Wang and Mrs. Yan Chen as the members of the 1st term of the Nomination Committee; their term of office becomes effective immediately after the board's approval and will end together with that of the current term of the board on June 11, 2022. The resolution has been

			announced on the Market Observation Post System. Independent director Chih-Cheng Wang is appointed as the convener of the Nomination Committee, and the members' qualifications comply with laws and regulations and the Company's organizational charter for the Nomination Committee.

III. A publicly traded or OTC company shall disclose the information on evaluation cycle and period, scope, method and contents of the board's self (or peer) appraisal and fill out the attached table below regarding the execution of board appraisal

Execution of board appraisal

Evaluation cycle	Evaluation period	Scope of evaluation	Assessment methods	Assessment contents
Once a year.	Evaluate the performance of the board during the period of January 1, 2021 to December 31, 2021.	The scope includes the performance appraisal of the board, individual board members and functional committees	Internal self-assessment by the board, self-assessment by board members, peer assessment, appointment of external specialized institutions, experts or other appropriate methods to conduct performance appraisal.	(1) Board performance appraisal: Includes the participation in the operation of the Company, improvement of the quality of the board of directors' decision making, composition and structure of the board of directors, election and continuing education of the directors and internal control. (2) Individual board member performance appraisal: Includes the alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education and internal control.

					(3) Functional committee performance appraisal: The participation in the operation of the Company, awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, composition of the functional committee and election of its members and internal control. participation in the operation of the Company, improvement of the quality of the board of directors' decision making, composition and structure of the board of directors, election and continuing education of the directors and internal control.

IV. An evaluation of targets (such as establishing an audit committee, improving information transparency and others) and performance for strengthening the functional competence of the board during the current and the most recent years.

1. The Company held 7 board meetings throughout the year of 2021, and all motions were announced at the Market Observation Post System in accordance with the law, and the information was indeed made public.
2. The Company has built a strong board governance system and robust supervisory capabilities and reinforced management capabilities in line with the Board Meeting Rules of Procedures.
3. The board has approved the Measures for Self- or Peer-Evaluation of the Board in the meeting held on November 10, 2015. Starting 2020, self-appraisal questionnaires are sent to all board members and functional committee members in the 1st quarter every year to have them evaluate the operation of the board as a whole and the functional committees and their own performance of the previous year.

After all the abovementioned questionnaires are collected, the board and relevant units conduct analysis based on the above measures and report the results to the board. The measures and results from the evaluation are disclosed on the Company's official website, and can be accessed at “Important Company Regulation -- Evaluation Measures for Performance of the Board” under the “Corporate Governance” category at http://www.luckygrp.com.tw/tw/index.asp?au_id=7&sub_id=49#

4. For the status on the individual performance self-appraisal of board members, please refer to http://www.luckygrp.com.tw/tw/index.asp?au_id=7&sub_id=73#

The results of the most recent (2021) performance evaluation of the board and each functional committee are as follows:

(1) For the self-appraisal of board performance, the overall average score is 4.00 (out of 4.00).

(2) For the self-appraisal of board members' performance, the overall average score is 4.00 (out of 4.00).

(3) Performance self-appraisal of the functional committees:

A. For the Audit Committee, the overall average score is 4.00 (out of 4.00).

B. For the Salary and Remuneration Committee, the overall average score is 4.00 (out of 4.00).

C. For the Corporate Sustainable Development Committee, the overall average score is 4.00 (out of 4.00).

D. For the Nomination, the overall average score is 4.00 (out of 4.00).

Note 1: For directors and supervisors who are legal persons, the name of the corporate shareholders and their representatives shall be disclosed.

Note 2: (1) If a director or supervisor leaves before the year ends, the resignation date, the rate of actual attendance or attendance as a non-voting participant shall be calculated based on the number of board meetings and the number of actual attendance in person or attendance as a non-voting participant.

(2) If there a re-election of directors and supervisors before the year end, the newly elected and incumbent directors and supervisors shall be listed. Their status of being the current, newly elected or re-elected and the re-election date shall be described in the remark field. The percentage of actual attendance or attendance as a non-voting participant shall be calculated based on the number of board meetings and the number of actual attendance in person or attendance as a non-voting participant.

(II) Operation of the Audit Committee: The Company elected 3 independent directors at the annual general meeting held on June 12, 2019, and set up the Audit Committee to replace the authority of supervisors in accordance with the Securities and Exchange Act.

The 1st term of the Audit Committee held meetings 5 times in 2021, and the attendance of committee members is shown as follows:

Title	Name	Actual Attendance in Person (B)	Attendance by Substitution	Actual Attendance Rate (%) (B/A)	Remarks
Independent Director	Chih-Cheng Wang	5	0	100.00%	
Independent Director	Yan Chen	5	0	100.00%	
Independent Director	Yang-Wei Shao	5	0	100.00%	

Other issues to be recorded:

I. For matters listed in Article 14-5 of the Securities and Exchange Act and those that have not been approved by the Audit Committee but have been approved by more than two-thirds of all directors, the date, session, proposal content, and resolution specified and the opinion expressed by the Audit Committee, and the Company's handling of the Audit Committee's comments shall be specified: Not applicable.

II. For the recusal of independent directors due to conflicts of interests, please describe the name of the independent director, the content of motion, the reason for recusal and the participation in voting: Not applicable.

III. Communication between independent directors and internal auditing managers and accountants (communicate materiality, methods and results of the Company's financial and business conditions).

1. Communication between the Audit Department and independent directors:

Meeting Date	Type	Matters to be communicated	Recommendations from independent directors	Implementation results
2021.03.26	Private periodic (at least once a year)	In accordance with the provisions of Article 20 of the Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers, a head of corporate governance should be appointed.	It is recommended to add a head of corporate governance as required.	A head of corporate governance has been appointed in June 2021.
2021.11.12	Private periodic (at least once a year)	Q3 2021 work report	Notified (no objection)	None.

2. Communication between the CPAs and independent directors:

Meeting Date	Type	Matters to be communicated	Recommendations from independent directors	Implementation results
2021.3.26	Private and periodic (at least once a year)	1. Communicate the 2020 annual audit results with the governance operating unit. 2. Communicate on cement issues that have not been changed for a long time. 3. Communicate the issues of inventory of supplies. 4. Communicate prepayments for equipment -- The transaction of the newly constructed ballast hopper cars. 5. Communicate the taxation issues with mining conducted by Fu-An Industrial. 6. Status of improvement of major issues in the previous communication.	Inquire for details (No opinions)	Since there were no objections or qualified opinions from the members present, there were no issues to be resolved.
2021.11.12	Private and periodic	1. Communicate the 2021 annual audit plans with the governance operating unit. 2. Identify and communicate key audit matters and	Inquire for details (No	Since there were no objections

	(at least once a year)	related parties. 3. Communicate on the Company's capability of preparing financial reports in-house. 4. Communicate the fair value assessment of financial assets at the end of the period. 5. Communicate Lucky Cement's prepayments for equipment. 6. Communicate the future planning for Luckyship Marine Agency 7. Communicate the real estate valuation of Dai Shen Development.	opinions)	or qualified opinions from the members present, there were no issues to be resolved.

IV. Action areas of the audit committee:

1. Establish or amend the internal control protocols in accordance with Article 14-1 of the Securities and Exchange Act.
2. Evaluation of the effectiveness of the internal control protocols.
3. Establish or amend procedures major financial or operational actions, such as acquisition or disposal of assets, engaging in derivatives trading, lending funds to others, endorsements or guarantees to others, in accordance with Article 36-1 of the Securities and Exchange Act.
4. Review matters bearing on the personal interest of a director.
5. Review material asset or derivatives transaction.
6. Review material monetary loan, endorsement or provision of guarantee.
7. Review the offering, issuance or private placement of any equity-type securities.
8. Review the hiring or dismissal of an attesting CPA or the compensation given thereto.
9. Review the appointment or discharge of principal financial, accounting, or internal auditing officers.
10. Review annual financial reports and semi-annual financial reports.
11. Review any other material matter so required by the company or the Competent Authority.

Audit Committee	Proposal Content and Follow-up Implementation	Resolutions	Company's handling of audit committee's opinions
1st term 1st meeting of 2021 2021.03.26	Summary 1: 2020 business report and financial statements.	Independent director Chih-Cheng Wang proposed: If there is any change in the final audit report of the financial statements by the CPAs after the resolution, it must be submitted to the Audit Committee again for approval. The chairperson consulted with the	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.

		other attending independent directors, and the proposal was approved without objection.	
	Summary 2: Proposed to distribute 2020 remuneration to employees and directors.	The chairperson consulted with the other attending independent directors, and the proposal was approved without objection.	Unanimous vote by all attending directors to approve the proposal by the Audit Committee after the chairperson consulted with the board on the proposal.
	Summary 3: Proposed the 2020 profit distribution.	The chairperson consulted with the other attending independent directors, and the proposal was approved without objection.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
	Summary 4: Proposed to issue the 2020 Statement on Internal Control.	The chairperson consulted with the other attending independent directors, and the proposal was approved without objection.	Unanimous vote by all attending directors to approve the proposal by the Audit Committee after the chairperson consulted with the board on the proposal.
1st term 2nd meeting of 2021 2021.05.12	Summary 1: Proposed to apply to Mega International Commercial Bank for lines of credit.	The chairperson consulted with the other attending independent directors, and the proposal was approved without objection.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
	Summary 2: Subsidiary Dai Shen Development proposed to apply to the Company for lines of credit in response to its need for working capital.	The chairperson consulted with the other attending independent directors, and the proposal was approved without objection.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
1st term 3rd meeting of 2021 2021.08.11	Summary 1: Proposed to set the date of record for cash dividends, stock stop-transfer period and the payment date.	The chairperson consulted with the other attending independent directors, and the proposal was approved without	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.

		objection.	
	Summary 2: Proposed to add NT$200 million of investment in the subsidiary Dai Shen Development.	The chairperson consulted with the other attending independent directors, and the proposal was approved without objection.	Unanimous vote by all attending directors to approve the proposal by the Audit Committee after the chairperson consulted with the board on the proposal.
1st term 4th meeting of 2021 2021.11.12	Summary 1: Provide endorsement guarantee for the subsidiary Luckicon Ready Mixed Concrete Factory.	The chairperson consulted with the other attending independent directors, and the proposal was approved without objection.	Unanimous vote by all attending directors to approve the proposal by the Audit Committee after the chairperson consulted with the board on the proposal.
	Summary 2: Proposed not to distribute the cash dividends for the first half of 2021.	The chairperson consulted with the other attending independent directors, and the proposal was approved without objection.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
1st term 5th meeting of 2021 2021.12.28	Summary 1: Proposed the 2022 operating budget and capital expenditure.	The chairperson consulted with the other attending independent directors, and the proposal was approved without objection.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
	Summary 2: Proposed to authorize the chairman to handle the Company's application to financial institutions for 2022 lines of credit.	The chairperson consulted with the other attending independent directors, and the proposal was approved without objection.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
	Summary 3: Proposed to pre-purchase forward exchange within the Company's balance of foreign currency borrowing.	The chairperson consulted with the other attending independent directors, and the proposal was approved without objection.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
	Summary 4: Proposed to have the board authorize the chairman	The chairperson consulted with the other attending	Unanimous vote by all attending directors to approve the proposal

		to approve endorsement guarantee of a certain amount to subsidiaries.	independent directors, and the proposal was approved without objection.	after the chairperson consulted with the board on the proposal.
		Summary 5: Proposed the 2022 internal audit plan.	Independent director Chih-Cheng Wang proposed: Luckicon Ready Mixed Concrete Factory still needs to carry out a dedicated audit when building the plant next year. The chairperson consulted with the other attending independent directors, and the proposal was approved without objection.	Unanimous vote by all attending directors to approve the proposal by the Audit Committee after the chairperson consulted with the board on the proposal.
		Summary 6: Proposed to deliberate on the periodic (once a year) assessment for the independence and competence of the CPAs.	The chairperson consulted with the other attending independent directors, and the proposal was approved without objection.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		Summary 7: 2022 appointment of and remuneration to CPAs.	The chairperson consulted with the other attending independent directors, and the proposal was approved without objection.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.

(III) Status of corporate governance implementation and the differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons

Issues to be Assessed	Implementation Status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
I. Does the Company follow "Corporate Governance Best Practice Principles" to establish and disclose its corporate governance	✓		The board has approved the Company's Corporate Governance Best Practice Principles on December 26, 2014. The Principles	No difference.

Issues to be Assessed	Implementation Status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
practices?			are amended in accordance with the regulations of the competent authority. Please see the Company's website (https://www.luckygrp.com.tw/tw/index.asp?au_id=7&sub_id=49&Page=1) for the Corporate Governance Best Practice Principles which have been disclosed.	
II. Shareholding structure and shareholders' equity (I) Does the Company have internal operating procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly? (II) Does the Company possess a list of major shareholders and beneficial owners of these major shareholders? (III) Has the Company built and executed a risk management system and "firewall" between the Company and its affiliates? (IV) Has the Company established internal rules prohibiting	✓ ✓ ✓ ✓		(I) The Company has established positions of spokesperson and acting spokesperson who work with the shareholder services agency "SinoPac Securities Corporation Shareholder Service Agency Department" to handle investor relations, shareholders' suggestions, concerns or disputes, etc. (II) The Company tracks the shareholding of directors, officers and principal shareholders who own more than 10% of shares. (III) Mutual exchanges or transactions are handled in accordance with laws and regulations, or relevant practices established in the internal control system according to law. (IV) Internal control system: C2-103 Management	(I) No difference. (II) No difference. (III) No difference. (IV) No difference.

Issues to be Assessed	Implementation Status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
insider trading on undisclosed information?			Procedures for Preventing Insider Trading have provided standards.	
III. Composition and responsibilities of the board of directors (I) Has the board established a diversity policy and specific management objectives, and have they been implemented accordingly?	✓		(I) In the Corporate Governance Best Practice Principles approved by the board for implementation, Article 20 of Chapter Three has policies on diversity of the board. The Articles of Incorporation stipulates that the nomination and election of directors adopts the candidate nomination approach, and the Company complies with the Procedures for Election of Directors and the Corporate Governance Best Practice Principles to ensure the diversity and independence of directors. 2. The members of the board have different professional backgrounds such as business, production, operation management, financial accounting and law to comply with relevant regulations. Please refer to the table on page 14 for a summary of the core competencies of board members.	(I) No difference.

Issues to be Assessed	Implementation Status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			3. Among the 7 directors of the board, 28.6% of the directors hold a concurrent position as an employee; 42.9% of board members are independent directors (who do not concurrently work as employees), female directors account for 28.6% of the board seas, and all three independent director have served their term less than six years. As of the publication date of the report, the age distribution shows that 1 director is over 70 years old, 1 is between 60 and 69 years old, and 5 are under 60 years old.	
(II) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other functional committees?	✓		(II) The board resolution at the meeting held on December 23, 2011 approved the formulation of the Salary and Remuneration Committee Organizational Procedures to establish the Salary and Remuneration Committee in accordance with the law. The Committee assesses the remuneration policies and practices for directors and	(II) No difference.

Issues to be Assessed	Implementation Status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			managerial officers from a professional and objective perspective, and reports the meeting minutes and implementation status at board meetings. The board resolution at the board meeting held on May 10, 2017 approved the formulation of the Establishment Measures for Corporate Social Responsibility Committee; the board resolution on July 10, 2017 authorized the chairman to appoint members of the Corporate Social Responsibility Committee; and the board meeting held on May 12, 2021 approved the name change of the Committee to the Sustainable Development Committee. The board meeting held on March 22, 2019 approved the formulation of the Audit Committee Organizational Procedures. On June 12, 2019, the Audit Committee was established in response to the election for directors.	
(III) Has the Company established its Board Performance Appraisal Measures and the evaluation	✓		(III) 1. The board approved the Measures for Self- or Peer-Evaluation	(III) No difference.

Issues to be Assessed	Implementation Status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
methods, conducted the performance appraisal regularly every year and provided the results to the board as the reference for directors' remuneration and nomination and renewal?			of the Board in the meeting held on November 10, 2015, which was later amended and renamed the Board Performance Appraisal Measures at the board meeting held on August 11, 2020. Perform appraisal is conducted regularly every year, and the Measures are amended in accordance with the regulations of the competent authority. The results of the performance appraisal are disclosed on the Company's website (http://www.luckygrp.com.tw/tw/index.asp?au_id=7&sub_id=73). 2. The board approved the amendment to the Measures for Self- or Peer-Evaluation of the Board in the meeting held on March 22, 2019, which added the Functional Committee Performance Appraisal to the Board Performance Appraisal and the Board Members (Self or Peer) Appraisal. The Measures were later amended and the	

Issues to be Assessed	Implementation Status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			appraisal procedures were renamed the Board Performance Evaluation, Board Members Performance Evaluation and Functional Committee Performance Evaluation at the board meeting held on August 11, 2020. They were approved by the board deliberation at the meeting held on March 26, 2021. In 2021, the performance of all board members, the board as a whole and functional committee was considered effective. 3. Article 9 of the Board Performance Evaluation Measures states that the results of the board performance evaluation should be used as reference for selecting or nominating directors, and the performance evaluation results for each director are used as reference for determining the salary and remuneration.	
(IV) Does the Company regularly evaluate its external auditors' independence?	✓		(IV) The board meeting held on November 10, 2015 approved the formulation of the Accountant Evaluation	(IV) No difference.

Issues to be Assessed	Implementation Status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			and Performance Appraisal Measures, and the amendment to the provisions of the Measures were was approved by the board on March 24, 2020. The board meeting held on December 28, 2021 verified and confirmed the independence and competencies of the CPAs in its annual evaluation. (Note)	
IV. Has the Company allocated qualified and sufficient number of personnel and appointed managers in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors to comply with laws, handling matters relating to board meetings and shareholder meetings according to laws, recording minutes of board meetings and shareholder meetings, etc.)?	✓		The Company's dedicated (part-time) unit responsible for corporate governance is the corporate governance project team, which is composed of the executive vice president and the heads of various departments. On June 30, 2021, the board of directors approved the appointment of the head of corporate governance, and the unit carries out tasks according to the Company's Corporate Governance Best Practice Principles. The status of implementation is disclosed on the Company's website at http://www.luckygrp.com.tw/tw/index.asp?au_id=7&sub_id=97	No difference.
V. Has the Company established communication channels with stakeholders (including, but not limited to, shareholders, employees, customers,	✓		The Company has appointed a spokesperson and established a section on the website (http://www.luckygrp.com.tw) dedicated to communication with	No difference.

Issues to be Assessed	Implementation Status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
and suppliers) and set up an area dedicated to stakeholders on the Company website and does the Company respond appropriately to corporate social responsibility issues that stakeholders consider important?			stakeholders. The section provides points of contact for investor relations, customer relations, employee relations, supplier relations, community relations and professional ethics, etc. Questions raised by different types of related parties are answered by the heads of the corresponding departments, and the status of implementation is disclosed on the CSR report every year. The spokeperson, acting spokesperson and the Company's shareholder services agency “SinoPac Securities Corporation Shareholder Service Agency Department” are responsible for handling and responding to suggestions or questions from investment stakeholders. The Company periodically (at least once a year) reports to the board on the communication with stakeholders and the Company's responses taken.	
VI. Has the Company designated an agent specializing in the handling of stock affairs to handle shareholder meeting affairs?	✓		Name, address and website of stock services Name: Shareholder Services Department of SinoPac Securities Corporation Address: 3rd Floor, No. 17, Bo'ai Road, Zhongzheng District, Taipei City 100 Telephone: (02) 2381-6288 Website: http://www.sinotrade.com.tw	No difference.
VII. Information disclosure (I) Has the Company established a public	✓		(I) Relevant information is disclosed on the	(I) No difference.

Issues to be Assessed	Implementation Status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
website to disclose operational, financial and corporate governance information?			Company's website in accordance with the law. The Company's website is (http://www.luckygrp.com.tw).	
(II) Has the Company adopted other methods of information disclosure (*e.g.,* setting up an English website, designating a specialist responsible for gathering and disclosing Company information, setting up a spokesperson system, uploading recordings of investor conferences onto the Company website)?	✓		(II) The Company has established positions of spokesperson and acting spokesperson responsible for information disclosure in accordance with regulations and releasing press releases simultaneously when necessary. In 2021, the Company held one investor press conference. The briefing materials in both Chinese and English have been uploaded to the MOPS and simultaneously announced on the Company's website. The Company's official website is available in English, and it provides information on the business, finance, corporate governance, etc.	(II) No difference.
(III) Has the Company published and reported its annual financial report within two months after the end of a fiscal year and published and reported its financial reports for the first, second and third quarters as well as its		✓	(III) The Company submits its financial reports and the status on the monthly operations before the prescribed deadline.	(III) The Company submits the information only before the prescribed deadline.

<table>
<tr><th rowspan="2">Issues to be Assessed</th><th colspan="3">Implementation Status</th><th rowspan="2">Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td>operating status for each month before the specified deadline.</td><td></td><td></td><td></td><td></td></tr>
<tr><td>VIII. Does the Company have other important information to facilitate better understanding of the Company's corporate governance practices (including, but not limited to current status of employee rights, employee care, investor relations, supplier relations, stakeholder rights, director and supervisor training regimes, risk management policies, and risk measurement standards as well as the implementation of client policies and the Company's purchase of liability insurance for its directors and supervisors)?</td><td>✓</td><td></td><td colspan="2">1. The Company has established an Employee Code of Conduct and the Employee Welfare Committee.
2. The Company provides employee education and training programs to strengthen their professional knowledge and occupational skills.
3. The Company handles its important information in accordance with the provisions of the Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities to protect the interests of shareholders, stakeholders and investors.
4. The Company has a comprehensive internal control system, and each segment handles its assigned tasks (such as protecting the rights of consumers or clients) in compliance with the relevant rules and regulations to fulfill the administrator's duty of care.
5. The Company's directors have undergone relevant training in accordance with the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies issued by the Taiwan Stock Exchange Corporation.
<table>
<tr><th>Title</th><th>Name</th><th>Date of continuing education courses</th><th>Hours</th><th>Course name</th></tr>
<tr><td>Representative of legal person director</td><td>Liang-Chuan Chen</td><td>2021.09.01</td><td>6</td><td>The 13th Taipei Corporate Governance Forum, morning and afternoon sessions</td></tr>
<tr><td>Representative of legal person director</td><td>Yun-Ju Chen</td><td>2021.09.01</td><td>6</td><td>The 13th Taipei Corporate Governance Forum, morning and afternoon sessions</td></tr>
<tr><td>Director</td><td>Hsiang-Lin Chang</td><td>2021.09.01</td><td>6</td><td>The 13th Taipei Corporate Governance Forum, morning and afternoon sessions</td></tr>
<tr><td>Director</td><td>Shang-Kai Cheng</td><td>2021.09.01</td><td>6</td><td>The 13th Taipei Corporate Governance</td></tr>
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<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>

				Forum, morning and afternoon sessions
Independent Director	Yan Chen	2021.10.13	3	2021 Regulatory Compliance on Insider Equity Trading Briefing Seminar
		2021.11.03	3	2021 Prevention of Insider Trading Conference
Independent Director	Chih-Cheng Wang	2021.02.23	2	Financial Industry Sustainability Trends and How to Internalize TCFD Results in Financial Business -- CTBC Financial Holding's Recommendations on TCFD
		2021.09.17	3	Financial industry on fair treatment of customers
		2021.09.17	3	Financial industry facing new challenges involving prevention of money laundering
Independent Director	Yang-Wei Shao	2021.09.01	6	The 13th Taipei Corporate Governance Forum, morning and afternoon sessions

6. The Company's directors often nurture themselves with books, news and magazines reading on financial news and participate in various seminars in order to achieve the ideal goal of corporate governance.
7. The Company has clearly stipulated in the Articles of Incorporation that liability insurance policies within the scope of business execution are purchased for directors. On June 20, 2020, we purchased the policies from Cathay Century Product Insurance Co., Ltd. The Policy number is 1501-09DO01119, which is effective from June 27, 2021 to June 27, 2022. The board meeting held on May 12, 2021 resolved to renew the liability insurance policies for directors and supervisors.
8. Supplier relationship: In addition to the management measures on procurement operation management, project contracting operation, supplier

</td><td></td></tr>
</table>

Issues to be Assessed	Implementation Status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary description	
			evaluation and assessment, etc., the Company has established a Supplier Code of Conduct based on the collaborative partnership with vendors or suppliers to jointly commit to fulfilling corporate social responsibilities, promoting environmental sustainability, valuing workers' rights, safety and health and protecting basic human rights. 9. The Company has established an information security risk management framework which includes the "Internet Security Policy" detailing regulations on information security duties, information security operations and protection, network security management, and system access control management, and the related personnel undergo education and training programs from time to time. The Company has not purchased information security insurance, but we regularly backs up data, and have established firewalls and access restrictions and other network security management measures, and update the virus code at any time to minimize the Company's information risks. As the issue of information security risk management becomes increasingly important, the necessity of purchasing information security insurance will also be carefully assessed in the future. Please refer to our website for further details. 10. The Company's remuneration system includes employee performance appraisal measures, and year-end bonuses are distributed according to the Company's operating performance and employees' work performance. 11. The Company has established the Succession Plan for Board Members and Key Management Personnel. Please refer to our website for relevant plans and implementation.	
IX. Please explain improvements that have been made as well as priorities to improve the results of the Corporate Governance Evaluation issued by the Taiwan Stock Exchange Corporate Governance Center: (No need to fill this out if not listed as one of the rated companies) The Company's 2021 corporate governance evaluation results rank us in the top 6% to 20% of all the publicly traded companies, and we will continue to improve our corporate governance practices.				

(Note) Accountant Evaluation and Performance Appraisal Form (2021)

Item	Specific Indicators	Evaluation Criteria
Independence Indicators (60 points)		
1	The accountant has no direct or significant indirect financial interest relationship with the client.	5 points if there is no interest relationship, and 0 points if there is any.

Item	Specific Indicators	Evaluation Criteria
2	The accountant has no undue interest relationship with the client.	5 points if there is no undue interest relationship, and 0 points if there is any.
3	Not auditing or verifying the financial statements of the organization within two years prior to the practice.	5 points if there is no violation, and 0 points if there is any.
4	The accountant's name shall not be used by others.	5 points if not used by others, and 0 points if it has been used.
5	The accountant and all members of the audit service team shall not hold the shares of the client.	5 points if they don't own shares, and 0 points if they do.
6	Shall not have loaning or borrowing transactions with the client.	5 points if they don't have any transaction, and 0 points if they do.
7	Shall not have a joint investment or benefits sharing with the client.	5 points if they don't have any transaction, and 0 points if they do.
8	Shall not hold a concurrent position in the company to receive a fixed salary.	5 points if they don't have any transaction, and 0 points if they do.
9	Shall not request any commission related to the tasks.	5 points if they don't have any transaction, and 0 points if they do.
10	Has served as the client's CPA for more than seven consecutive years.	5 points if not, and 0 points if the duration has exceeded seven years.
11	Provide the Company with non-audit services that may directly affect the audit work.	5 points if they don't have any transaction, and 0 points if they do.
12	The CPAs can generate a statement of independence.	5 points if they can, and 0 points if they cannot.
Performance Indicators (40 points)		
1	The official financial reports of the first three quarters should be reviewed within 45 days of the end of the quarter or the annual financial report should be audited within three months of the end of the year. (Official financial report)	4 points for completion at least 3 days ahead of schedule, 2 points for on-time completion, and 0 points for delay.
2	Time taken for the accountants to complete the Company's first three quarters of accounting review and complete the initial draft review data.	4 points are awarded if the reports from the first three quarters are reviewed within 30 days, 2 points are given if the review is completed within 40 days, and 0 points if it takes more than 40 days.
3	Time taken for the accountants to complete the Company's annual accounting audit and the initial draft review data.	4 points are awarded if the reports are audited within 60 days after the year ends, 2 points are given if the audit is completed within 70 days, and 0 points if it takes more than 70 days.
4	Time taken for the accountants to complete subsidiaries' annual accounting audit and the initial draft review data.	4 points are awarded if the reports are audited within 55 days after the year ends, 2 points are given if the audit is completed within 60 days, and 0 points if it takes more than 60 days.
5	The accountants have frequent interactions with Company's management personnel (internal auditors, etc.) and the records are retained.	4 points if they have, and 0 points if they don't have communication.
6	The accountants have appropriate communication with directors and officers and there are records kept before the audit planning and the issue of audit opinions.	4 points if they have, and 0 points if they don't have communication.
7	The accountants have made positive suggestions and kept records on the audit of the Company's system and internal control practices.	4 points if they have, and 0 points if they don't have communication.
8	Regularly and proactively update the Company on tax and securities laws and update and revise the IFRS accounting standards.	4 points if they have, and 0 points if they have not.
9	Stability of audit service team members.	4 points if they have, and 0 points if they have not.
10	Facilitate communication and coordination with competent authorities.	4 points if they have, and 0 points if they have not.
Total (out of 100 points)		

Note: If there are reasons attributable to the Company that affect the results of the assessment, the standards for related matters will be adjusted according to the circumstances.

(IV) Operations of the Salary and Remuneration Committee

(1) Information on members of the Compensation Committee

Conditions / Name / Title (Note 1)	Professional qualifications and experience		Independence (Note 2)				
	Work experience	Professional qualifications	Person, spouse, or relatives within the second degree are directors, supervisors or employees of the Company or the affiliates.	Number and percentage of company shares held by the person, spouse or second-degree relatives (or in the name of others)		Whether serving as a director, supervisor or employee of a company that has specific affiliation with the Company	The amount of remuneration received by providing the Company or its affiliates with business, legal, financial, accounting and other services in the last 2 years.
				Number of Shares	Ownership		
Chih-Cheng Wang (Independent director and convener)	Vice president at Chinese Culture University. Professor and Dean of Department of Law at Chinese Culture University. Distinguished research professor (Professor emeritus) at National Chung-Cheng University. Independent director of CTBC Financial Holding. Independent director of Dyaco International. Member of Advisory Committee of Central Deposit Insurance Corporation.	Date of first appointment: 2016.06.15, and has years of experience in the banking and securities industries	No	—	—	No	—
Yang-Wei Shao (Independent director)	Honorary chairman of CCIM Taiwan Real Estate Investment Association. Vice chairman of Chung Hua Association for Financial and Economic Strategies. President of Ya-Bi-Si Construction.	Date of first appointment: 2019.06.12, and has years of experience in the construction industry	No	—	—	No	—
Tsui-Chuan Tsai (Others)	MasterLink Securities Corporation	Date of first appointment: 2011.12.23, and has years of experience in the securities industry.	No	—	—	No	—

Note 1: Please refer to Table 1 Director Information on p. 11 for the relevant professional qualifications and background experience of independent directors Chih-Cheng Wang and Yang-Wei Shao.

Note 2: Status of independence: Describe the independence of salary and remuneration committee members, including but not limited to whether the person, spouse or relative within the second degree of kinship are serving as directors, supervisors or employees of the Company or its affiliates; the number of shares and the shareholding percentage held by the person, spouse or relative within the second degree of kinship (or in the name of others); whether the person is serving as a director, supervisor or employee of a company that has a specific relationship with the Company; and the amount of remuneration received by providing the Company or its affiliates with business, legal, financial, accounting and other services within the last 2 years.

(2) Operations of the Salary and Remuneration Committee:

I. The Compensation Committee has 3 members.

II. Term of office for this term: June 12, 2019 to June 11, 2022. The Committee has held 5 meetings (A) in the most recent fiscal year, and the qualifications and attendance of the members are shown as follows:

Title	Name	Actual Attendance in Person (B)	Attendance by Substitution	Percentage of Actual Attendance (%) (B/A)	Remarks
Convener	Chih-Cheng Wang	5	0	100.00%	
Committee member	Yang-Wei Shao	5	0	100.00%	
Committee member	Tsui-Chuan Tsai	4	1	80.00%	

Salary and Remuneration Committee	Proposal Content and Follow-up Implementation	Resolutions	Company's handling of remuneration committee's opinions
5th term 1st meeting of 2021 2021.02.01	1. 2020 year-end bonus for the Company's managers.	1. Unanimous vote by all attending committee members to approve the proposal.	1. Submitted to the board for discussion, and unanimous approval by all directors attending the board meeting.
	2. 2019 employee remuneration distributed to managerial officers.	2. Unanimous vote by all attending committee members to approve the proposal.	2. Submitted to the board for discussion, and unanimous approval by all directors attending the board meeting.
5th term 2nd meeting of 2021 2021.03.26	1.2020 allocation of employee and director remuneration.	Unanimous vote by all attending committee members to approve the	Submitted to the board for discussion, and unanimous approval by all directors attending the board meeting.

		allocation in accordance with the Articles of Incorporation.	
5th term 3rd meeting of 2021 2021.08.11	1. Rename and amend the Payment Methods for Director and Supervisor Remuneration and Compensation.	1. Unanimous vote by all attending committee members to approve the proposal.	1. Submitted to the board for discussion, and unanimous approval by all directors attending the board meeting.
	2. Evaluation scoring of the 2020 director governance.	2. Unanimous vote by all attending committee members to approve the proposal.	2. Submitted to the board for discussion, and unanimous approval by all directors attending the board meeting.
	3. 2020 distribution of director compensation.	3. Unanimous vote by all attending committee members to approve the implementation of the Payment Methods for Director and Supervisor Remuneration and Compensation.	3. Submitted to the board for discussion, and unanimous approval by all directors attending the board meeting.
5th term 4th meeting of 2021 2021.11.12	1. Salary and remuneration for the newly-appointed head of corporate governance.	Unanimous vote by all attending committee members to approve the proposal.	Submitted to the board for discussion, and unanimous approval by all directors attending the board meeting.
5th term 5th meeting of 2021 2021.12.28	1. 2020 distribution of employee remuneration.	Unanimous vote by all attending committee members to approve the proposal.	Submitted to the board for discussion, and unanimous approval by all directors attending the board meeting.

Other issues to be recorded:

I. If the board of directors does not adopt or amend the recommendations from the Salary and Remuneration Committee, it shall clarify the date, session, proposal content and resolution of the board and how the Company handles the recommendations of the Committee (such as that the salary and remuneration approved by the board are better than what the Committee recommended, and the differences and reasons should be clarified): None.

II. If the Committee members have objections or reservations and there are records or written statements from the meetings, the date, term, proposal content, opinions of all members and the handling of their opinions shall be clearly stated: Not applicable.

III. Duty of the Salary and Compensation Committee:

(1) Formulate and regularly review the performance evaluation of directors, independent directors in the Audit Committee and managerial officers, and the policies, systems, standards and

structure for their salary and compensation. (2) Regularly review and prescribe salary and remuneration for directors, independent directors in the Audit Committee and managerial officers.

(V) Profiles of nomination committee members and the information on the operation of the committee

(1) Qualifications and responsibilities of the members of the Company's nomination committee.

The Company has established a nomination committee in accordance with Paragraph 3, Article 27 of the Corporate Governance Best Practice Principles. The committee consists of three directors nominated by the board, of which more than half are independent directors. Its responsibilities are:

I. Specify the standards of professional knowledge, skills, experience, gender and independence required for board members and senior managers, and search, review and nominate candidates for directors and senior managers accordingly.

II. Construct and develop the organizational structure of the board and committees, conduct performance appraisal of the board, committees, directors and senior managers, and assess the independence of independent directors.

III. Formulate and regularly review the continuing education plan for directors and the succession plan for directors and senior managers.

IV. Establish the Company's Corporate Governance Best Practice Principles.

(2) Professional qualifications and experience of nomination committee members and the information on the operation of the committee

I. The nomination committee has 3 members.

II. Term of office for this term: June 30, 2021 to June 11, 2022. The Committee has held 1 meeting during the period, and the qualifications and attendance of the members and the discussion items are shown as follows:

Title	Name	Professional qualifications and experience	Actual Attendance in Person (B)	Attendance by Substitution	Percentage of Actual Attendance (%) (B/A)	Remarks
Convener (Independent director)	Chih-Cheng Wang	Vice president at Chinese Culture University. Professor and Dean of Department of Law at Chinese Culture University. Distinguished research professor	1	0	100%	

		(Professor emeritus) at National Chung-Cheng University. Independent director of CTBC Financial Holding. Independent director of Dyaco International. Member of Advisory Committee of Central Deposit Insurance Corporation.				
Committee member (Director)	Yun-Ju Chen	EMBA. More than 20 years of experience in the cement industry. Vice president of Lucky Cement	1	0	100%	
Committee member (Independent director)	Yan Chen	Bachelor's degree in business (accounting). Specializes in financial management. Financial consultant to Eorex Corporation. Senior VP at Zoyi Management Consulting.	1	0	100%	

Nomination Committee	Proposal Content and Follow-up Implementation	Resolutions	Company's handling of nomination committee's opinions
1st term 1st meeting of 2021 2021.06.30	1. The new members elected a convener according to the regulations to coordinate the relevant	1. All members elected independent director Chih-Cheng Wang	1. Submitted to the board for discussion, and unanimous approval by all directors attending the board

	tasks of the committee and represent the committee as a whole.	as the convener of the Nomination Committee.	meeting.
	2. The term of office of the newly elected members is the same as that of directors, from June 30, 2021 to June 11, 2022.	2. Unanimous vote by all attending committee members to approve the proposal.	2. Submitted to the board for discussion, and unanimous approval by all directors attending the board meeting.

Other issues to be recorded:
State the meeting date, session, and content of main motions of the nomination committee, the content of the recommendations or objections of the committee members, the results of resolutions, and the Company's handling of the opinions of the nomination committee: None.

(VI) Status of promotion of sustainable development and its discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons:

Issues to be Assessed	Implementation Status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons for discrepancies.
	Yes	No	Summary description	
I. Has the Company established a governance structure to promote sustainable development, and set up a dedicated (or one holding concurrent positions) unit to promote sustainable development, with the board authorizing the senior management to manage the organization which is supervised by the board?	✓		1. The company has established a corporate social responsibility committee under the board in accordance with Article 9 of the Corporate Social Responsibility Best Practice Principle in 2017. In line with the government's promotion of the Corporate Governance 3.0 - Sustainable Development Blueprint, we have renamed the original Corporate Social Responsibility Committee as the Corporate Sustainable Development Committee in 2021 to fulfill the principles of enterprise sustainability. 2. We have established a part-time operating unit to promote sustainable development, and the Quality Assurance Center is responsible for preparing the ESG report. The unit carries out relevant tasks in accordance with the Corporate Sustainability Best Practice Principles. For details, please	No difference.

Issues to be Assessed	Implementation Status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons for discrepancies.
	Yes	No	Summary description	
			refer to the Company's website. In addition to reporting to the Corporate Sustainability Responsibility Committee, it reports to the board at least once a year. 3. The board meeting held in May 2021 has reported the status of promotion of sustainable development.	
II. Has the Company conducted risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulated relevant risk management policies and strategies?	✓		1. We have conducted risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies and strategies based on the Sustainable Development Best Practice Principles, which will be implemented after being approved by the board. The scope of the Company's risk management includes managing strategic risks, operational risks, financial risks, information security risks, and risks of climate change and failure to comply with environmental protection, climate-related regulations and other international regulations and agreements. 2. The Company has also established a risk management team to identify and measure risks and control them within an acceptable range according to the scope of work of each department on a regular basis every year. The team reports to the board at least once a year on the risk environment	No difference.

Issues to be Assessed	Implementation Status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons for discrepancies.
	Yes	No	Summary description	
			and the implementation of risk control measures and the operation of risk management. The status of implementation of 2021 risk management policies is disclosed on the Company's website at http://www.luckygrp.com.tw/tw/index.asp?au_id=11&sub_id=120	
II. Does the Company have a dedicated CSR organization (or one holding concurrent positions) with the board authorizing the senior management to manage the organization, which reports to the board of directors?	✓		The Company has designated the Quality Assurance Center as the part-time operating unit responsible for promoting corporate social responsibility initiatives. The unit carries out relevant tasks in accordance with the Corporate Social Responsibility Best Practice Principles. For details, please refer to the Company's website. In addition to reporting to the Corporate Social Responsibility Committee, it reports to the board at least once a year.	No difference.
III. Environmental issues (I) Has the Company set an environmental management system designed to industry characteristics? (II) Is the Company committed to improving energy efficiency and to the use of renewable materials with low environmental impact? (III) Has the Company assessed the current and future potential risks and	 ✓ ✓ ✓		(I) The Company has established the Safety and Environmental Protection Section, formulated labor safety and health management measures, and regularly arranged dedicated personnel to check for air pollution and waste water. (II) Recycle and reuse listed waste from partner factories to meet the policy objectives of resources sustainability, reduce over-exploitation of natural resources, and provide more resources for the future generations. (III) 1. Climate change can pose current and future potential risks to the production of	(I) No difference. (II) No difference. (III) No difference.

Issues to be Assessed	Implementation Status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons for discrepancies.
	Yes	No	Summary description	
opportunities from climate changes and taken measures to address climate-related issues?			Dong-Ao plant, including in the Amendment to the Renewable Energy Development Act that electricity users use more than a certain contracted capacity should install renewable energy power generation equipment. The specific methods are, (1) Set up renewable energy power generation devices (wind power, solar energy); (2) Set up energy storage equipment; (3) Purchase renewable energy certificates and annual quota obligations; (4) Obligatory users perform their duties in accordance with regulations. 2. The Greenhouse Gas Reduction and Management Act is to be renamed the Climate Change Response Act. In the first phase, a carbon fee will be levied on users with large greenhouse gas emissions. It is estimated that NT$100 to 300 (to be determined, and net zero emissions will be included in the provisions in order to achieve carbon neutrality by 2050) per ton of carbon dioxide emissions. The specific methods are: (1) Enhance production processes and technologies to reduce energy consumption by cement production units. (2) Substitution of raw materials. (3) Alternative fuels. (4) Improve clinker quality and reduce clinker coefficient of cement. (5) Renewable	(IV) No difference.

Issues to be Assessed	Implementation Status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons for discrepancies.
	Yes	No	Summary description	
(IV) Has the Company compiled the greenhouse gas emissions, water consumption and total weight of waste the past two years and established management policies for energy saving and reduction of greenhouse gas emission, water consumption and other wastes?	✓		energy equipment. (6) Waste heat power generation. (7) Carbon sink afforestation. (8) Carbon capture. For the relevant information, please visit our website at http://www.luckygrp.com.tw/tw/index.asp?au_id=11&sub_id=120 (IV) The Company has participated in the GHG voluntary reduction reporting program organized by the Industrial Development Bureau of the Ministry of Economic Affairs since 2014, and compiled and reported the emissions every year. Our GHG emissions have obtained the ISO-14064 third-party verification. The Company has formulated relevant energy conservation and carbon emissions reduction policies, including GHG emissions reduction policies and energy management policies and the use of recycled water to clean vehicles to reduce water consumption. The relevant goals are as follows: The policy of saving electricity by 1% per year and reducing the total annual greenhouse gas emissions by more than 10% compared with the emissions in 2013 (base year). All goals in 2021 have been achieved.	
IV. Social Issues (I) Does the Company establish policies and procedures in compliance with regulations and	✓		(I) The Company has formulated the Employee Work Rules and other relevant personnel management measures in	(I) No difference.

Issues to be Assessed	Implementation Status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons for discrepancies.
	Yes	No	Summary description	
internationally recognized human rights principles?			accordance with the Labor Standards Act and other government laws and regulations, and recognized and supported the United Nations Global Compact, the Universal Declaration of Human Rights, the Declaration on Fundamental Principles and Rights at Work and other internationally recognized human rights standards. We also have established the Human Rights Policy which includes the specific management measures as follows: 1. Respect human rights and implement gender equality. 2. No child under the age of 16 years shall be employed. 3. Provide female employees with time for nursing (or collect breast milk), menstrual leave, maternity leave, childbirth or parental leave, pregnancy examination leaves, etc. 4. Provide workers with reasonable rest according to law, and do not apply forced labor. 5. Any type of discrimination is prohibited for employees who are hired, promoted, trained, and rewarded. 6. Respect employees who exercise rights to freedom of association, join trade unions, and seek nomination for or	

Issues to be Assessed	Implementation Status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons for discrepancies.
	Yes	No	Summary description	
			participate in labor committees. 7. Comply with labor health and occupational safety and health laws and regulations, reduce the danger and potential hazards in the work environment, and prevent the occurrence of occupational disasters. 8. The salary policy complies with relevant laws and regulations. The salary of employees shall not be lower than the minimum wage requirements, and employees shall be entitled to statutory benefits, reasonable rest and overtime pay. 9. Policies for prevention of sexual harassment and sexual assault.	
(II) Has the Company established and implemented reasonable employee welfare measures (including remuneration, vacation and other benefits) and appropriately reflected the business performance or results in the employee remuneration policy?	✓		(II) The Company formulates and implements reasonable employee welfare measures covering remuneration, vacation and other benefits, etc. For details, please refer to Chapter 5 Labor Relations of the annual report and the Company's website (http://www.luckygrp.com.tw/tw/index.asp?au_id=7&sub_id=99) According to the Articles of Incorporation, if the Company is profitable in the fiscal year, 3% of the profit shall be offered as bonuses for employees.	(II) No difference.
(III) Does the Company provide employees with a safe	✓		(III) In order to provide employees with a safe and	(III) No difference.

Issues to be Assessed	Implementation Status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons for discrepancies.
	Yes	No	Summary description	
and healthy working environment and regularly conduct safety and health training?			healthy work environment, the Company has established the Safety and Health Work Rules in accordance with the Enforcement Rules of the Occupational Safety and Health Act and implemented prescribed safety and health management measures for employees to follow, and regularly carries out safety and health checkups to protect employees' personal safety. The Company regularly conducts employee health checks and safety and health education and training sessions. For the relevant information, please visit the Company's website (http://www.luckygrp.com.tw/tw/index.asp?au_id=7&sub_id=101).	
(IV) Has the Company established effective career development training plans?	✓		(IV) The Company reviews employees' career development training plan in the annual performance appraisal. Carried out by department heads.	(IV) No difference.
(V) Has the Company complied with the relevant regulations and international standards and formulated policies for protection of consumers and clients' rights and interests and grievance procedures with respect to consumer health and safety, customer privacy, marketing and labeling of products and services?	✓		(V) Portland Cement must comply with the CNS standards and obtain orthographic marks and ISO certification. All departments of the Company can handle customer complaints. The Company's website shows points of contact that handle various opinions and suggestions from various stakeholders. Opinions and complaints are then	(V) No difference.

Issues to be Assessed	Implementation Status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons for discrepancies.
	Yes	No	Summary description	
			forwarded to relevant departments for feedback as soon as possible. We discloses the number of customer complaints and resolution status in the Corporate Social Responsibility Report every year.	
(VI) Has the Company established supplier management policies which require suppliers to comply with regulations on environmental protection, occupational safety and health or labor rights and reported the implementation?	✓		(VI) The Company has established a supplier management policy which covers five dimensions: 1. Supplier development and management. 2. Supplier evaluation and audit. 3. Supplier code of conduct and commitment to ethics and integrity. 4. Supplier audit, training, communication and coaching. 5. Operational method. Every year, the procurement department forms a task force to conduct self-assessment and inspection of suppliers in accordance with the relevant regulations of Lucky Cement suppliers and major issues such as environmental protection, occupational safety and health, labor rights, etc., and provide coaching, follow-up and improvement. For suppliers whose results do not meet the standards, rigorously enforce the audit every year. For those who still have not achieved improvement three years after the audit, transactions are suspended or rejected. The task force	(VI) No difference.

Issues to be Assessed	Implementation Status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons for discrepancies.
	Yes	No	Summary description	
			reports the status of implementation to the board at least once a year. The contracts signed by the Company and suppliers expressly require manufacturers to abide by the relevant provisions of the "Labor Standards Act", and to comply with the "Air Pollution Control Act" and other relevant environmental protection laws, and take appropriate preventive measures. In terms of labor safety, vendors shall abide by the provisions of the "Occupational Safety and Health Act", and take necessary protective measures in advance against various disasters or incidents that may occur, and must purchase labor or accident insurance policies for employees. In terms of information security, it is prohibited to infringe on the intellectual property rights of others or harm the rights and interests of others. The Company has been promoting the Supplier Code of Conduct since 2016, which incorporates major issues such as ethical management, human rights and environmental protection, and requires vendors to follow them. If suppliers violate and damage the Company's goodwill or corporate image, the contract may be cancelled at any time. We have established the	

<table>
<tr><th rowspan="2">Issues to be Assessed</th><th colspan="3">Implementation Status</th><th rowspan="2">Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons for discrepancies.</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary description</th></tr>
<tr><td></td><td></td><td></td><td>Supplier Evaluation and Audit Measures, and conducted evaluation of suppliers on a regular basis to ensure that they comply with relevant standards.</td><td></td></tr>
<tr><td>V. Has the Company referred to international reporting standards or guidelines in its preparation of sustainability reports and other reports which disclose the Company's non-financial information? Have the abovementioned reports obtained the verification or assurance opinions from third-party certification organizations?</td><td>✓</td><td></td><td>We have referred to the GRI Standards: Core published by the GRI in the preparation of our corporate social responsibility reports.</td><td>No difference.</td></tr>
<tr><td colspan="5">VI. If the Company has established its own sustainability principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation in the Company: None.</td></tr>
<tr><td colspan="5">VII. Other important information for facilitating the understanding of CSR and its implementation:
We have always emphasized the importance of environmental protection, often participating in and sponsoring community activities, traditional culture and indigenous culture, community development efforts, and local environmental protection activities (such as greening, adopting and cleaning beaches, maintenance of public facilities in communities) and sponsoring scholarships for outstanding primary and secondary school students. Environmental protection is part of our core competencies, and we actively apply the reuse and conservation of resources.
(1). The Company recycles the wastes from the partnering factories which have been approved by the government for reuse to reduce the impact of wastes on the society and environment, achieve the full reuse of resources, and reduce the over-exploitation of natural resources.
(2). We provide timely assistance to neighboring communities, such as mechanical and electrical maintenance support for Dong-Ao Fishing Port, greening and beach cleaning of Dong-Ao Bay, scholarships for students in the Dong-Ao communities and subsidies for senior care and welfare programs and local community senior cafeteria.
(3). Based on the consideration of energy conservation carbon reduction and environmental protection, we spare no efforts in committing our manpower and resources in the water pollution control, control of stationary sources, soil and water conservation, environmental monitoring, greening of vegetation and other regular environmental inspection works.
(4). Our #2 kiln renovation project has upgraded the cyclone preheater from Grade 4 to Grade 5, which increases the heat exchange efficiency and reduces the coal consumption and the use of natural resources. The upgrades adopts the low-NOx process to reduce the emissions of NOx, further reducing the impact on the environment. Continuous emission monitoring systems (CEMS) are installed in the main discharge pipeline to strictly control the exhaust quality.
(5). In 2021, a total of NT$1,387 thousand was used in the efforts of giving back to the community to</td></tr>
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Issues to be Assessed	Implementation Status: Yes	Implementation Status: No	Implementation Status: Summary description	Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons for discrepancies.

fulfil social responsibilities, which included the sponsorship of 3 social events, 19 community (local residents) events and donations to 3 projects in humanities and science education and traditional culture heritage.

(6). The Company's electricity conservation target: The electricity conservation target during the 2015-2020 plan period achieves 1% for each year.

(7). The Company's greenhouse gas emissions reduction policy:

- Committed to the Company's GHG inventory and registration
- Accurately grasp the Company's GHG emissions status
- Propose feasible solutions for GHG emissions reduction
- Carry out GHG emissions reduction work plan
- Fulfill social responsibility of circular economy
- Green growth and sustainable development

Energy policy:

- Use high-efficiency energy conservation equipment
- Improve efficiency of energy utilization
- All employees participate in energy savings and carbon reduction
- Comply with relevant government laws and regulations
- Achieve energy goals

(8). The specific results of the improvement plan for energy conservation measures in 2020 and the energy conservation measures and implementation plans in 2021 are detailed in the following table:

2020 Specific results of the improvement plan for energy conservation measures	2021 Energy conservation measures and implementation plans
1.The fixed frequency screw air compressor in the packaging room is upgraded to the VSD screw air compressor (results across different years). 2.Add a humidification tower pump to #2 preheater to change to the VSD operation. 3.Replace lining board of #2 coal pulverizer. 4.Clinker grinder refurbishment 5.Non-hazardous sludge and waste oil mixture as alternative fuel. 6.Organic sludge as an alternative fuel source. 7.Responsive management measures aligning with government needs.	1. Replace lining board of #2 coal pulverizer (results across different years). 2. Refurbish clinker roller press (results across different years). 3. Add a humidification tower pump to #2 preheater to change to the VSD operation. 4. Replace lining board of #2 rawmill, and adjust and replace the steel ball ratio. 5. Replace the lining board of #1 container of the #2 cement mill, and adjust the steel ball ratio. 6. Organic sludge as an alternative fuel source. 7. Non-hazardous sludge and waste oil

Issues to be Assessed	Implementation Status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons for discrepancies.
	Yes	No	Summary description	

Saved 878,190 watts in electricity in 2020. Saved 5,196 tons of coals in 2020.	mixture as alternative fuel. 8. Responsive management measures aligning with government needs.

(9). The Company's statistics on the GHG emissions, water consumption and total weight of waste the past two years:

Year	Total GHG emissions	Water consumption	Total weight of waste disposed of*
2020	673,832.54 metric tons CO_2e/Year	1,004,104 cubic meters	73,992.22 metric tons
2021	568,419.00 metric tons CO_2e/Year	886,659 cubic meters	59,101.72 metric tons

*The Company shows its commitment to circular economy by conducting waste disposal business.

(10).The Company has established the Corporate Sustainable Development Committee composed of three directors, of which two are independent directors, and their responsibilities are:
A.Formulate corporate sustainable development policies and systems.
B.Deliberate over corporate sustainable development annual plan and strategic direction.
C.Deliberate over corporate sustainable development projects and activities.
D.Review corporate sustainable development report.
E.Deliberate over issues with corporate sustainable development and participation in public affairs delegated by the board.
The Corporate Sustainability Development Committee meets at least once a year. For details on its operations, please refer to the Company's website (http://www.luckygrp.com.tw/tw/index.asp?au_id=11&sub_id=102)

Information on the members of the Corporate Sustainable Development Committee

Name	Title	Title	Related specialization
Yun-Ju Chen	Director	Committee member	EMBA. More than 20 years of experience in the cement industry.
Yan Chen	Independent Director	Committee member	Financial management
Chih-Cheng Wang	Independent Director	Committee member	Vice president at Chinese Culture University. Professor and Dean of Department of Law at Chinese Culture University. Distinguished research professor (Professor emeritus) at National Chung-Cheng University. Independent director of CTBC Financial Holding. Independent director of Dyaco International.

Issues to be Assessed	Implementation Status			Differences from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and reasons for discrepancies.
	Yes	No	Summary description	
			Member of Advisory Committee of Central Deposit Insurance Corporation.	

(VI) Status of the Company's practice of ethical management and differences from the Ethical Corporate Management Best Practice Principles for the Listed Companies and reasons for discrepancies:

The board approved the formulation of the Ethical Corporate Management Best Practice Principle in the meeting held on November 7, 2014. The ISO operations and relevant management measures have terms on the performance of ethical management, such as that employees' work rules have service discipline clauses and the procurement measures have related standards, so the Company's fulfillment of ethical management and the operations implementation measures are considered good.

Issues to be Assessed	Implementation Status			Differences from the Ethical Corporate Management Best Practice Principles for the Listed Companies and reasons for discrepancies
	Yes	No	Summary description	
I. Establish corporate conduct and ethics policy and implementation measures.				
(I) Does the company establish ethical management policies approved by the board and have bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures and the commitment regarding the implementation of such policy from the board and the executive management team?	✓		(I) On November 7, 2014, the Company formulated the Ethical Corporate Management Best Practice Principles approved by the board in reference to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies as the basis for implementing ethical management, which can be amended at anytime at the competent authority's request. We promote the ethical management policy through education and training sessions and the signing of the Supplier Code of Conduct, and report the status of implementation to the board at least once a year. For the information on the work plan and status of implementation, please refer to the Company's website (http://www.luckygrp.com.tw/tw/index.asp?au_id=7&sub_id=51). The board approved the Company's Measures for	(I) No difference.

Issues to be Assessed	Implementation Status			Differences from the Ethical Corporate Management Best Practice Principles for the Listed Companies and reasons for discrepancies
	Yes	No	Summary description	
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyzed and assessed on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and established prevention programs accordingly which at least cover the prevention measures against the conducts listed in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	✓		Filing Grievances Against Illegal and Immoral or Unethical Behaviors in the meeting held on March 28, 2016. The action showed our commitment in implementing the business policy. (II) By establishing good corporate governance and risk control practices and comprehensive internal regulations, we rigorously put the Ethical Corporate Management Best Practice Principles into practice and prevent the occurrence of unethical behaviors listed in Paragraph 2 of Article 7 to create an environment for the sustainable development of the Company.	(II) No difference.
(III) Has the Company defined operating procedures, conduct guidelines, disciplinary penalties and grievance process in the program preventing unethical conduct and put them in practice, and regularly reviewed and amended the program?	✓		(III) The Company has established Employee Work Rules, which clearly stipulate that employees shall not use their power to seek illegal benefits, or accept gratuity, gifts, kickbacks, embezzlement of public funds or other illegal interests; the rules are to prevent unethical behavior from affecting business relations or transactions.	(III) No difference.

Issues to be Assessed	Implementation Status			Differences from the Ethical Corporate Management Best Practice Principles for the Listed Companies and reasons for discrepancies
	Yes	No	Summary description	
			The Company has established a website for whistleblowing and grievance filing measures. The status of implementation is reported to the board at least once a year as the basis for further review and revision.	
II. Practice ethical operations (I) Does the company assess the ethics records of whom it has business relationships with and include business conduct and ethics related clauses in the business contracts?	✓		(I) We confirm the company's authenticity through website of the Department of Commerce, Ministry of Economic Affairs at the time of transactions and purchases, and check vendors' records of transactions through various channels (such as credit reporting) to verify the business integrity of the transaction counterparty. We report the current status of each customer and supplier in the business and operation management meetings. If a transaction counterparty is found to be involved in unethical behaviors, we will immediately and strictly control the credit transactions, understand the current situation of the party's risk exposure, and prudently evaluate whether we should terminate the transactions.	(I) No difference.
(II) Has the Company established a specialized unit under the board responsible for the promotion of corporate ethics management, which regularly (at least once a	✓		(II) For the purpose of improving ethical management, the Company has authorized the Chairman's Office for	(II) No difference.

Issues to be Assessed	Implementation Status			Differences from the Ethical Corporate Management Best Practice Principles for the Listed Companies and reasons for discrepancies
	Yes	No	Summary description	
year) reports policies on ethical operations, programs on prevention of unethical conduct and the status of supervision to the board?			the formulation the Company's ethical management policy and the Human Resources Department as the part-time unit responsible for the promotion of the policy and reporting results of implementation to the board at least once a year and publishing the results on the Company's website.	
(III) Does the Company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	✓		(III) The Company's Board Meeting Rules of Procedures stipulate that directors or other legal person representatives shall state the important aspects of the interested party relationship at the meeting, and recuse themselves from participating in discussion or voting on the matters for which they are the interested party, and may not act as another director's proxy to exercise voting rights on such matters. 1. Interest relationship with the directors or the legal persons they represent, which may cause harm to the Company's interest. 2. Directors believe that they should recuse themselves from the matters. 3. The board resolution determines that they shall recuse themselves from the matters.	(III) No difference.
(IV) Has the Company established an effective accounting and internal control system to put ethical operations management into practice	✓		(IV) The Company has a rigorous accounting system, and all final accounts are checked by certified accountants to	(IV) No difference.

Issues to be Assessed	Implementation Status			Differences from the Ethical Corporate Management Best Practice Principles for the Listed Companies and reasons for discrepancies
	Yes	No	Summary description	
and arranged for the internal audit unit to formulate audit plans based on the risk assessment of unethical conduct and audit the compliance to prevent unethical conduct, or commissioned independent auditors to conduct the audit?			ensure their fairness. We also have an independent dedicated audit unit, which regularly conducts various internal audits according to the annual audit plan. The head of auditing shall report the status of auditing to independent directors at least once a year.	
(V) Does the Company provide internal and external ethical conduct training programs on a regular basis?	✓		(V) We organize ethical management education and training sessions for new hires every year, and report the status of the education and training of the current year to the board. Implementation status of education and training in 2021: Course topics / Hours/ Session / Total number of people Code of Business Integrity / 30 minutes / 38	(V) No difference.
III. Operations of the Company's grievance reporting system (I) Does the Company establish specific complaint and reward procedures, set up conveniently accessible complaint channels and designate responsible individuals to handle the complaint received?	✓		(I) The Company has established rules for appraisal and reward and punishment. If there is any reason for employees to violate the ethical management regulations, the heads of the departments responsible for the appraisal will jointly review the reward and punishment matters and inform the related personnel of the content in a personnel order letter.	(I) No difference.
(II) Does the Company establish standard operating	✓		(II) The standard operating	(II) No difference.

Course topics	Hours/ Session	Total number of people
Code of Business Integrity	30 minutes	38

Issues to be Assessed	Implementation Status			Differences from the Ethical Corporate Management Best Practice Principles for the Listed Companies and reasons for discrepancies
	Yes	No	Summary description	
procedures for investigating the complaints received, follow-up measures to be adopted and the related confidentiality measures after investigation?			procedures for the investigation of reported matters are based on the Measures for Filing Grievances Against Illegal and Immoral or Unethical Behaviors. After the investigation, response matters are taken, and appropriate protective measures in accordance with laws are adopted to protect the personal data and privacy of the whistleblowers.	
(III) Does the Company adopt proper measures to shield a complainant from retaliation for filing complaints?	✓		(III) Unless otherwise stipulated by law, we keep the personal information of the whistleblowers confidential, and take appropriate protective measures to protect whistleblowers' personal data and privacy, so that they will no be mistreated.	(III) No difference.
IV. Enhance information disclosure Does the Company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and the Market Observation Post System?	✓		Our website (http://www.luckygrp.com.tw) has disclosed the philosophy of ethical management.	No difference.
V. If the company has established corporate governance policies based on the Ethical Corporate Management Best Practice Principles for the Listed Companies, please describe any discrepancy between the policies and their implementation in the Company: None.				
VI. Other important information to facilitate better understanding of the Company's corporate conduct and ethics compliance practices (such as reviewing and amending the Company's existing Ethical Corporate Management Best Practice Principles). None				

(VII) **If the Company prescribed the rule of corporate governance and relevant regulations, the Company should disclose its search method:**

The board has approved the Company's Corporate Governance Best Practice Principles on December 26, 2014, and other relevant regulations can be accessed at “Important Company Regulation” under the “Corporate Governance” category at http://www.luckygrp.com.tw/tw/index.asp?au_id=7&sub_id=49#

(VIII) **Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance may also be disclosed:**

The board has approved the “Corporate Social Responsibility Best Practice Principles”, the “Ethical Corporate Management Best Practice Principles” and the “Codes of Ethical Conduct” on November 7, 2014. On December 26, 2014, the board approved the “Corporate Governance Best Practice Principles” and amended the provisions of the “Corporate Social Responsibility Best Practice Principles” and the “Ethical Corporate Management Best Practice Principles”. On March 24, 2015, the board approved the amendment to the provisions of the “Corporate Governance Best Practice Principles” and the “Codes of Ethical Conduct”. On December 21, 2015, the board approved the amendment to the provisions of the “Ethical Corporate Management Best Practice Principles”.

The board approved the Company's “Measures for Filing Grievances Against Illegal and Immoral or Unethical Behaviors” in the meeting held on March 28, 2016.

In accordance with the provisions of the Tai-Zheng-Zhi-Li-Zi Document #10800083781 dated May 23, 2019 and the Tai-Zheng-Zhi-Li-Zi Document #1090002299 dated February 13, 2020, the Company's “Ethical Corporate Management Best Practice Principles” were amended, and the 5th board meeting of 2019, held on August 12, and the 2nd board meeting of 2020, held on March 24, resolved to approved the amendments.

In accordance with the provisions of the Tai-Zheng-Zhi-Li-Zi Document #10900094681 dated June 3, 2020, the Company's “Codes of Ethical Conduct” were amended, and the 4th board meeting of 2020, held on August 11, resolved to approved the amendments.

In accordance with the provisions of the Tai-Zheng-Zhi-Li-Zi Document #11000241731 dated December 7, 2021, the Company's “Corporate Sustainability Best Practice Principles” were amended, and the 7th board meeting of 2021, held on December 28, resolved to approved the amendments proposed by the Corporate Sustainable Development Committee.

(IX) **Status of implementation of the Company's internal control protocols**

1. Statement on Internal Control

Lucky Cement Corporation
Statement on Internal Control

Date: March 26, 2021

I. The Company's board and management are responsible for establishing, implementing and maintaining a proper internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability of our financial reporting and compliance with applicable laws and regulations.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. However, internal control system of the Company features a self-monitoring mechanism that enables immediate rectification of deficiencies upon discovery.

III. The Company evaluates the design and execution of its internal control system based on the criteria specified in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Governing Principles") to determine whether or not the existing policies continue to be effective. The criteria adopted by the Governing Principles identify five key components of managerial internal control: 1. Control environment. 2. Risk assessment. 3. Control activities. 4. Information and communication. 5. Monitoring. Each component has its own items. Please see the Governing Principles for details.

IV. We have evaluated the design and operating effectiveness of our internal control system according to the aforementioned Governing Principles.

V. Based on the findings of such evaluation, we believe that on December 31, 2020, it has maintained, in all material respects an effective internal control system (that includes the supervision and management of our subsidiaries) to provide reasonable assurance over our operational effectiveness and efficiency, reliability of financial reporting and compliance with applicable laws and regulations.

VI. This Statement will be an integral part of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment or other illegality in the content made public will entail legal liability under Article 20, 32, 171 and 174 of the Securities and Exchange Act.

VII. This Statement was approved by the board meeting held on March 26, 2021, with none of the seven presented directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Lucky Cement Corporation
Chairman: Liang-Chuan Chen
President: Liang-Chuan Chen

2. No accountants were commissioned this year to review the internal control system.

(X) **For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the Company or its internal personnel, any sanctions imposed by the Company upon its internal personnel for violations of internal control system, principal deficiencies, and the state of any efforts to make improvements**: Please refer to IV. Environmental protection expenditure on p. 67.

(XI) **Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:**

(1) Key resolutions from the 2021 shareholders' meeting and their implementation:

Date of Annual General Meeting	Key Resolutions
2020/08/04	I. Ratification of the 2020 business report and financial statements. II. Ratification of 2020 profit distribution. III. Approval of the amendment to the provisions of the Rules of Procedures for Shareholder Meetings.
Implementation	I. According to the Company's 2020 business report, financial reports and proposal for profit distribution, the earning after tax is NT$392,268,345. The Company plans to issue a cash dividend of NT$0.70 per share, totaling NT$283,316,634. The board meeting held on August 11, 2021 has resolved to approve the proposal to set the date of record for cash dividends, stock stop-transfer period and the payment date. II. The amended Rules of Procedures for Shareholder Meetings have been approved and announced on the Company's website.

(2) **Key resolutions of board meetings during 2021 or during the current fiscal year up to the date of publication of the annual report**

Meeting Number	Meeting Date	Key Resolutions	Resolutions and Status of Implementation
1	**2021/02/01**	I. Approved the Salary and Remuneration Committee's proposal to distribute the 2020 year-end bonuses to managerial officers. II. Approved the Salary and Remuneration Committee's proposal to distribute the 2019 employee remuneration to managerial officers.	For the voting on the proposal, the related parties, representatives of corporate directors Mr. Liang-Chuan Chen and Mrs. Yun-Ju Chen and managers Mrs. Hsiu-Chu Wen, Mr. Wei-Jen Wang and Mr. Ching-Tien Chang, recused themselves from the voting, and independent director Mr. Chih-Cheng Wang served as the acting chairperson of the meeting. The acting chairperson consulted with the other attending directors, and the proposal was approved without objection.
2	**2021/03/26**	I. Approved the ratification of providing endorsement guarantee for the subsidiary Dai Shen Development Co., Ltd. to Ta Ching Bills Finance Corporation issuing CP worth NT$60 million.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		II. Approved the 2020 business report and financial statements.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		III. Distribute the 2020 remuneration to employees and directors.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		IV. Approved the proposal for the 2020 profit distribution.	Unanimous vote by all attending directors to approve

Meeting Number	Meeting Date	Key Resolutions	Resolutions and Status of Implementation
			the proposal after the chairperson consulted with the board on the proposal.
		V. Approved to issue the 2020 “Statement on Internal Control”.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		VI. Approved the 2020 “Performance Appraisal of the Board of Directors”.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		VII. Approval of the proposal to amend the provisions of the “Rules of Procedures for Shareholder Meetings”.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		VIII. Approved the convening date of the 2020 shareholder general meeting and the topics to be discussed in the meeting.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		IX. Approval of the shareholder rights on proposals.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
3	2021/05/12	I. Approved the ratification of providing endorsement guarantee for the subsidiary Luckicon Ready Mixed Concrete Factory Co., Ltd. to Mega International Commercial Bank, Tianmu Branch, issuing short-term working capital of NT$70 million.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		II. Approved the proposal to continue to apply to Mega International Commercial Bank for lines of credit.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		III. Approved the subsidiary Dai Shen Development applying to the Company for lines of credit of NT$200 million in response to its need for working capital.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		IV. Approved the renewal of “liability insurance policies for directors, supervisors and key employees”.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		V. Approval of the establishment of the “Nomination Committee Articles of Incorporation”.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		VI. Passed the amendments to the name and provisions of the Company's “Establishment Measures for Corporate Social Responsibility Committee”.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
4	2021/06/30	I. Approved the proposal to postpone the 2021 shareholder general meeting in response to the novel coronavirus pandemic situation at the Financial Supervisory Commission's request.	Unanimous vote by all attending directors to approve the proposal after the

Meeting Number	Meeting Date	Key Resolutions	Resolutions and Status of Implementation
			chairperson consulted with the board on the proposal.
		II. Approved the election of director Yun-Ju Chen and independent directors Chih-Cheng Wang and Yan Chen as the members of the 1st term of the Nomination Committee.	The nominated committee members, representative of corporate director, Yun-Ju Chen, and independent directors Chih-Cheng Wang and Yan Chen, recused themselves from the voting. Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board.
		III. Approved the appointment of manager Mr. Ching-Tien Chang of the Account Department as the new head of corporate governance.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
5	2021/08/11	I. Approved the ratification of the renewal of "liability insurance policies for directors, supervisors and key employees".	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		II. Approved the date of record for cash dividends, stock stop-transfer period and the payment date.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		III. Approved the Salary and Remuneration Committee's proposal to amend the name and provisions of the "Payment Methods for Director and Supervisor Remuneration and Compensation".	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		IV. Approved the Salary and Remuneration Committee's report on the 2020 scoring of the governance of directors.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		V. Approved the Salary and Remuneration Committee's report on the 2020 remuneration distribution to directors.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		VI. Approved to add NT$200 million of investment in the subsidiary Dai Shen Development.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
6	2021/11/12	I. Approved the ratification of providing endorsement guarantee for the subsidiary Dai Shen Development Co., Ltd. to Grand Bills Finance Corporation issuing commercial paper worth NT$60 million.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		II. Approved the subsidiary Luckicon Ready Mixed Concrete Factory applying to China Bills Finance Corporation for issue of commercial paper worth NT$50 million in response to its need for working capital.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		III. Approved the proposal not to distribute the cash dividends for the first half of 2021.	Unanimous vote by all attending directors to approve the proposal after the

Meeting Number	Meeting Date	Key Resolutions	Resolutions and Status of Implementation
			chairperson consulted with the board on the proposal.
		IV. Approved the salary and remuneration for the newly-appointed head of corporate governance.	The related parties, head of corporate governance, Ching-Tien Chang, and managers Mrs. Hsiu-Chu Wen, Mr. Wei-Jen Wang recused themselves from the voting. Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
7	2021/12/28	I. Approved the ratification of providing endorsement guarantee for the subsidiary Luckicon Ready Mixed Concrete Factory Co., Ltd. to KGI Bank, issuing short-term loans of NT$300 million.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		II. Approved the 2022 operating budget and capital expenditure.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		III. Approved to authorize the chairman to handle the Company's application to financial institutions for 2022 lines of credit.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		IV. Approved to pre-purchase forward exchange within the Company's balance of foreign currency borrowing.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		V. Approved to have the board authorize the chairman to approve endorsement guarantee of a certain amount to subsidiaries.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		VI. Approved the 2022 internal audit plan.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		VII. Approved the periodic (once a year) assessment for the independence and competence of the CPAs.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		VIII. Approved the 2022 appointment of and remuneration to CPAs.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		IX. Approved the Salary and Remuneration Committee's proposal to distribute the 2020 employee remuneration to managerial officers.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		X Passed the amendments to the provisions of the Company's “Corporate Social Responsibility Best Practice Principles”.	Unanimous vote by all attending directors to approve the proposal after the

Meeting Number	Meeting Date	Key Resolutions	Resolutions and Status of Implementation
			chairperson consulted with the board on the proposal.
		XI. Approved to amend provisions of the Corporate Governance Best Practice Principles.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.

Meeting Number	Meeting Date	Key Resolutions	Resolutions and Status of Implementation
1	2022/01/26	I. Approved the Salary and Remuneration Committee's proposal to distribute the 2021 year-end bonuses to managerial officers.	For the voting on the proposal, the related parties, representatives of corporate directors Mr. Liang-Chuan Chen and Mrs. Yun-Ju Chen and managers Mrs. Hsiu-Chu Wen, Mr. Wei-Jen Wang and Mr. Ching-Tien Chang, recused themselves from the voting, and independent director Mr. Chih-Cheng Wang served as the acting chairperson of the meeting. The acting chairperson consulted with the other attending directors, and the proposal was approved without objection.
		II. Approved the Salary and Remuneration Committee's proposal to distribute the 2020 employee remuneration to managerial officers (excluding those who concurrently serve as directors).	
2	2022/03/26	I. Approved the ratification of providing endorsement guarantee for the subsidiary Luckicon Ready Mixed Concrete Factory Co., Ltd. to Mega International Commercial Bank, Tianmu Branch, issuing short-term working capital of NT$70 million.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		II. Approved the ratification of providing endorsement guarantee for the subsidiary Dai Shen Development Co., Ltd. to Ta Ching Bills Finance Corporation issuing CP worth NT$60 million.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		III. Approved the 2021 business report and financial statements.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		IV. Distribute the 2021 remuneration to employees and directors.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		V. Approved the proposal for the 2021 profit distribution.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		VI. Approved to issue the 2021 “Statement on Internal Control”.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		VII. Approved the 2021 “Performance Appraisal of the Board of	Unanimous vote by all

Meeting Number	Meeting Date	Key Resolutions	Resolutions and Status of Implementation
		Directors and Functional Committees".	attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		VIII. Approved the proposal to amend provisions of the Company's "Measures for Handling Acquisition or Disposal of Assets".	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		IX. Approval of the proposal to amend the provisions of the "Rules of Procedures for Shareholder Meetings".	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		X Approved the proposal to amend provisions of the "Corporate Governance Best Practice Principles".	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		XI. Approved the proposal to amend provisions of the "Articles of Incorporation".	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		XII. Approved the convening date of the 2021 shareholder general meeting and the topics to be discussed in the meeting.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		XIII. Approval of the shareholder rights on proposals and nomination.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
3	**2022/04/14**	I. Approved to provide endorsement guarantee for the subsidiary Luckicon Ready Mixed Concrete Factory Co., Ltd..	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.
		II. Approved subsidiary Luckicon Ready Mixed Concrete Factory Co., Ltd.'s proposal to apply to the Company for lines of credit in response to its need for working capital.	Unanimous vote by all attending directors to approve the proposal after the chairperson consulted with the board on the proposal.

(XII) **Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director has expressed a dissenting opinion with respect to a key resolution passed by the board, and the dissenting opinion has been recorded or prepared as a written declaration:** None.

(XIII) **Summary Table for Status of Resignation or Termination of Interested Persons of the Company**

May 2, 2022

Title	Name	Starting Date	Termination Date	Reason for Resignation or Termination
-	-	-	-	-

Note 1: From January 1, 2020 to May 2, 2021, there was no dismissal or resignation of interested persons.

Note 2: The interested persons of the Company refer to the chairman, president, principal accounting officer, principal financial officer, chief internal auditor, principal corporate governance officer and principal research and development officer.

IV. Audit fee of independent auditors

(I) Audit fee of independent auditors

Unit: In NT$1,000

Name of Accounting Firm	Name of Accountant	Audit Period	Audit Service	Non-Audit Service	Remarks
Deloitte Taiwan	Chao-Mei Chen	2021/01/01 ~ 2021/12/31	3,710	320	Non-audit fees are transfer pricing report fees
	Chiang-Hsun Chen				

(II) When non-audit fees paid to the certified public accountant, the accounting firm of the certified public accountant and/or to any affiliated enterprise of such accounting firm are more than one quarter of the audit fees paid, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed: Not applicable.

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

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

(V) Information on change of Auditors:

Deloitte Taiwan is the Company's CPA firm. CPA Alice Huang and CPA Chao-Mei Chen were originally responsible for auditing our financial reports. In response to the adjustment to the CPA firm's internal operations, the CPAs were changed to Chao-Mei Chen and Chiang-Hsun Chen starting Q1 2021.

V. Other matters to be stated

(I) If the chairman, president and managers in charge of the Company's finance and accounting operations held any positions within the Company's independent audit firm or its affiliates during the past one year: None.

(II) Personnel involved in the transparency of financial information who obtain the certificates specified by the competent authority:

1. Certified Internal Auditor (CIA) certification: 1 person in the Audit Department.

(III) Changes in and transfer and pledge of shareholding of directors, managers and principal shareholders

(1) Changes in shareholding of directors, managers and principal shareholders

Title (Note)	Name	2021		As of May 2 of the current year	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares
Chairman	Shi-Yi Cement Corporation	0	0	0	0
	Representative: Liang-Chuan Chen	0	0	0	0
Director	Shi-Yi Cement Corporation	0	0	0	0
	Representative: Yun-Ju Chen	0	0	0	0
Director	Hsiang-Lin Chang	0	0	0	0
Director	Shang-Kai Cheng	0	0	0	0
Independent Director	Yan Chen	0	0	0	0
Independent Director	Chih-Cheng Wang	0	0	0	0
Independent Director	Yang-Wei Shao	0	0	0	0
President	Liang-Chuan Chen	0	0	0	0
Executive VP	Yun-Ju Chen	0	0	0	0
Department director	Chen-Ku Huang	(27,000)	(27,000)	0	0
Department director	Yao-Yin Fu	0	0	0	0
Manager	Hsiu-Chu Wen	0	0	0	0
Manager	Wei-Jen Wang	0	0	0	0
Manager	Ching-Tien Chang	0	0	0	0
Principal shareholder	Long Cosmos Investment Limited	0	0	0	0

Note: Shareholders with more than 10% of the Company's shares should be indicated as the principal shareholders and listed separately.

Note: If the counterparty of the stock trade or pledge is a related party, please also fill out the following table.

(2) Stock trade with a related party: None.

May 2, 2021

Name (Note 1)	Reasons for transfer of equity (Note 2)	Transaction Date	Counterparty	Relationship between the transaction counterparty and the Company, directors, managerial officers and principal shareholders holding more than 10% of the shares	Number of Shares	Transaction Price
—	—	—	—	—	—	—

Note 1: List the names of directors, managerial officers and principal shareholders holding more than 10% of the shares.

Note 2: Fill in whether it is an acquisition or disposal.

(3) Stock pledge with a related party: None.

May 2, 2021

Name (Note 1)	Stock pledge reason for change (Note 2)	Date of change	Counterparty	Relationship between the transaction counterparty and the Company, directors, managerial officers and principal shareholders holding more than 10% of the shares	Number of Shares	Ownership	Pledge ratio	Pledge loan (redemption) amount
—	—	—	—	—	—	—	—	—

Note 1: List the names of directors, managerial officers and principal shareholders holding more than 10% of the shares.

Note 2: Fill in whether it is a pledge loan or redemption.

(IV) Information on top ten shareholders and their mutual relationship

Name (Note 1)	Shareholding		Shareholding of Spouse and Minor Children		Shares Held in the Name of Others		Title, name and relationship of the top ten shareholders who have mutual relationship as spouse or blood relative within the second degree. (Note 3)		Remarks
	Number of Shares	Ownership	Number of Shares	Ownership	Number of Shares	Shareholding Percentage	Title (or name)	Relationship	
Long Cosmos Investment Limited	52,631,034	13.00%	0	0%	0	0%	—	—	—
Responsible person of Long Cosmos Investment Limited: Ji Li	855	0.00%	0	0%	0	0%	—	—	—
Chang-Run Water Resources Biotechnology	30,378,008	7.50%	0	0%	0	0%	Yun-Ju Chen	Principal shareholder	—
Chang-Run Water Resources Biotechnology Representative: Jun Lin Liu	0	0%	0	0%	0	0%	—	—	—
Golden Legend Investment Limited	25,230,451	6.23%	0	0%	0	0%	Liang-Chuan Chen	Principal shareholder	—
Responsible person of Golden Legend Investment Limited: Cheng-Liang Lin	69,228	0.02%	0	0%	0	0%	—	—	—
Ri Kon Construction Co., Ltd. (Note 4)	22,658,066	5.59%	0	0%	0	0%	Yong-Sheng Development Takming University of Science and Technology	First-degree relative of the responsible person	—
							Lucky Construction	Same as the responsible person	
Yong-Sheng Development Industrial	22,514,509	5.56%	0	0%	0	0%	Takming University of Science and Technology	Same as the responsible person	—
Yong-Sheng Development Industrial Responsible person: Liang-Chuan Chen	6,158,497	1.52%	0	0%	0	0%	Yun-Ju Chen	First-degree relative	—
							Lucky Construction Ri Kon Construction Co., Ltd.	The responsible persons of the two companies are	

								first-degree relatives	
Lucky Construction (Note 4)	22,091,152	5.45%	0	0%	0	0%	Yong-Sheng Development Takming Ri Kon	First-degree relative of the Same as the	—
Takming University of Science and Technology	11,794,250	2.91%	0	0%	0	0%	Yong-Sheng Development	Same as the responsible person	—
Takming University of Science and Technology Responsible person: Liang-Chuan Chen	6,158,497	1.52%	0	0%	0	0%	Yun-Ju Chen Lucky Construction Ri Kon Construction Co., Ltd.	First-degree relative The responsible persons of the two companies are first-degree relatives	—
FIC Global	8,712,294	2.15%	0	0%	0	0%	—	—	—
Responsible person of FIC Global: Hai-Ping Cheng	7,203,724	1.78%	5,307,053	1.31%	0	0%	—	—	—
Hsiang-Lin Chang	7,359,587	1.82%	0	0%	0	0%	—	—	—
Yun-Ju Chen	7,951,298	1.96%	0	0%	0	0%	Yong-Sheng Development Takming University of Science and Technology Lucky Construction Ri Kon Construction Co., Ltd.	First-degree relative of the responsible person Responsible Person	—

Note 1: All the top ten shareholders shall be listed, with the legal person shareholders listing the name of the legal person and the representative separately.

Note 2: The calculation of shareholding percentage refers to the shares owned under one's name, the spouse or minor children or held in the name of others.

Note 3: The shareholders listed in the previous disclosure, including the legal persons and natural persons, shall disclose their mutual relationship in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

Note 4: Yun-Ju Chen is the responsible person for Lucky Construction and Ri Kon Construction Co., Ltd. and is already the top ten principal shareholders, so will not be listed again.

(V) The total number of shares and total equity stake held in any single enterprise by the Company, its directors, managerial officers, and any companies controlled either directly or indirectly by the Company

Unit: Share, %

Investee	Ownership by the Company		Ownership by Directors, Managers, and Directly/Indirectly Owned Subsidiaries		Total Ownership	
	Number of Shares	Ownership	Number of Shares	Ownership	Number of Shares	Ownership
Dai Shen Development Co., Ltd.	157,295,883	99.99%	2,359	0.00%	157,298,242	99.99%
Luckicon Ready Mixed Concrete Factory Co., Ltd.	47,000,000	100.00%	0	0.00%	47,000,000	100.00%
Luckyship Marine Agency Co., Ltd.	2,000,000	100.00%	0	0.00%	2,000,000	100.00%
Lucky Cement Corp., Japan	6,800	100.00%	0	0.00%	6,800	100.00%
Just Bright Ltd. (Note)	-	-%	0	-%	-	-%

(Note) The board meeting of the parent company on December 27, 2019 resolved to terminate the operation of the subsidiary Just Bright Ltd., and the deregistration procedures were completed in May 2021.

Four. Financing Activities

Capital and Shares

I. Source of capital:

1. Source of capital:

May 2, 2022 is the stock stop-transfer date for the shareholder general meeting. Unit: NT$; shares

Year and Month	Issue Price	Authorized Share Capital		Paid-in Capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Source of capital	Capital Increase by Assets Other than Cash	Others
1974.03	100	4,000,000	400,000,000	1,000,000	100,000,000	Cash capital increase		
1976.08	100	4,000,000	400,000,000	1,500,000	150,000,000	Cash capital increase		
1977.07	100	4,000,000	400,000,000	2,500,000	250,000,000	Cash capital increase		
1977.09	100	2,500,000	250,000,000	2,500,000	250,000,000	Cash capital increase		
1977.11	100	8,000,000	800,000,000	4,000,000	400,000,000	Cash capital increase		
1978.06	100	8,000,000	800,000,000	4,500,000	450,000,000	Cash capital increase		
1979.09	100	8,000,000	800,000,000	5,500,000	550,000,000	Cash capital increase		
1979.12	100	8,000,000	800,000,000	6,500,000	650,000,000	Cash capital increase		
1980.03	100	8,000,000	800,000,000	8,000,000	800,000,000	Cash capital increase		
1980.12	10	80,000,000	800,000,000	80,000,000	800,000,000	Change face value		
1985.12	10	130,000,000	1,300,000,000	130,000,000	1,300,000,000	Cash capital increase		
1986.10	10	136,000,000	1,360,000,000	136,000,000	1,360,000,000	Cash capital increase		
1990.05	10	200,000,000	2,000,000,000	200,000,000	2,000,000,000	Cash capital increase of 334,000,000, capitalization of profits of 306,000,000		
1990.08	10	215,000,000	2,150,000,000	215,000,000	2,150,000,000	Capitalization of profits		
1991.08	10	225,750,000	2,257,500,000	225,750,000	2,257,500,000	Capitalization of capital surplus		
1992.08	10	248,325,000	2,483,250,000	248,325,000	2,483,250,000	Capitalization of profits of 112,875,000, capitalization of capital surplus of 112,875,000		
1993.09	10	273,157,500	2,731,575,000	273,157,500	2,731,575,000	Capitalization of profits of 124,162,500, capitalization of capital surplus of 124,162,500		
1994.08	10	314,131,125	3,141,311,250	314,131,125	3,141,311,250	Capitalization of profits of 191,210,250, capitalization of capital surplus of 218,526,000		
1995.08	10	329,837,682	3,298,376,820	329,837,682	3,298,376,820	Capitalization of profits		
1996.08	10	346,329,567	3,463,295,670	346,329,567	3,463,295,670	Capitalization of profits		
1997.07	10	520,000,000	5,200,000,000	363,646,046	3,636,460,460	Capitalization of profits		
1999.07	10	498,646,046	4,986,460,460	385,434,809	3,854,348,090	Capitalization of profits	Note 1	
2000.09	10	498,646,046	4,986,460,460	404,738,049	4,047,380,490	Capitalization of profits	Note 2	

Note 1: 1999.07.21 (88) Tai-Tsai-Cheng (I) Document #67585.
Note 2: 2000.07.19 (89) Tai-Tsai-Cheng (I) Document #62554.

2. Type of Shares

May 2, 2022 is the stock stop-transfer date for the shareholder general meeting. Unit: Shares

Type of Shares	Authorized Share Capital			Remarks
	Shares outstanding (Note)	Un-issued Shares	Total	
Common Stock	404,738,049 (Already publicly traded)	93,907,997	498,646,046	—

Note: Please indicate whether the stock is a publicly listed or OTC stock (if it is a restricted listing or OTC stock, it should be noted).

3. Information on the shelf registration

May 2, 2022

Types of negotiable securities	Estimated number to be issued		Number already issued		Purpose of issue and expected benefits of the issued portion	Expected issue period for the un-issued portion	Remarks
	Total number of shares	Approved amount	Number of Shares	Price			

Note: This table does not apply to the Company.

II. Shareholder structure

Base date: May 2, 2022 is the stock stop-transfer date for the shareholder general meeting. Unit: Shares

Composition of Shareholders / Quantity	Government Agencies	FInancial Institutions	Other Legal Persons	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of People	0	5	36	19,957	36	20,034
No. of Shares Held	—	41,976	210,381,110	190,325,893	3,989,070	404,738,049
Ownership	0%	0.01%	51.98%	47.02%	0.99%	100.00%

Note: IPO companies and emerging listed companies shall disclose the proportion of PRC investments. According o Article 3 of the Investment in Taiwan by Citizens of China, PRC investments refer to the investments made by the citizens, companies, groups, other organizations of China, or the companies they invest in a third region.

III. Diversification of shareholdings

(III) Composition of Shareholders

Base date: May 2, 2022 is the stock stop-transfer date for the shareholder general meeting

Shareholder Ownership	Number of Shareholders	No. of Shares Held	Ownership
1 to 999	7,588	1,170,848	0.29%
1,000 to 5,000	9,459	20,880,560	5.16%
5,001 to 10,000	1,637	13,862,557	3.42%

10,001 to 15,000	363	4,663,644	1.15%
15,001 to 20,000	333	6,346,914	1.57%
20,001 to 30,000	222	5,940,298	1.47%
30,001 to 40,000	102	3,790,161	0.94%
40,001 to 50,000	79	3,767,685	0.93%
50,001 to 100,000	129	9,583,764	2.37%
100,001 to 200,000	40	5,778,153	1.43%
200,001 to 400,000	20	5,342,778	1.32%
400,001 to 600,000	11	5,462,000	1.35%
600,001 to 800,000	6	4,007,360	0.99%
800,001 to 1,000,000	2	1,863,041	0.46%
1,000,001 or above	43	312,278,286	77.15%
Total	20,034	404,738,049	100.00%

IV. List of principal shareholders

Base date: May 2, 2022 is the stock stop-transfer date for the shareholder general meeting

Shares / Name of Main Shareholders	No. of Shares Held	Ownership
Long Cosmos Investment Limited	52,631,034	13.00%
Chang-Run Water Resources Biotechnology	30,378,008	7.51%
Golden Legend Investment Limited	25,230,451	6.23%
Ri Kon Construction Co., Ltd.	22,658,066	5.60%
Yong-Sheng Development Industrial	22,514,509	5.56%
Lucky Construction	22,091,152	5.46%
Takming University of Science and Technology	11,794,250	2.91%
FIC Global	8,712,294	2.15%
Yun-Ju Chen	7,951,298	1.96%
Hsiang-Lin Chang	7,359,587	1.82%

Name of shareholders who hold more than 5% of the total shares or are ranked top ten of all shareholders and the number of shares they own and the ownership percentage.

V. Market price, net worth, earnings and dividends per share and the related information for the most recent two years

Item	Year	2020	2021	Year ended March 31, 2022 (Note 8)
Market Price Per Share (Note 1)	Highest	13.30	20.15	12.15
	Lowest	5.31	10.45	10.85
	Average	9.54	12.75	11.47
Net Worth	Before distribution	11.51	11.48	—

Per Share (Note 2)	After distribution		10.81	10.88	—
Earnings per share	Weighted Average Shares (thousand shares)		404,738	404,738	404,738
	Earnings per share (Note 3)		0.97	0.65	—
Dividends Per Share	Earnings per share (Note 9)		0.70	0.60	—
	Bonus Share	—	—	—	—
		—	—	—	—
	Dividends in Arrears (Note 4)		—	—	—
Analysis of Return on Investment	Price/Earnings Ratio (Note 5)		9.84	19.62	—
	Price/Dividends Ratio (Note 6)		13.63	21.25	—
	Cash Dividends Yield (Note 7)		7.34%	4.71%	—

* If earnings or capital surplus are transferred to issue bonus shares as a capital increase, the information on the market value and cash dividends retrospectively adjusted according to the number of shares issued should be disclosed.

Note 1: List the highest and lowest market price per share of common stock in each fiscal year. Calculate each fiscal year's average market price based upon each fiscal year's actual trading prices and volume.

Note 2: Please refer to the number of issued shares at the end of the year and fill in according to the resolution of the board or the shareholder meeting of the next year.

Note 3: If retrospective adjustment is needed due to bonus shares, the earnings per share before and after the adjustment should be listed.

Note 4: If the provisions for the issuance of equity securities stipulate that the unpaid dividends of the current year may be accumulated to be distributed in the year when there is a surplus, the dividends that have been accumulated and unpaid for the year should be separately disclosed.

Note 5: Price-Earnings ratio = Average closing price per share / Earnings per share of the year.

Note 6: Price-Dividends ratio = Average closing price per share / Cash dividends per share of the year.

Note 7: Cash dividends yield = Cash dividend per share / Average closing price per share of the year.

Note 8: As of the publication date of the annual report, there is no recent financial information on the net worth per share and earnings per share audited or reviewed by accountants, so it has not been disclosed.

Note 9: The 2021 cash dividends have been approved by the resolution of the board on March 30, 2022.

VI. Company's dividends policy and the implementation status:

1. Dividends policy:

   Considering the Company's future capital needs and long-term financial planning, and to meet shareholders' expectation for cash flows, The Company's current net income after the annual final accounts, besides being used to making up for losses, has 10% set aside as the legal reserve, and also has special reserve allocated after the net deduction of other shareholders' equity incurred in the current year. The balance, together with the accumulated undistributed earnings of the previous year and the adjustment of the undistributed earnings of the current year, has 40% to 80% set aside as profit to be distribution. If it is set at 80%, and the dividends per share is still less than NT$0.1, the profit is retained and will not be distributed. The board is to determine the profit distribution proposal to be submitted to the shareholder meetings for ratification.

   The percentage of profit allocation and the proportion of share and cash dividends are determined by the board based on the actual profitability and status of working capital of the year. The needs for investment capital and the extent of dilution by the earnings per share are also considered to determine whether the dividends are issued in cash or stocks. Stock dividends shall not exceed 20% of the issued share capital.

   if the retained earnings transferred in the current year or the after-tax profit of the current year is insufficient to allocate the deduction of other shareholders' equity, it shall still be subject to the provisions of the law in which the profit is distributed only after allocating the transferred retained earnings or the accumulated undistributed profit from the previous year is recognized as special reserve, besides adopting the rule in the second paragraph for calculation.

2. The proposed dividend distribution for the year: It is proposed to distribute cash dividends

of NT$0.6 per share.

VII. The impact of bonus shares on the Company's operating performance and earnings per share: Not applicable.

VIII. Remuneration for employees, directors and supervisors:

(I) **The percentages or ranges with respect to employees' and directors' remuneration specified in the Articles of Incorporation:**

Policy on the employee and director remuneration as specified in the Articles of Incorporation: If the Company is profitable in the fiscal year, it shall allocate 3% of the profit as the remuneration of employees in the form of stocks or cash as resolved by the board. Employees of subsidiaries are also entitled to receive remuneration. Up to 5% (inclusive) of the aforementioned profit may be distributed as director remuneration at the discretion of the board of directors.

(II) **The basis for estimating the amount of remuneration distributed to employees and directors in the current period, the basis for calculating the number of shares for distribution of stock-based remuneration, and the accounting treatment if the actual distributed amount is different from the estimated amount:**

In terms of the percentage distributed as the employee and director remuneration as specified in the Articles of Incorporation, if the Company is profitable in the fiscal year, it shall allocate 3% of the profit as the remuneration of employees in the form of stocks or cash as resolved by the board. Employees of subsidiaries are also entitled to receive remuneration. Up to 5% (inclusive) of the aforementioned profit may be distributed as director remuneration at the discretion of the board of directors. If the actual distributed amount is different from the estimated amount, it is regarded as a change in accounting estimates to be included in income of the year of distribution.

(III) **Information on the proposed distribution of remuneration to employees and directors approved by the board:**

1、The board in the 2022 meetings referred to Article 30 of the Articles of Incorporation to resolve the distribution of 2021 employee remuneration at an amount of N$9,972,123, which is allocated at 5% of the earnings in the 2021 final accounts as recommended by the Salary and Remuneration Committee. An amount of NT$16,620,204. The abovementioned amount are paid in cash.

2、The percentage of profit sharing from earnings for employees distributed in stock to the total amount of net profit after tax and profit sharing from earnings for employees: Not applicable.

(IV) **Distribution of profit sharing from earnings for employees for employees and directors in the previous year:**

The board in the meeting held on March 26, 2021 approved the distribution of directors remuneration of NT$22,638,305 and employee remuneration of NT$13,582,983, which has been submitted to the shareholder general meeting held on August 4, 2021. The actual distribution of the director remuneration and employee remuneration was the same as the estimated amount on the account.

IX. Stock buybacks of the Company: None.

X Issue of corporate bonds and preferred stocks: None.

XI. Global depository receipts, employee stock options and new share issuance in connection with mergers and acquisitions: None.

XII. Financing plans and implementation: The Company has not issued or privately placed securities in the last three years.

Five. Overview of Operations

I. Description of Business

(I) Scope of business

1. Core business:

(1) C901050 Cement and Concrete Products Manufacturing.

(2) C901990 Other Non-Metallic Mineral Products Manufacturing.

(3) B202010 Mining of Non-metallic.

(4) J101030 Waste Disposing.

(5) J101040 Waste Collecting.

(6) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Core businesses and their proportion of the overall business

Item	2021 Product Proportion
Cement and clinker	49.06%
Cement Products	13.13%
Others	17.81%

3. Current products and new products development

(1) Current products:

①Portland Type I cement

②Portland Type II cement

③Blast furnace slag

④Cement products (ready-mixed concrete)

⑤Stone materials (limestone, dimension stones and sand and gravel)

(2) New products to be developed: None

(II) Industry overview

1. Status and development of the industry

The cement industry is considered a matured industry. However, there is still a certain demand under the government's planned economic policies for domestic needs and private construction projects.

The cement industry is a part of the infrastructure for civil and national construction, as all residential buildings, public works, and national defense facilities use cement as the basic building materials. Cement is bulky, has high transportation costs, and is not durable for storage. It is mainly sold in domestic markets, and considered a domestic demand-oriented industry, whose growth and decline are driven by the prosperity of the construction industry and public works. In the second half of the year, the sharp rise in international coal prices, more than 150% compared with the first half of the year, has greatly increased the cement production price, so the market price has been adjusted accordingly.

The market condition of cement products downstream of the cement industry is highly related to the cement market, and the price of sand and gravel, which accounts for the highest proportion of production costs, is deeply affected by the volume of sand and gravel imported from China, hence affecting the final selling price of cement products.

The Company's production plant is located in Dong-Ao, Yilan, and the source of limestone is located in Heren of Hualien. In recent years, due to the constraints of the environment and resources, the increase of local taxes, and the impact of the related costs to be paid due to stricter mining regulations, the acquisition cost of limestone raw materials has been greatly increased.

Looking forward to 2022, the cement market in 2022 is still considered optimistic due to the repatriation of Taiwanese businesses, which is conducive to the improvement of domestic demand, as well as the government's promotion of public works and the appropriate measures to fight the novel coronavirus pandemic.

2. Relations between upstream, midstream and downstream of the cement industry

The cement industry includes soil and stone mining, metal mining and iron and iron and steel metallurgy industries that provide limestone, clay, silica sand, iron slag, gypsum, etc. in the upstream, power supply, railway and road transportation, and fuel gas supply during the manufacturing process, as well as downstream industries that directly need the supply of cement products, such as construction industry, concrete industry and cement product industry (for cement bricks, asbestos boards, cement culverts, etc.).

The Company adopts the vertical integration strategy by combining subsidiaries such as Dai Shen Development, Luckicon Ready Mixed Concrete Factory and Luckyship Marine Agency.

3. Development trends and competition of products

There has not been an equivalent product that can completely replace the use of cement. However, in the ready-mixed concrete industry, blast furnace slag is added to reduce the manufacturing cost. In response to the market needs, we also manufacture ballast furnace slag to make up for the reduced sales of cement.

Cement and blast furnace slag products are heavy and supplied in large quantities, and are considered part of the domestic industry. We have continued to improve the production efficiency, reduce cost and maintain stable quality. We have also improved the logistics conditions and product coordination capabilities to be able to quickly supply customers and increase our overall competitive advantage.

(III) Overview of technology and R&D

1. The Company incurred no technology and research and development expenses in 2021.
2. We have not planned R&D programs for the next three years.

(IV) Long- and short-term business development plans

1.Short-term business development plan:

Taiwan has entered the phase of a developed country, and the it is not easy for the domestic cement industry to grow significantly. We will continue to optimize logistics conditions, improve product coordination capabilities to meet customer needs. The construction of our ready-mix plants can maintain market share, and our continuous investment in land development projects through the subsidiary Dai Shen will help improve our return on investment.

2.Long-term business development plan:

(1). In order to development a sustainable business, we have actively committed capital expenditures in improving the production efficiency of equipment and reducing production costs, and will make good use of Heren Mine, which is rich in high-quality limestone, to develop sand and gravel and related products to increase revenue and profit.

(2). We take advantage of the three special characteristics, “High temperature. High residence time. High turbulence”, of cement kilns and combine that with the waste disposal business to earn high-margin orders, and increase the use of alternative fuels and raw materials to continue developing the circular economy value chain and increasing profitability.

II. Overview of the market, manufacturing and sales

(I) Market analysis

1. Major markets of the Company's products

Region	2021 Proportion of markets of the Company's products
Northern	69.70%
Central	19.02%
Hualien and Taitung	8.98%
Others	2.30%

The Company has two cement plants, located in Dong-Ao, Yilan and Puxin, Taoyuan, respectively, three ready-mix plants, and a mine, producing cement, blast furnace slag, cement products and limestone stone materials under the Lucky Cement brand. There are many delivery centers and business offices around Taiwan. Domestic sales are mainly for military, public and civilian customers in the northern, central, southern and Hualien-Taitung regions of Taiwan. Our sales volume ranks the third place among the domestic cement manufacturers, only after Taiwan Cement and Asia Cement, and ready-mixed concrete cement products mainly supply the northern region.

2. Market share

The Company's cement products are mainly for the domestic market, with a market share of about 8-10% for cement products and about 1-2% for by-products.

3. Future supply, demand and growth of the market

The domestic cement market is mature and stable, and the volume of imported cement has increased year by year due to the lower cost to capture the domestic market. However, the demand in the private construction industry is still stable, and the government's continuing implementation of strategic public construction works helps balancing the supply-demand condition of cement.

4. Favorable and unfavorable factors affecting the future outlook

Favorable and unfavorable factors affecting the future outlook of the cement industry are as follows:

(1). Favorable factors

Taiwan has entered the phase of a developed country, and it is not easy to significant grow demand. However, in the long run, the continuing repatriation of Taiwanese businesses has stabilized the private construction operators. The government's continuous efforts in public construction works and urban renewal projects are expected to facilitate the stable and continuous development of the cement industry. We also have ready-mix concrete plants and Heren Mine, plants related to the value chain of the cement industry, which will contribute to the sustainable development of the Company in the cement industry.

(2). Unfavorable factors:

- Cost advantage of imported cement continues to seize the market.
- Restrictions on the domestic CO_2 emissions and rising environmental protection awareness, making it difficult for the Company to expand.
- Excise tax, air pollution fee and local tax on raw materials have a negative impact on the cement industry.

(II) Main uses and production processes of major products

1. Main uses

(1). Product: Portland Type I cement
Purpose: For general civil and construction projects.

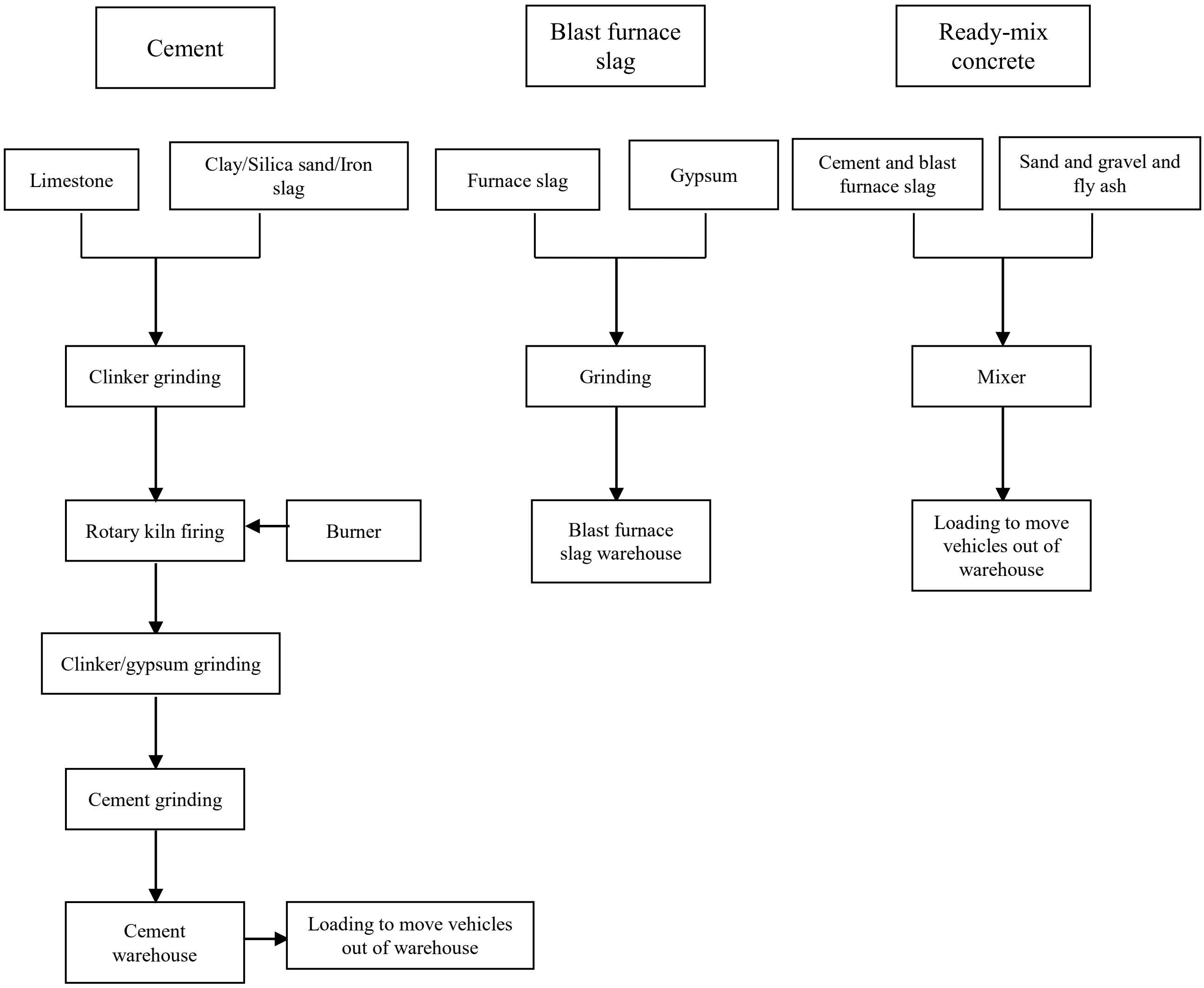
(2). Product: Portland Type II cement
Purpose: Underground infrastructure projects such as sewers, underpasses, tunnels, underground MRT, etc.
Mass concrete projects: Bridges, dams, reservoirs, etc.
Projects vulnerable to sea water and sea wind erosion: Docks, breakwaters, caissons, harbor projects, etc.

(3). Product: Blast furnace slag
Purpose: For general civil and construction projects, used by ready-mix concrete industry operators.

(4). Product: Cement products (ready-mixed concrete)
Purpose: Used in various construction projects.

(5). Product: Stone materials (limestone, dimension stones and sand and gravel)
Purpose: Limestone is the main raw materials used in the cement industry; Product: dimension stone is provided to steel mills and petrochemical plants; and sand and gravel is one of the main raw materials used by ready-mix concrete industry operators.

2. Production process



(III) Supply status of main raw materials

Raw materials	Status	Remarks
Limestone	We mine a small portion ourselves, and the	—
Clay	Sourced domestically	—
Iron slag	Sourced domestically, and some are imported	—
Silica sand	Sourced domestically	—
Gypsum	Sourced domestically	—
Coal dust	Imported from Australia and Russia	—
Slag	Imported from Japan	—
Fly ash	Sourced domestically	—
Sand and	Some made in-house, some sourced	—

For main raw materials, limestone, sand and gravel are either made in-house or sourced domestically, and others are sourced from at least two suppliers to stabilize the supply.

(IV) List of clients who account more than 10% of the purchase (sales) the past two years

1. Information on the main suppliers the past two years

Unit: NT$ million

	2020				2021 (Note 1)				2022 up to Q1 (Note 3)			
Item	Title (Note 2)	Amount	% of the net purchase of the year	Relationship	Title (Note 2)	Amount	% of the net purchase of the year	Relationship	Title (Note 2)	Amount	Percentage of the net purchase as of the end of Q1 in the year (%)	Relationship
1	Company M	297	14.7	Raw materials suppliers	Company D	304	16.9	Raw materials suppliers				
2	Company D	233	11.5	Raw materials suppliers	Company M	173	9.6	Raw materials suppliers				
3												
4												
5												
6												
7	Others	1,495	73.8		Others	1,326	73.5					
	Net purchase	2,025	100.0		Net purchase	1,803	100.0					

Note 1: Reasons for changes: None.

Note 2: It is stipulated in the procurement contract that the name of the supplier shall not be disclosed.

Note 3: As of the publication date of the annual report, there is no recent financial information audited or reviewed by accountants, so it has not been disclosed.

2. Information on the main customers the past two years

Unit: NT$ million

	2020				2021 (Note 1)				2022 up to Q1 (Note 3)			
Item	Title (Note 2)	Amount	% of the net sales of the year	Relationship	Title (Note 2)	Amount	% of the net sales of the year	Relationship	Title (Note 2)	Amount	Percentage of the net sales as of the end of Q1 in the year (%)	Relationship
1	Company H	248	5.5	Client	Company H	267	7.1	Client				
2												
3												
4												
5	Others	4,282	94.5		Others	3,502	92.9					
	Net purchase	4,530	100.0		Net purchase	3,769	100.0					

Note 1: Reasons for changes: None.

Note 2: It is stipulated in the sales contract that the name of the customer shall not be disclosed.

Note 3: As of the publication date of the annual report, there is no recent financial information audited or reviewed by accountants, so it has not been disclosed.

(v) Production volume the most recent two years:

Cement and blast furnace slagUnit: thousand tonnes
Cement productsUnit: thousand cubic meters
Unit: NT$1,000

Product volume and value / Year / Main Products (or segment unit)	2020			2021		
	Production capacity	Volume	Value	Production capacity	Volume	Value
Cement and blast furnace slag	2,000	875	1,166,657	2,000	721	1,108,837
Cement Products	-	578	1,015,427	-	476	850,642
Others	-	2,135	452,943	-	1,537	323,120

Note 1: Production capacity refers to the amount that the company can produce under normal operation using existing production equipment after taking into account factors such as necessary shutdowns and holidays.

Note 2: If the production of each product can be substituted, the capacity may be calculated on a consolidated basis, and an explanation should be attached.

(VI) Sales volume the most recent two years

Cement and blast furnace slagUnit: thousand tonnes
Cement productsUnit: thousand cubic meters
Unit: NT$1,000

Sales Volume and Value / Year / Main Products (or segment unit)	2020				2021			
	Domestic		Overseas		Domestic		Overseas	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Cement and blast furnace slag	948	2,082,244	—	—	825	1,857,564	—	—
Cement Products	—	1,669,310	—	—	—	1,248,735	—	—
Stone Materials	685	322,445	—	—	668	299,897	—	—
Others	—	456,173	—	—	—	362,826	—	—
Total	—	4,530,172	—	—	—	3,769,022	—	—

III. Information on employees for the most recent two years and up to the publication date of the annual report

May 2, 2022

Year		2020	2021	The reporting year and until May 2, 2022
Number of Employees	Factory direct labor	249	231	230
	Factory indirect labor	112	103	102
	Company sales administration personnel	129	118	119
	Total	490	452	451
Average Age		49.62	49.85	50.80
Average Service Tenure		12.69	12.42	12.55
Distribution of Educational Background	Doctoral degree	0.61	0.66	0.66
	Master’s degree	2.65	3.10	3.10
	College	34.90	34.51	34.15
	Senior high School	39.59	40.49	40.80

	Below senior high school	22.25	21.24	21.29

IV. Environmental protection expenditure

(I) Amount of loss incurred due to pollution as of the most recent year and the date of publication of the annual report:

	2020	2021	2022 As of May 2
Pollution status (type, severity)	Careless operation caused a large amount of pollutants to be discharged, and the incident was not reported according to regulations.	1. The effectiveness of the automatic monitoring of the discharge pipeline is not up to standard. 2. Gaseous nitrogen oxides exceed the air pollutant emissions standard of the cement industry.	1. Gaseous nitrogen oxides exceed the air pollutant emissions standard of the cement industry. 2. Failure to record
Compensated parties or the	Department of	Department of	Department of
Compensation amount or the status of punishment	NT$100 thousand	NT$312 thousand	NT$320 thousand
Other losses	None	None	None

(II) Countermeasures:

1. In order to operate the sewage treatment efficiently, we have improved the equipment, added new facilities to divert the sewage and added a layer of sediment, so that the discharged water can meet the standard of laws and regulations.
2. In order to keep the machinery in the factories in normal condition at all time and reduce the cost of replacement for damage, we have formulated the “Measures for Machinery Repair and Maintenance”, and the maintenance work is carried out with specific procedures and is inspected.

(III) Improvement plan:

1. Reinforce the maintenance and replacement of mechanical parts to reduce sudden failures.
2. Strengthen professional training and management of personnel to reduce human negligence, and improve emergency response capabilities.
3. Stop processing the sludge that has a strong smell and add a sludge treatment system to reduce the smell.
4. The on-site unit is required to inform the Safety and Environmental Protection Section to handle the relevant changes with the operating permit or apply for an installation permit when adding equipment.

(IV) The Company's future environmental protection priorities:

1. Improve equipment operation and maintenance to ensure the normal operation of environmental protection equipment and spare no efforts in reducing industrial waste to prevent the generation of pollutants.
2. Improve the research on waste recycling technology.
3. Reinforce the cleaning and greening of factory environment.
4. Install sewage diversion systems to improve the pollution of discharged water.
5. Strengthen management to ensure that operations are carried out in accordance with the quality assurance plan, and rigorously apply for and update various licenses.
6. The 2021 environmental protection expenditure was NT$23,166 thousand.

V. Labor relations

(I) Employee welfare policy:

1. Employee welfare measures:
   (1) The Company has set up an employee welfare committee, which allocates welfare funds in accordance with the law and organizes various welfare activities. A total of NT$5,837 thousand was allocated as the 2021 employee welfare fund.
   (2) Issue gold celebratory medals and certificates to recognize outstanding employees.
   (3) Issue gift money for three major national holidays and education subsidies.
   (4) Continue to improve the condition of job sites.
   (5) Purchase group insurance policy for employees and arrange employee health check. The related expenses in 2021 were NT$1,458 thousand.
2. Status of implementation of continuing education and training systems:

   The Company has established employee training measures, which stipulate the training of employees and the methods. The Company's on-the-job training includes organizing various workshops, training courses, and collaboration with other training institutions or schools to outsource the training, etc., or holding short-term work drills based on work needs. A total of NT$531 was spent on organizing various training sessions.
3. Retirement system:

   The “Labor Pension Act” came into effect on July 1, 2005. Employees who were hired before June 30 and were still employed on July 1 may choose to continue their eligibility for the pensions under the “Labor Standards Act” and retain the service tenure under the conditions for which the eligibility applies. New employees who are hired after July 1, 2005 are only eligible to the pension system under the “Labor Pension Act”.

The "Labor Pension Act" is applicable to the Company's pension system. Since July 1, 1994, it confirms the distribution and retirement plans and allocates 6% of an employee's monthly salary to a personal account at Bureau of Labor Insurance.

The Company has established a retirement plan for the employees based on the "Labor Standards Act", which is considered a defined-benefit pension plan. The payment of employee pension is calculated based on the length of service and the average salary of the six months before retirement. We allocate the pension reserve every month according to regulations, and contribute it to a retirement fund at the Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

A total of 20 people retired for the fiscal year, and a total of NT$39,812 thousand in pension was paid.

(II) Measures to protect the rights and interests of employees:

A harmonious employee-employer relationship is the cornerstone of enterprise development. The Company's employee-employer relationship has been about harmony, stability and shared prosperity over the years. We are committed to improving employee treatment, welfare and work environment and maintaining the employee-employer communications, and understand employees' difficulties and needs through seminars with the enterprise union. Feedback on issues is prioritized by managers at all levels who are ready to offer assistance.

(III) Status of labor disputes:

1. No labor disputes occurred in the most recent year and as of the publication date of the annual report.
2. Estimated amount of possible losses at present and in the future: None.

(IV) Fulfillment of social responsibilities:

1. Employee-employer meetings are regularly held to coordinate the relationship, promote collaboration and improve work efficiency.
2. Grievances filed by employees are handled by the Human Resources Department which is also responsible for handling cases involving employees who refuse disciplinary actions.
3. We have formulated sexual harassment prevention guidelines (which have been reported to the county government).
4. Employees are encouraged to participate in external education and training related to sexual assault and harassment prevention. Participants are given a paid leave registration and subsidies, and the relevant information is publicly disclosed in the workplace.
   Complaint hotline: 03-9986110, extension #103 or #109
   02-25092188, extension #2517
   Complaint dedicated fax: 03-9986066
   02-25093033
   Email for filing grievances: yu@luckygrp.com.tw
   kevinlee@luckygrp.com.tw
5. We carry out safety and health works in accordance with relevant laws and regulations on labor safety and health.
6. Employees should abide by the relevant regulations on safety and health and obey the guidance of safety and health management personnel.
7. Implementation of labor safety and health:

a. Every on-site worker shall be provided with safety helmets and safety shoes, and shall have proper protective equipment that meets the needs of the nature of their work, such as fireproof clothing, fireproof shoes, dust masks, earplugs, etc., to ensure the health and safety of employees in workplaces with high temperature, dust and noise.
b. We have established an occupational safety and health policy which requires all employees to abide by the laws and regulations for occupational safety and health, and provided necessary education and training for employees, including education and training for new hires, regular education and training for in-service personnel, disaster prevention and fire fighting, emergency rescue, escape and other drills. In every job site, bulletin boards are set up to remind employees of the potential hazards, and tell them how to prevent disasters and what kind of protective equipment to use, so as take correct safety protection measures in advance.
c. In order to protect the work safety of employees and prevent occupational safety accidents, we have strengthened equipment maintenance to ensure operation safety, and also invested in improvements around the equipment, such as installing safety nets, stairs and railings, and required contractors to comply with the our management measures and relevant safety and health regulations when performing their jobs. The safety and security task force implements dynamic audit and inspection, so that employees and contractors can comply with safety regulations.
d. The related labor safety expenses in 2021 were about NT$4,948 thousand.

8. In order to build a comprehensive safety and health management system, we have hired a consulting company to conduct the ISO 45001:2018 Occupational safety and health management systems guidance in December 2018. In July 2019, the TÜV Nord was commissioned to conduct the system certification. On August 26, 2019, the certification was approved and we obtained the ISO 45001:2018 certificate. The certificate is effective from August 26, 2019 to August 25, 2022.

(V) Measures to specifically improve employee welfare or rights and interests over the previous year:

None.

VI. Cybersecurity management

(I) Although we have not yet established an information security management committee, the Information Management Center is authorized to formulate security policies and manage and review enterprise information security operations. In accordance with the announcement made by the Financial Supervisory Commission on December 28, 2021, we have appointed one head of information security (a concurrent position served by the head of the Center) and one information security specialist (a concurrent position served by the network administrator). The head of information security serves as the convener of the information security task force, with members being the supervisors of each segment, to coordinate various information security tasks and regularly report to the board on the results of information security implementation.

(II) The information security governance report and achievements have been recorded in the report submitted to the board on December 28, 2021.

(III) In order to prevent the occurrence of information security incidents, we conduct security inspections, internal and external audits and information security drills every year, and strengthen employees' awareness of information security crisis and the capabilities of information security personnel to respond to incidents, hoping to prevent the incidents in advance and effectively detect and block out threats immediately.

(IV) The following are the assessments and countermeasures for various information security risks:

Scope of risk management	Risk items	Risk assessment (impact)	Response measures
Information security risks	1. Access control 2. Access control 3. External threats 4. System availability	1. Management measures for personnel account, authorization management, and system operation behaviors 2. Control measures for personnel access to internal and external systems and data transmission channels 3. Potential vulnerability in internal systems, hacked channels and protective measures 4. System availability status and handling measures when service is interrupted	1. Management, review and regular inventory of personnel account authorization 2. Internal/external access control measures, control measures for channels of data leakage and track record analysis of operational behaviors 3. Server/computer vulnerability detection and update measures, virus protection and detection of malware 4. System/network availability monitoring and notification measures, contingency measures for service interruption, data backup measures, local/remote redundancy measures, regular disaster recovery drills

VII. Important contracts

May 2, 2022

Nature of Contract	Counterparty	Contract Period	Important Information	Restrictions
Loan contract	Taiwan Cooperative Bank, Ximen branch	2022/01/12-2027/01/12	Mortgage loan for intermediate-term land and buildings	—
Loan contract	Bank of Taiwan, Zhongshan branch	2019/11/12-2022/11/12	Mortgage loan for intermediate-term land and buildings	—
Purchase contract	Shyh Jia Enterprise	2019/01/01-2022/12/31	Level Three maintenance and repair for in-house trucks	—

Six. Overview of Financial Status

I. Condensed balance sheets and income statement for the past five fiscal years

(I) Condensed balance sheets and statements of comprehensive income

Condensed Consolidated Balance Sheet

Unit: NT$1,000

Items		Financial information for the past five fiscal years (Note 1) 2017	2018	2019	2020	2021	Financial information as March 31, 2022 (Note 3)
Current Assets		5,121,071	4,938,529	5,087,148	5,259,278	5,118,007	
Property, plant and equipment (Note 2)		1,648,561	1,877,077	1,711,806	2,223,887	2,302,034	
Intangible assets		—	—	—	—	—	
Other Assets (Note 2)		467,220	477,891	529,923	544,142	621,669	
Total assets		7,236,852	7,293,497	7,328,877	8,027,307	8,041,710	
Current liabilities	Before distribution	1,925,148	1,736,069	1,617,131	2,151,262	3,032,387	
	After distribution	—	—	1,677,842	2,434,579	(Not yet distributed)	
Non-current Liabilities		883,162	1,330,430	1,390,809	1,219,126	363,749	
Total Liabilities	Before distribution	2,808,310	3,066,499	3,007,940	3,370,388	3,396,136	
	After distribution	—	—	3,068,651	3,653,705	(Not yet distributed)	
Equity attributable to shareholders of the parent company		4,402,119	4,226,920	4,320,860	4,656,845	4,645,509	
Capital		4,047,380	4,047,380	4,047,380	4,047,380	4,047,380	
Capital surplus		8	8	8	9	18	
Retained earnings	Before distribution	357,972	182,653	269,466	605,001	598,884	
	After distribution	—	—	208,755	—	—	
Other equity interests		(3,241)	(3,121)	4,006	4,455	(773)	
Treasury stock		—	—	—	—	—	
Non-controlling interests		26,423	78	77	74	65	
Total equity	Before distribution	4,428,542	4,226,998	4,320,937	4,656,919	4,645,574	
	After distribution	—	—	4,260,226	4,373,602	(Not yet distributed)	

Note 1: The annual financial statements from 2017 to 2021 have been audited and certified by accountants.
Note 2: Asset revaluation was not done in 2020.
Note 3: As of the publication date of the annual report, there is no recent financial information audited or reviewed by accountants, so it has not been disclosed.
Note 4: The “After distribution” figures are filled in according to the resolution of the board or the shareholder meeting of the next year.

Condensed Consolidated Statement of Comprehensive Income

Unit: NT$1,000

Items \ Year	Financial information for the past five fiscal years (Note 1)					Financial information as March 31, 2022 (Note 2)
	2017	2018	2019	2020	2021	
Operating revenue	3,434,454	3,330,601	3,731,696	4,530,172	3,769,022	
Gross profit	128,501	46,767	298,881	716,675	560,026	
Operating income	(100,344)	(155,142)	77,882	447,475	338,569	
Non-operating income and expenses	(18,667)	(36,520)	(23,968)	(3,067)	2,743	
Profit before income tax	(119,011)	(191,662)	53,914	444,408	341,312	
Net income this period from continuing operations	(102,303)	(200,942)	45,904	392,269	262,205	
Loss from discontinued operations	(775)	(672)	—	—	—	
Profit (loss) for the year	(103,078)	(201,614)	45,904	392,269	262,205	
Other comprehensive income for the year (net after tax)	(25,623)	4,965	48,035	4,426	9,767	
Total comprehensive income for the year	(128,701)	(196,649)	93,939	396,695	271,972	
Net income attributable to shareholders of the parent company	(101,111)	(176,971)	45,905	392,269	262,205	
Net income attributable to non-controlling interests	(1,967)	(24,643)	(1)	—	—	
Total comprehensive income attributable to shareholders of the parent entity	(126,733)	(172,004)	93,940	396,695	271,972	
Total comprehensive income attributable to non-controlling interests	(1,968)	(24,645)	(1)	—	—	
Earnings per share (Note 3)	(0.25)	(0.44)	0.11	0.97	0.65	

Note 1: The annual financial statements from 2017 to 2021 have been audited and certified by accountants.
Note 2: As of the publication date of the annual report, there is no recent financial information audited or reviewed by accountants, so it has not been disclosed.

Note 3: Calculated based on retrospectively adjusted number of shares.

Condensed Standalone Balance Sheet

Unit: NT$1,000

Items \ Year		Financial information for the past five fiscal years (Note 1) 2017	2018	2019	2020	2021	Financial information as March 31, 2022 (Note 3)
Current Assets		1,845,673	1,492,830	1,579,785	1,574,530	1,410,553	
Property, plant and equipment (Note 2)		1,557,708	1,786,763	1,628,604	1,586,499	1,695,089	
Intangible assets		—	—	—	—	—	
Other Assets (Note 2)		3,054,914	3,268,057	3,257,170	3,581,028	3,896,336	
Total assets		6,458,295	6,547,650	6,465,559	6,742,057	7,001,978	
Current liabilities	Before distribution	1,717,161	1,548,661	1,319,757	1,428,277	2,085,852	
	After distribution	—	—	1,380,468	1,711,593	(Not yet distributed)	
Non-current Liabilities		339,015	772,069	824,942	656,935	270,617	
Total Liabilities	Before distribution	2,056,176	2,320,730	2,144,699	2,085,212	2,356,469	
	After distribution	—	—	2,205,410	2,368,529	(Not yet distributed)	
Equity attributable to shareholders of the parent company		4,402,119	4,226,920	4,320,860	4,656,845	4,645,509	
Capital		4,047,380	4,047,380	4,047,380	4,047,380	4,047,380	
Capital surplus		8	8	8	8	18	
Retained earnings	Before distribution	357,972	182,653	269,466	605,001	598,884	
	After distribution	—	—	208,755	321,684	—	
Other equity interests		(3,241)	(3,121)	4,006	4,455	(773)	
Treasury stock		—	—	—	—	—	
Non-controlling interests		—	—	—	—	—	
Total equity	Before distribution	4,402,119	4,226,920	4,320,860	4,656,845	4,645,509	
	After distribution	—	—	4,260,149	4,373,528	(Not yet distributed)	

Note 1: The annual financial statements from 2017 to 2021 have been audited and certified by accountants.
Note 2: Asset revaluation was not done in 2021.
Note 3: As of the publication date of the annual report, there is no recent financial information audited or reviewed by accountants, so it has not been disclosed.
Note 4: The "After distribution" figures are filled in according to the resolution of the board or the shareholder meeting of the next year.

Condensed Standalone Statement of Comprehensive Income

Unit: NT$1,000

Year / Items	Financial information for the past five fiscal years (Note 1)					Financial information as March 31, 2022 (Note 2)
	2017	2018	2019	2020	2021	
Operating revenue	2,957,370	2,810,497	2,931,247	3,282,149	2,750,029	
Gross profit	244,893	150,288	244,861	524,148	399,395	
Operating income	70,426	(22,019)	72,054	314,697	213,434	
Non-operating income and expenses	(186,473)	(138,161)	(24,771)	101,848	92,378	
Profit before income tax	(116,047)	(160,180)	47,283	416,545	305,812	
Continuing operations Profit for the year	(101,111)	(176,971)	45,905	392,269	262,205	
Loss from discontinued operations	—	—	—	—	—	
Profit (loss) for the year	(101,111)	(176,971)	45,905	392,269	262,205	
Other comprehensive income for the year (net after tax)	(25,622)	4,967	48,035	4,426	9,767	
Total comprehensive income for the year	(126,733)	(172,004)	93,940	396,695	271,972	
Net income attributable to shareholders of the parent company	(126,733)	(172,004)	93,940	396,695	271,972	
Net income attributable to non-controlling interests	—	—	—	—	—	
Total comprehensive income attributable to shareholders of the parent entity	(126,733)	(172,004)	93,940	396,695	271,972	
Total comprehensive income attributable to non-controlling interests	—	—	—	—	—	
Earnings per share (Note 3)	(0.25)	(0.44)	0.11	0.97	0.65	

Note 1: The annual financial statements from 2017 to 2021 have been audited and certified by accountants.

Note 2: As of the publication date of the annual report, there is no recent financial information audited or reviewed by accountants, so it has not been disclosed.

Note 3: Calculated based on retrospectively adjusted number of shares.

(II) Names and opinions of auditors for the past five years

Year	CPAs		Opinions
2017	Alice Huang	Yung-Fu Liu	An unqualified opinion
2018	Alice Huang	Yung-Fu Liu	An unqualified opinion
2019	Alice Huang	Yung-Fu Liu	An unqualified opinion
2020(Note 1)	Alice Huang	Chao-Mei Chen	An unqualified opinion
2021(Note 2)	Chao-Mei Chen	Chiang-Hsun Chen	An unqualified opinion

Note 1: Internal job rotation of the CPA firm in 2020.

Note 2: Internal job rotation of the CPA firm in 2021.

II. Financial analysis for the past five years

(1-1) Consolidated financial analysis

Items to be analyzed (Note 3) \ Year (Note 1)		Financial analysis for the past five fiscal years					Year ended March 31, 2022 (Note 2)
		2017	2018	2019	2020	2021	
Capital structure (%)	Debt to asset ratio	38.81	42.04	41.04	41.99	42.23	
	Long-term fund to property, plant and equipment ratio	322.20	296.07	333.67	264.22	217.60	
Solvency %	Current ratio	266.01	284.47	314.58	244.47	168.78	
	Quick ratio	61.47	66.03	86.96	72.19	39.84	
	Times interest earned	(2.87)	(4.91)	2.36	14.91	11.64	
Operating performance	Average collection turnover (times)	4.98	5.57	4.94	4.56	4.19	
	Days sales outstanding	73.29	65.52	73.88	80.04	87.08	
	Average inventory turnover (times)	0.89	0.89	0.96	1.08	0.89	
	Average payment turnover (times)	7.21	8.91	9.45	7.31	6.23	
	Average inventory turnover days	410.11	410.11	380.20	337.96	410.73	
	Property, plant and equipment turnover (times)	2.08	1.77	2.18	2.04	1.64	
	Total assets turnover (times)	0.47	0.46	0.51	0.56	0.47	
Profitability	Return on total assets (%)	(1.03)	(2.40)	1.06	5.44	3.58	
	Return on equity (%)	(2.23)	(4.66)	1.07	8.74	5.64	
	Pre-tax income to paid-in capital (%) (Note 7)	(2.94)	(4.74)	1.33	10.98	8.43	
	Net margin (%)	(3.00)	(6.05)	1.23	8.66	6.96	
	Earnings per share (NT$)	(0.25)	(0.44)	0.11	0.97	0.65	
Cash flow	Cash flow ratio (%)	4.21	2.99	16.25	38.68	2.71	
	Cash flow adequacy ratio (%)	152.00	100.18	88.69	68.15	55.70	
	Cash flow re-investment ratio (%)	(0.95)	0.29	1.64	4.74	(1.39)	
Leverage	Operating leverage	(11.65)	(7.14)	18.63	4.74	5.04	
	Financial leverage	0.77	0.83	2.04	1.08	1.10	

Please indicate the reasons for the changes in the financial ratios in the past two years (those who experienced less than 20% in change can be exempted from the analysis).
For the year, the poor operating rate was caused by the cement plants' outdated equipment. The sand and gravel plant was suspended for nearly three months due to the application for an extension to the stationary pollution source operating permit, and the ready-mix concrete plant's revenue declined due to the urban renewal and demolition conducted by the New Taipei City Government, and these caused the drop in revenue and net profit compared with the previous year, so the relevant profitability indicators such as return on assets, return on equity, pre-tax income to paid-in capital ratio, net profit ratio and earnings per share all decreased compared with the previous year, which also led to a decrease in the cash flow from operating activities and the decrease in cash flow ratio. In addition, the earnings from the previous year is paid as the real dividends for this year, which leads to the decrease in cash reinvestment ratio.
As for the solvency indicators, some long-term borrowings were converted into short-term borrowings due within one year for the year, resulting in a significant increase in the amount of short-term borrowings and a sharp drop in long-term borrowings, and the related current ratio and quick ratio decreased compared with the previous year. The revenue, operating profit and overall scale of borrowing did not change significantly, so the times interest earned also reduced.

Note 1: The annual financial statements from 2017 to 2021 have been audited and certified by accountants.
Note 2: As of the publication date of the annual report, there is no recent financial information audited or reviewed by accountants, so it has not been disclosed.
Note 3: Formulas are shown at the end of the form.

(1-2) Standalone financial analysis

Items to be analyzed (Note 3) / Year (Note 1)		Financial analysis for the past five fiscal years					Year ended March 31, 2022 (Note 2)
		2017	2018	2019	2020	2021	
Capital structure (%)	Debt to asset ratio	31.84	35.44	33.17	30.93	33.65	
	Long-term fund to property, plant and equipment ratio	304.37	279.78	315.96	334.94	290.02	
Solvency %	Current ratio	107.48	96.39	119.70	110.24	67.62	
	Quick ratio	62.38	55.48	80.88	73.21	37.07	
	Times interest earned	(5.09)	(6.71)	2.66	21.91	17.41	
Operating performance	Average collection turnover (times)	5.88	6.39	5.60	5.30	5.22	
	Days sales outstanding	62.07	57.12	65.17	68.86	69.90	
	Average inventory turnover (times)	5.20	4.93	6.46	7.38	5.46	
	Average payment turnover (times)	7.25	9.44	10.57	9.62	8.54	
	Average inventory turnover days	70.19	74.03	56.50	49.45	66.84	
	Property, plant and equipment turnover (times)	1.90	1.57	1.80	2.07	1.62	
	Total assets turnover (times)	0.46	0.43	0.45	0.49	0.39	
Profitability	Return on total assets (%)	(1.25)	(2.46)	1.06	6.18	4.03	
	Return on equity (%)	(2.20)	(4.10)	1.07	8.74	5.64	

	Pre-tax income to paid-in capital (%)	(2.87)	(3.96)	1.17	10.29	7.56	
	Net margin (%)	(3.42)	(6.30)	1.57	11.95	9.53	
	Earnings per share (NT$)	(0.25)	(0.44)	0.11	0.97	0.65	
Cash flow	Cash flow ratio (%)	17.83	24.47	21.23	47.95	5.45	
	Cash flow adequacy ratio (%)	136.63	110.51	106.15	118.34	103.93	
	Cash flow re-investment ratio (%)	0.34	1.96	1.85	4.05	(1.20)	
Leverage	Operating leverage	9.83	(26.70)	9.03	2.78	3.22	
	Financial leverage	1.37	0.51	1.66	1.07	1.10	

Please indicate the reasons for the changes in the financial ratios in the past two years (those who experienced less than 20% in change can be exempted from the analysis).

For the year, the poor operating rate was caused by the cement plants' outdated equipment. The sand and gravel plant was suspended for nearly three months due to the application for an extension to the stationary pollution source operating permit, and the ready-mix concrete plant's revenue declined due to the urban renewal and demolition conducted by the New Taipei City Government, and these caused the drop in revenue and net profit compared with the previous year, so the relevant profitability indicators such as return on assets, return on equity, pre-tax income to paid-in capital ratio, net profit ratio and earnings per share all decreased compared with the previous year, which also led to a decrease in the cash flow from operating activities and the decrease in cash flow ratio. In addition, the earnings from the previous year is paid as the real dividends for this year, which leads to the decrease in cash reinvestment ratio.

As for the solvency indicators, some long-term borrowings were converted into short-term borrowings due within one year for the year, resulting in a significant increase in the amount of short-term borrowings and a sharp drop in long-term borrowings, and the related current ratio and quick ratio decreased compared with the previous year. The revenue, operating profit and overall scale of borrowing did not change significantly, so the times interest earned also reduced.

Note 1: The annual financial statements from 2017 to 2021 have been audited and certified by accountants.

Note 2: As of the publication date of the annual report, there is no recent financial information audited or reviewed by accountants, so it has not been disclosed.

Note 3: Formulas are shown at the end of the form.

1. Financial structure
   (1) Debt-to-asset ratio = Total liabilities / Total assets
   (2) Long-term fund to property, plant and equipment ratio = (Shareholders' equity + non-current liabilities) / Net property, plant and equipment
2. Solvency
   (1) Current ratio = Current assets / Current liabilities
   (2) Quick ratio = (Current assets – inventories – prepaid expenses) / Current liabilities
   (3) Times interest earned = Earnings before interest and taxes / Interest expenses
3. Operating performance
   (1) Receivables (including accounts receivable and notes receivable due to business operation) turnover = Net sales / the balance of average receivables of different periods (including accounts receivable and notes receivable due to business operation)
   (2) Average collection days = 365 / Receivable turnover ratio
   (3) Average inventory turnover = Cost of goods sold / average inventory
   (4) Payables (including accounts payables and notes payable due to business operation) turnover = Cost of goods sold / the balance of average payables of different periods (including accounts payables and notes payable due to business operation)
   (5) Average inventory turnover days = 365 / Average inventory turnover
   (6) Property, plant and equipment turnover = Net sales / Average property, plant and equipment
   (7) Total assets turnover = Net sales / total assets
4. Profitability analysis
   (1) Return on total assets = [Net income + Interest expenses x (1 – tax rate)] / Average total assets
   (2) Return on equity attributable to shareholders of the parent = Net income attributable to shareholders of the parent / Average equity attributable to shareholders of the parent

(3) Net margin = Net income / Net sales

(4) Earnings per share = (Net income attributable to shareholders of the parent – preferred stock dividend) / Weighted average number of shares outstanding (Note 5)

5. Cash flow

(1) Cash flow ratio = Net cash provided by operating activities / Current Liabilities

(2) Cash flow adequacy ratio = Five-year sum of cash from operations / Five-year sum of capital expenditures, inventory additions, and cash dividend

(3) Cash flow reinvestment ratio = (Cash provided by operating activities – cash dividends) / (Gross property, plant and equipment + long-term investments + other noncurrent assets + working capital) (Note 6)

6. Leverage:

(1) Operating leverage = (Net sales – variable cost) / Operating income (Note 7)

(2) Financial leverage = Operating profit / (Operating profit - Interest expense)

Note 4: Pay attention to the following issues when making calculation for the earnings per share based on the above formula:

1. Calculation should be based on the weighted average number of common shares, not the number of issued shares at year end.
2. In case there is a cash capital increase or treasury stock transaction, the period of time in circulation shall be considered in calculating the weighted average number of shares.
3. In case of capital increase out of earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be subtracted from the net profit after tax, or added to the net loss after tax. In the case of non-cumulative preferred shares, if there is net profit after tax, dividend on preferred shares shall be subtracted from the net profit after tax; if there is a loss, no adjustment is made.

Note 5: Pay attention to the following issues when carrying out cash flow analysis:

1. Net cash flow from operating activities means net cash in-flow amounts from operating activities listed in the statement of cash flows.
2. Capital expenditures refers to the amounts of cash out-flows for annual capital investment.
3. Inventory increase will only be entered when the ending balance is larger than the beginning balance. An inventory decrease at year end will be deemed zero for calculation.
4. Cash dividend includes cash dividends from both common shares and preferred shares.
5. Real property, plant and equipment value refers to the total value of property, plant and equipment prior to the subtraction of accumulated depreciation.

Note 6: Issuers shall separate operating costs and operating expenses by their nature into fixed and variable categories. When estimations or subjective judgments are involved, pay attention to their reasonableness and maintain consistency.

Note 7: Issuers shall separate operating costs and operating expenses by their nature into fixed and variable categories. When estimations or subjective judgments are involved, pay attention to their reasonableness and maintain consistency.

III. Audit committee's 2021 review report

Audit Committee Report

The board of directors has prepared the Company's 2021 business report, consolidated financial statements (including the standalone financial statements) and proposals for profits distribution. The accounting firm Deloitte Taiwan is commissioned to audit the Company's financial statements, and an audit report has been issued. The business report, financial statements, and profit distribution proposal have been reviewed and determined to be correct and accurate by the audit committee. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

For

Lucky Cement Corporation 2022 Annual General Meeting

Lucky Cement Corporation

Convener of Audit Committee: Chih-Cheng Wang

王志誠

March 30, 2022

IV. 2021 Standalone financial statements

Lucky Cement Co.

Financial Statements for the Years Ended December 31, 2021 and 2020 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Lucky Cement Co.

Opinion

We have audited the accompanying financial statements of Lucky Cement Co. (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020 and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the financial statements for the year ended December 31, 2021 are as follows:

<u>Occurrence of Sales Revenue from Key Customers</u>

The Group's sales revenue mainly comes from sales of cement, stone materials and other cement products. The net sales revenue of the Group in 2021 was lower than in 2020. However, the net sales revenue from key customers had increased compared to previous year, which accounted for 15% of the total sales revenue in 2021. Therefore, we deemed the occurrence of sales as a significant risk and key audit matter.

Refer to Note 4 (11) to the consolidated financial statements for accounting policies on revenue recognition and Note 24 (1) for the disclosures related to the operating revenue.

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

1. We obtained an understanding of the internal control procedures over the sales revenue and assessed the design and effectiveness of the implementation of internal controls.

2. We obtained the summary of sales to the key customers for the year; we tested the completeness of the summary, selected samples from the summary, and examined supporting vouchers, shipping documents, delivery receipts, invoices, etc. and verified the occurrence of sales.

3. We inspected the sales ledger for any significant sales returns and allowances recorded after the balance sheet date and verified that the returns and allowances were related to sales after the balance sheet date.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chao-Mei Chen and Chiang-Hsun Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 30, 2022

<u>*Notice to Readers*</u>

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

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

LUCKY CEMENT CO.

BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Notes 4 and 6)	$ 119,399	2	$ 256,364	4
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 28)	40,226	-	6,290	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 28)	73,319	1	28,213	1
Financial assets at amortized cost - current (Notes 4, 9 and 30)	83,273	1	72,155	1
Notes receivable (Notes 4, 10 and 22)	253,148	4	487,705	7
Notes receivable from related parties (Notes 4, 10, 22 and 29)	48,839	1	26,948	-
Accounts receivable (Notes 4, 10 and 22)	110,692	2	74,085	1
Accounts receivable from related parties (Notes 4, 22 and 29)	33,084	-	18,868	-
Other receivables (Notes 4 and 10)	1,707	-	13,670	-
Other receivables from related parties (Notes 4 and 29)	9,435	-	61,398	1
Inventories (Notes 4 and 11)	479,482	7	381,467	6
Prepayments (Note 12)	157,949	2	147,367	2
Total current assets	1,410,553	20	1,574,530	23
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 ,8 and 28)	10,688	-	14,703	-
Financial assets at amortized cost - non-current (Notes 4, 9 and 30)	202,326	3	164,062	3
Investments accounted for using the equity method (Notes 4 and 13)	3,257,158	47	2,980,403	44
Property, plant and equipment (Notes 4, 14, 29 and 30)	1,695,089	24	1,586,499	24
Right-of-use assets (Notes 4 and 15)	106,730	2	73,400	1
Deferred tax assets (Notes 4 and 24)	58,089	1	96,040	1
Refundable deposits (Note 29)	173,419	2	175,506	3
Other non-current assets (Note 16)	87,926	1	76,914	1
Total non-current assets	5,591,425	80	5,167,527	77
TOTAL	$ 7,001,978	100	$ 6,742,057	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 30)	$ 782,359	11	$ 150,000	2
Short-term bills payable (Notes 17 and 30)	299,608	4	99,941	1
Contract liabilities (Notes 22 and 29)	198,339	3	342,967	5
Notes payable (Note 18)	108,044	2	115,973	2
Notes payable to related parties (Notes 18 and 29)	41,401	1	32,635	1
Accounts payable (Note 18)	88,236	1	142,921	2
Accounts payable to related parties (Notes 18 and 29)	1,464	-	20,006	-
Other payables (Note 19)	107,739	2	169,913	3
Other payables to related parties (Note 29)	4,258	-	9,290	-
Current income tax liabilities (Note 24)	2,264	-	20,722	-
Lease liabilities - current (Notes 4 and 15)	37,690	-	33,548	1
Current portion of long-term borrowings (Notes 17 and 30)	414,000	6	290,000	4
Other current liabilities	450	-	361	-
Total current liabilities	2,085,852	30	1,428,277	21
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 17 and 30)	120,000	2	540,000	8
Deferred tax liabilities (Notes 4 and 24)	23,339	-	20,663	-
Lease liabilities - non-current (Notes 4 and 15)	69,903	1	40,475	1
Net defined benefit liabilities (Notes 4 and 20)	23,565	-	23,294	-
Guarantee deposits received	33,810	1	32,503	1
Total non-current liabilities	270,617	4	656,935	10
Total liabilities	2,356,469	34	2,085,212	31
EQUITY (Note 21)				
Share capital				
Common stock	4,047,380	58	4,047,380	60
Capital surplus	18	-	9	-
Retained earnings				
Legal reserve	210,524	3	170,899	3
Special reserve	14,135	-	14,135	-
Unappropriated earnings	374,225	5	419,967	6
Total retained earnings	598,884	8	605,001	9
Other equity	(773)	-	4,455	-
Total equity	4,645,509	66	4,656,845	69
TOTAL	$ 7,001,978	100	$ 6,742,057	100

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

LUCKY CEMENT CO.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021 Amount	2021 %	2020 Amount	2020 %
OPERATING REVENUE (Notes 4, 22 and 29)				
Sales	$ 2,751,520	100	$ 3,283,042	100
Less: Discounts and allowances	(1,491)	-	(893)	-
Total operating revenue	2,750,029	100	3,282,149	100
OPERATING COSTS (Notes 11, 23 and 29)	2,350,634	85	2,758,001	84
GROSS PROFIT	399,395	15	524,148	16
OPERATING EXPENSES (Notes 10, 23 and 29)				
Selling and marketing expenses	97,736	4	101,652	3
General and administrative expenses	89,722	3	107,879	3
Total operating expenses	187,458	7	209,531	6
OTHER OPERATING INCOME AND EXPENSES (Note 23)	1,497	-	80	-
PROFIT FROM OPERATIONS	213,434	8	314,697	10
NON-OPERATING INCOME AND EXPENSES (Notes 4, 8, 14, 23 and 29)				
Interest income	2,776	-	2,041	-
Rental income	18,519	1	18,256	1
Other income	12,457	-	10,392	-
Gain on disposal of non-current assets held for sale	-	-	15,724	-
Foreign exchange gain	2,369	-	2,227	-
Net profit of financial assets at fair value	3,533	-	330	-
Other losses	(6,858)	-	(8,823)	-
Interest expense	(18,641)	(1)	(19,921)	(1)
Share of profit of subsidiaries	78,223	3	81,622	3
Total non-operating income and expenses	92,378	3	101,848	3
PROFIT BEFORE INCOME TAX	305,812	11	416,545	13
INCOME TAX EXPENSE (Notes 4 and 24)	(43,607)	(1)	(24,276)	(1)
NET PROFIT FOR THE YEAR	262,205	10	392,269	12

(Continued)

LUCKY CEMENT CO.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of a defined benefit plan (Note 20)	$ (512)	-	$ 3,172	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	11,756	-	2,114	-
Share of the other comprehensive income/(loss) of subsidiaries accounted for using the equity method	2,133	-	(909)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(3,107)	-	25	-
Share of the other comprehensive income/(loss) of subsidiaries accounted for using the equity method	(503)	-	24	-
Other comprehensive income, net of income tax	9,767	-	4,426	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 271,972	10	$ 396,695	12
EARNINGS PER SHARE (Note 25)				
Basic	$ 0.65		$ 0.97	
Diluted	$ 0.65		$ 0.97	

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

LUCKY CEMENT CO.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity		
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2020	$ 4,047,380	$ 8	$ 166,309	$ 17,256	$ 85,901	$ 7,450	$ (3,444)	$ 4,320,860
Appropriation of 2019 earnings								
Legal reserve	-	-	4,590	-	(4,590)	-	-	-
Cash dividends to shareholders - NT$0.15 per share	-	-	-	-	(60,711)	-	-	(60,711)
Special reserve	-	-	-	(3,121)	3,121	-	-	-
Net profit for the year ended December 31, 2020	-	-	-	-	392,269	-	-	392,269
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	2,380	25	2,021	4,426
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	394,649	25	2,021	396,695
Difference between consideration and carrying amount of subsidiaries acquired (Note 13)	-	1	-	-	-	-	-	1
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 21)	-	-	-	-	1,597	-	(1,597)	-
BALANCE AT DECEMBER 31, 2020	4,047,380	9	170,899	14,135	419,967	7,475	(3,020)	4,656,845
Appropriation of 2020 earnings								
Legal reserve	-	-	39,625	-	(39,625)	-	-	-
Cash dividends to shareholders - NT$0.70 per share	-	-	-	-	(283,317)	-	-	(283,317)
Net profit for the year ended December 31, 2021	-	-	-	-	262,205	-	-	262,205
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	1,492	(3,107)	11,382	9,767
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	263,697	(3,107)	11,382	271,972

Difference between consideration and carrying amount of subsidiaries acquired (Note 13)	-	9	-	-	-	-	-	9
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 21)	-	-	-	-	13,503	-	(13,503)	-
BALANCE AT DECEMBER 31, 2021	$ 4,047,380	$ 18	$ 210,524	$ 14,135	$ 374,225	$ 4,368	$ (5,141)	$ 4,645,509

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

LUCKY CEMENT CO.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 305,812	$ 416,545
Adjustments for:		
Depreciation expense	130,699	175,604
Amortization and depletion expense	15,807	12,460
Net gain on fair value changes of financial assets at fair value through profit or loss	(3,533)	(330)
Interest expense	18,641	19,921
Interest income	(2,776)	(2,041)
Dividend income	(2,145)	(3,720)
Gain on disposal of property, plant and equipment	(1,497)	(80)
Share of profit of subsidiaries accounted for using the equity method	(78,223)	(81,622)
Gain on disposal of non-current assets held for sale	-	(15,724)
Write-down of inventories	1,691	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(30,403)	(4,980)
Notes receivable	234,557	(73,974)
Notes receivable from related parties	(21,891)	32,171
Accounts receivable	(36,607)	18,474
Accounts receivable from related parties	(14,216)	45,918
Other receivables	(858)	(65)
Other receivables from related parties	27	(7)
Inventories	(99,706)	(15,582)
Prepayments	(10,582)	(847)
Contract liabilities	(144,628)	75,334
Notes payable	(7,929)	(12,116)
Notes payable to related parties	8,766	1,812
Accounts payable	(54,685)	72,337
Accounts payable to related parties	(18,542)	(12,132)
Other payables	(31,345)	34,134
Other payables to related parties	(5,032)	5,230
Other current liabilities	89	(103)
Net defined benefit liabilities	(241)	(15)
Cash generated from operations	151,250	686,602
Interest received	2,870	2,724
Interest paid	(18,925)	(20,151)
Income tax (paid) refunded	(21,438)	15,637
Net cash generated from operating activities	113,757	684,812

(Continued)

LUCKY CEMENT CO.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	$(260,941)	$ (39,081)
Proceeds from sale of financial assets at fair value through other comprehensive income	236,480	37,158
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	7,318	5,125
Purchase of financial assets at amortized cost	(49,382)	(39,144)
Proceeds from sale of non-current assets held for sale	-	20,741
Payments for property, plant and equipment	(249,188)	(46,361)
Proceeds from disposal of property, plant and equipment	1,497	80
Decrease in other receivables	-	65,000
Increase in other receivables from related parties	-	(1,800)
Decrease in other receivables from related parties	51,850	-
Increase in refundable deposits	-	(778)
Decrease in refundable deposits	2,087	-
Increase in other non-current assets	(7,554)	(17,775)
Other dividends received	2,766	3,099
Net cash used in investing activities	(265,067)	(13,736)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	632,359	-
Decrease in short-term borrowings	-	(76,700)
Increase in short-term bills payable	200,000	-
Proceeds from long-term borrowings	20,000	200,000
Repayments of long-term borrowings	(316,000)	(350,000)
Increase in guarantee deposits received	1,307	1,903
Repayment of the principal portion of lease liabilities	(40,004)	(44,926)
Cash dividends paid	(283,317)	(60,711)
Acquisition of subsidiary	(200,000)	(250,002)
Net cash generated from (used in) financing activities	14,345	(580,436)
NET (DECREASE) INCREASE IN CASH	(136,965)	90,640
CASH AT THE BEGINNING OF YEAR	256,364	165,724
CASH AT THE END OF YEAR	$ 119,399	$ 256,364

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

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

1. GENERAL INFORMATION

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 30, 2022.

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

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

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

b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

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

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after

January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Foreign currencies

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

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

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

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

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

e. Inventories

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

f. Investment in subsidiaries

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

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

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

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

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

g. Property, plant and equipment

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

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

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

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

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

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

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

i. Non-current assets held for sale

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

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

j. Financial instruments

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

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

1) Financial assets

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

   a) Measurement category

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

      i. Financial asset at FVTPL

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

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

      ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

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

ii) Breach of contract, such as a default;

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

k. Revenue recognition

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

Revenue from sale of goods

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

l. Leasing

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

1) The Company as lessor

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

2) The Company as lessee

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

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

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

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

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

m. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

n. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current tax and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

6. CASH

	December 31	
	2021	2020
Cash on hand and revolving funds	$ 1,114	$ 1,114
Checking accounts and demand deposits	116,835	255,105
Foreign currency demand deposits	1,450	145
	$ 119,399	$ 256,364

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
Non-derivative Assets	2021	2020
Current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	$ 40,226	$ 6,290

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2021	2020
Current		
Investments in equity instruments	$ 73,319	$ 28,213
Non-current		
Investments in Equity instruments	$ 10,688	$ 14,703

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

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

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

The Company disposed its shares that had a fair value of $224,288 thousand, and related unrealized valuation gain of $13,503 thousand was transferred from other equity to retained earnings in 2021.

Dividends of $2,145 thousand and $3,720 thousand were recognized in 2021 and 2020, respectively.

The Company received return of capital of $7,318 thousand and $5,125 thousand when the invested company reduced capital in 2021 and 2020, respectively.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
Current		
Time deposits with original maturities of more than 3 months	$ 7,273	$ 7,155
Restricted assets	76,000	65,000
	$ 83,273	$ 72,155
Non-current		
Restricted assets	$ 202,326	$ 164,062

a. The interest rates of time deposits with original maturities of more than 3 months were approximately 2.30% and 2.35% per annum as of December 31, 2021 and 2020, respectively.

b. The restricted assets - current are savings deposits and certificate of deposit that are provided as guarantees for bank loan; market interest rate ranges were approximately 0.01%-0.56% and 0.04%-0.56% per annum as of December 31, 2021 and 2020, respectively.

c. The restricted assets - non-current are certificate of deposit in the bank that is pledged as the security of mining right, which has market interest rate range of approximately 0.10%-0.82% per annum as of December 31, 2021 and 2020, respectively.

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

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2021	2020
Notes receivable		
At amortized cost		
Gross carrying amount	$ 253,148	$ 487,705
Trade receivables		
At amortized cost		
Gross carrying amount	110,961	74,354

Less: Allowance for impairment loss	(269)	(269)
	$ 110,692	$ 74,085

(Continued)

	December 31	
	2021	2020
Other receivables		
Non-related parties	$ 624	$ 12,816
Sale of securities	1,083	854
Other		
	$ 1,707	$ 13,670

(Concluded)

a. Notes receivable

The average credit period of sales of goods is 60-150 days. No interest is charged on notes receivable. In order to minimize credit risk, the management of the Company has delegated a team for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Company recognizes 100% allowance for impairment loss if notes receivable become overdue.

Notes receivable of the Company are not overdue at the date of balance sheet.

b. Trade receivables

The average credit period of sales of goods is 60-150 days. No interest is charged on trade receivables. In order to minimize credit risk, the management of the Company has delegated a team for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts.

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

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

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

The following table details the loss allowance of trade receivables based on the Company's provision matrix.

December 31, 2021

	Not Past Due	Past due within 30 Days	Past due 31 to 60 Days	Past due 61 to 180 Days	Past due Over 181 Days	Assessed Individually	Total
Expected credit loss rate	-	-	-	-	100%	100%	
Gross carrying amount	$ 110,692	$ -	$ -	$ -	$ 269	$ -	$ 110,961
Loss allowance (Lifetime ECLs)	-	-	-	-	(269)	-	(269)
Amortized cost	$ 110,692	$ -	$ -	$ -	$ -	$ -	$ 110,692

December 31, 2020

	Not Past Due	Past due within 30 Days	Past due 31 to 60 Days	Past due 61 to 180 Days	Past due Over 181 Days	Assessed Individually	Total
Expected credit loss rate	-	-	-	-	100%	100%	
Gross carrying amount	$ 74,085	$ -	$ -	$ -	$ 269	$ -	$ 74,354
Loss allowance (Lifetime ECLs)	-	-	-	-	(269)	-	(269)
Amortized cost	$ 74,085	$ -	$ -	$ -	$ -	$ -	$ 74,085

c. Other receivables

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

The Company considers the current financial condition of debtors to determine the expected credit losses for debt instrument investments. As December 31, 2021 and 2020, the expected credit loss rate of other receivables was both 0%.

11. INVENTORIES

	December 31	
	2021	2020
Raw materials	$ 266,401	$ 231,976
Work in progress	44,096	29,975
Finished goods	98,289	87,339
Supplies and spare parts	70,696	32,177
	$ 479,482	$ 381,467

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2021	2020
Cost of inventories sold	$ 2,348,943	$ 2,758,001
Inventory write-downs	1,691	-
	$ 2,350,634	$ 2,758,001

12. PREPAYMENTS

	December 31	
	2021	2020
Office supplies	$ 71,830	$ 105,243
Prepaid expenses	79,135	33,147
Prepayments for purchases of materials	1,032	8,918
Offset against business tax payable	5,885	-
Other	67	59
	$ 157,949	$ 147,367

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2021	2020
Investment in subsidiary		
Domestic unlisted companies		
Dasheng Enterprise Co., Ltd. ("Dasheng Enterprise")	$ 2,482,542	$ 2,280,677
Luckicon Ready-mixed Concrete Factory Co., Ltd. ("Luckicon Ready-mixed Co.")	729,188	639,954
Lucky Cement Corp., Japan ("Lucky Cement Japan")	19,805	24,851
Luckyship Marine Co., Ltd. ("Luckyship Co.")	25,623	34,921
Just Bright Ltd.	-	-
	$ 3,257,158	$ 2,980,403

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

	December 31	
	2021	2020
Dasheng Enterprise	99.99%	99.99%
Luckicon Ready-mixed Co.	100.00%	100.00%
Lucky Cement Japan	100.00%	100.00%
Luckyship Co.	100.00%	99.99%
Just Bright Ltd.	-	100.00%

In the years 2021 and 2020, the share of profit (loss) of subsidiaries and the share of other comprehensive income of subsidiaries for using equity method were recognized based on audited financial statements for the same periods.

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

Dasheng Enterprise implemented a capital reduction to cover losses of $200,000 thousand on August 19, 2021, and increased its capital by $200,000 thousand on August 20, 2021. After the capital increase, the Company's shareholding in Dasheng Enterprise increased. Dasheng Enterprise recognized the difference between the consideration and the adjusted carrying amount of non-controlling interests of $9 thousand under capital surplus.

Luckyship Co. implemented a capital reduction to cover losses of $65,000 thousand on November 30, 2021. Due to the non-controlling interests give up their shareholding, the Company's shareholding in Luckyship Co. increased from 99.99% to 100%.

The Company's board of directors resolved in its meeting on December 27, 2019 to discontinue the operations of its subsidiary, Just Bright Ltd., and the cancellation was completed in May 2021.

Refer to Note 34 and Table 5 for more information on the investees.

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Electrical Equipment	Transportation Equipment	Other Equipment	Total
Cost							
Balance at January 1, 2021	$ 1,053,328	$ 2,188,452	$ 6,062,160	$ 1,196,322	$ 692,882	$ 507,820	$ 11,700,964
Additions	2,439	-	13,261	178	176,443	6,724	199,045
Disposals	-	(67,679)	(520,430)	(89,539)	(111,108)	(161,090)	(949,846)
Balance at December 31, 2021	$ 1,055,767	$ 2,120,773	$ 5,554,991	$ 1,106,961	$ 758,217	$ 353,454	$ 10,950,163
Accumulated depreciation and impairment							
Balance at January 1, 2021	$ -	$ 1,867,921	$ 5,974,846	$ 1,183,518	$ 602,267	$ 485,913	$ 10,114,465
Depreciation expense	-	41,474	13,596	4,113	22,855	8,417	90,455
Disposals	-	(67,679)	(520,430)	(89,539)	(111,108)	(161,090)	(949,846)
Balance at December 31, 2021	$ -	$ 1,841,716	$ 5,468,012	$ 1,098,092	$ 514,014	$ 333,240	$ 9,255,074
Carrying amount at December 31, 2021	$ 1,055,767	$ 279,057	$ 86,979	$ 8,869	$ 244,203	$ 20,214	$ 1,695,089
Cost							
Balance at January 1, 2020	$ 1,058,345	$ 2,188,452	$ 6,055,683	$ 1,196,322	$ 663,009	$ 489,372	$ 11,651,183
Additions	-	-	1,379	-	68,189	4,731	74,299
Reclassification	(5,017)	-	5,098	-	-	14,712	14,793
Disposals	-	-	-	-	(38,316)	(995)	(39,311)
Balance at December 31, 2020	$ 1,053,328	$ 2,188,452	$ 6,062,160	$ 1,196,322	$ 692,882	$ 507,820	$ 11,700,964
Accumulated depreciation and impairment							
Balance at January 1, 2020	$ -	$ 1,815,681	$ 5,930,396	$ 1,178,305	$ 615,734	$ 482,463	$ 10,022,579
Depreciation expense	-	52,240	44,450	5,213	24,849	4,445	131,197
Disposals	-	-	-	-	(38,316)	(995)	(39,311)
Balance at December 31, 2020	$ -	$ 1,867,921	$ 5,974,846	$ 1,183,518	$ 602,267	$ 485,913	$ 10,114,465
Carrying amount at December 31, 2020	$ 1,053,328	$ 320,531	$ 87,314	$ 12,804	$ 90,615	$ 21,907	$ 1,586,499

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

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

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

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

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

e. For the years ended December 31, 2021 and 2020, the Company evaluated impairment and concluded that the assets had no impairment loss.

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

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	**2020**
Carrying amount		
Land	$ 12,480	$ 21,060
Buildings	93,634	52,182
Transportation equipment	616	158
	$ 106,730	$ 73,400

	For the Year Ended December 31	
	2021	**2020**
Additions to right-of-use assets	$ 73,574	$ 1,887
Depreciation charge for right-of-use assets		
Land	$ 11,061	$ 13,529
Buildings	28,504	28,977
Transportation equipment	679	1,901
	$ 40,244	$ 44,407

b. Lease liabilities

	December 31	
	2021	2020
Carrying amount		
Current	$ 37,690	$ 33,548
Non-current	$ 69,903	$ 40,475

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Land	1.55%-1.68%	1.55%-1.68%
Buildings	1.55%-1.60%	1.55%
Transportation equipment	1.55%-1.60%	1.55%

c. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	$ 2,327	$ 373
Expenses relating to low-value asset leases	371	567
Interest on leases liabilities	1,345	1,408
Principal of lease liabilities	40,004	44,926
Total cash outflow for leases	$ 44,047	$ 47,274

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

16. OTHER NON-CURRENT ASSETS

	December 31	
	2021	2020
Long-term prepaid expenses	$ 46,953	$ 55,200
Prepayment for equipment	22,205	2,940
Net limestone mining rights	18,768	18,774
	$ 87,926	$ 76,914

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2021	2020

Secured borrowings (Note 30)		
Bank loans	$ 483,100	$ -
Unsecured borrowings		
Line of credit borrowings	299,259	150,000
	$ 782,359	$ 150,000

The interest rates of the bank loans were as follows:

	December 31	
	2021	2020
Secured borrowings	1.20%-1.40%	-
Unsecured borrowings	0.69%-1.25%	1.25%-1.30%

b. Short-term bills payable

	December 31	
	2021	2020
Commercial paper	$ 300,000	$ 100,000
Less: Unamortized discounts on bills payable	(392)	(59)
	$ 299,608	$ 99,941

Outstanding short-term bills payable were as follows:

December 31, 2021

Guarantee/Promissory Institution	Par Value	Discount Amount	Carrying Amount	Interest Rate
Commercial paper				
Ta Ching Bills Finance Corporation	$ 50,000	$ 16	$ 49,984	1.05%
Dah Chung Bills Finance Corporation	50,000	126	49,874	1.04%
China Bills Finance Corporation	100,000	206	99,794	1.08%-1.13%
Grand Bills Finance Corporation	100,000	44	99,956	1.04%-1.05%
	$ 300,000	$ 392	$ 299,608	

December 31, 2020

Guarantee/Promissory	Par Value	Discount	Carrying	Interest Rate

Institution		Amount	Amount	
Commercial paper				
Ta Ching Bills Finance Corporation	$ 50,000	$ 18	$ 49,982	1.10%
Grand Bills Finance Corporation	50,000	41	49,959	1.28%
	$ 100,000	$ 59	$ 99,941	

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

c. Long-term borrowings

	December 31	
	2021	2020
Secured borrowings (Note 30)		
Bank loans	$ 234,000	$ 550,000
Unsecured borrowings		
Loans from bank	300,000	280,000
Less: Current portion	(414,000)	(290,000)
	$ 120,000	$ 540,000

	Details	December 31	
		2021	2020
Secured borrowings			
Taiwan Cooperative Bank	The loan period is from April 12, 2018 to April 12, 2023, with grace period of 2 years. The loan principal is payable over 11 quarters (ending January, April, July, October) with $40 million each quarter. In addition, the Company signed a new contract in October 2021 to repay the old contract. The period is from January 12, 2022 to January 12, 2027, and the quarterly repayment amount of the loan principal is about $500 thousand from January 2024.	$ 120,000	$ 300,000

(Continued)

	Details	December 31	
		2021	2020

Bank of Taiwan	The loan period is from November 12, 2019 to November 12, 2022. Repayment schedule for the principal is $40 million in February 2021 and the balance payable in 6 quarters (ending February, May, August, November) with $32 million each quarter, $18 million will be repaid one time on maturity date.	$ 114,000	$ 250,000
Unsecured borrowings			
The Export-Import Bank of the Republic of China	The loan period is from December 7, 2020 to January 7, 2022; the principal will be repaid one time on maturity date.	50,000	50,000
The Export-Import Bank of the Republic of China	The loan period is from December 14, 2020 to January 7, 2022; the principal will be repaid one time on maturity date.	50,000	50,000
O-Bank	The loan period is from September 23, 2020 to March 23, 2022; the principal will be repaid one time on maturity date.	80,000	80,000
O-Bank	The loan period is from September 13, 2021 to March 23, 2022; the principal will be repaid one time on maturity date.	20,000	-
KGI Bank	The loan period is from September 7, 2020 to September 7, 2022; the principal was repaid one time on maturity date.	100,000	100,000
		534,000	830,000
Less: Current portion		(414,000)	(290,000)
Long-term borrowings		$ 120,000	$ 540,000

(Concluded)

The annual interest rates of long-term borrowings were 1.24%-1.63% and 1.24%-1.70% as of December 31, 2021 and 2020, respectively.

18. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2021	2020
Notes payable		
From operating activities		
Non-related parties	$ 108,044	$ 115,973
Related parties	$ 41,401	$ 32,635

Trade payables

From operating activities		
Non-related parties	$ 88,236	$ 142,921
Related parties	$ 1,464	$ 20,006

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

19. OTHER PAYABLES

	December 31	
	2021	2020
Payables for salaries and bonuses	$ 63,431	$ 74,124
Payables for utilities expense	18,865	18,190
Payables for taxes	12,227	32,698
Payables for purchases of equipment	-	30,878
Others	13,216	14,023
	$ 107,739	$ 169,913

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

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

	December 31	
	2021	2020
Present value of funded defined benefit obligation	$ 183,643	$ 215,305

Fair value of plan assets	(160,078)	(192,011)
Net defined benefit liabilities	$ 23,565	$ 23,294

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2020	$ 235,945	$(209,464)	$ 26,481
Service costs			
Current service costs	1,435	-	1,435
Net interest expense (income)	1,461	(1,301)	160
Recognized in profit or loss	2,896	(1,301)	1,595
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,248)	(7,248)
Actuarial loss			
Changes in financial assumptions	3,857	-	3,857
Experience adjustments	219	-	219
Recognized in other comprehensive income	4,076	(7,248)	(3,172)
Contributions from the employer	-	(1,610)	(1,610)
Benefit paid	(27,612)	27,612	-
Balance at December 31, 2020	$ 215,305	$(192,011)	$ 23,294
Balance at January 1, 2021	$ 215,305	$(192,011)	$ 23,294
Service costs			
Current service costs	1,049	-	1,049
Net interest expense (income)	807	(723)	84
Recognized in profit or loss	1,856	(723)	1,133
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,777)	(2,777)
Actuarial loss			
Changes in demographic assumptions	4,666	-	4,666
Changes in financial assumptions	(3,143)	-	(3,143)
Experience adjustments	1,766	-	1,766
Recognized in other comprehensive income	3,289	(2,777)	512
Contributions from the employer	-	(1,374)	(1,374)
Benefit paid	(36,807)	36,807	-
Balance at December 31, 2021	$ 183,643	$(160,078)	$ 23,565

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

	For the Year Ended December 31	
	2021	2020
Operating costs	$ 865	$ 1,284
Selling and marketing expenses	132	156
General and administrative expenses	136	155
	$ 1,133	$ 1,595

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

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

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

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

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

	December 31	
	2021	2020
Discount rate	0.625%	0.375%
Expected rate of salary increase	1.250%	1.250%

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

	December 31	
	2021	2020
Discount rate		
0.25% increase	$ (3,120)	$ (3,857)
0.25% decrease	$ 3,201	$ 3,963
Expected rate of salary increase		
0.25% increase	$ 3,126	$ 3,858
0.25% decrease	$ (3,062)	$ (3,774)

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

	December 31	
	2021	2020
Expected contributions to the plans for the next year	$ 1,298	$ 1,486
Average duration of the defined benefit obligation	7 years	7.3 years

21. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2021	2020
Number of shares authorized (in thousands)	498,646	498,646
Shares authorized	$ 4,986,460	$ 4,986,460
Number of shares issued and fully paid (in thousands)	404,738	404,738
Shares issued	$ 4,047,380	$ 4,047,380

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

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, pay cash dividends or increase capital*		
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual acquisition (Note 13)	$ 10	$ 1
May be used only to offset a deficit		
Changes in percentage of ownership interests in subsidiaries	8	8
	$ 18	$ 9

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

c. Retained earnings and dividend policy

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

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

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

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

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

The Company shall appropriate to or reverse from special reserve pursuant to the provisions set forth in the Letter No. Jin-Kuang-Fa-Tzi No. 1090150022 Letter and "Following the adoption of International Financial Reporting Standards, questions and answers on special reserve". When a deduction item in equity is reversed, the reversed amount may be allocated to capital surplus.

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

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

On November 12, 2021, the Company's board of directors adopted the results of operations for the first half of 2021 and decided not to distribute dividends.

The appropriations of earnings for 2020 and 2019 were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2020	2019
Legal reserve	$ 39,625	$ 4,590
Special reserve	$ -	$ (3,121)
Cash dividends	$ 283,317	$ 60,711
Cash dividends per share (NT$)	$ 0.70	$ 0.15

The above 2020 and 2019 appropriations for cash dividends had been resolved by the Company's board of directors on March 26, 2021 and March 24, 2020, respectively; the other proposed appropriations had been resolved by the shareholders in their meetings on August 4, 2021 and June 18, 2020, respectively.

The appropriations of earnings and dividend per share for 2021 that were approved in the board of directors' meeting on March 30, 2022 were as follows:

	Appropriation of Earnings	Dividend Per Share
Legal reserve	$ 27,720	
Special reserve	773	
Cash dividends	242,843	$0.60

The above appropriation for cash dividends had been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 30, 2022.

d. Special reserve

	For the Year Ended December 31	
	2021	2020
Beginning at January 1	$ 14,135	$ 17,256
Reversals:		
Reversal of the debits to other equity items	-	(3,121)
Balance at December 31	$ 14,135	$ 14,135

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

e. Other equity items

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

	For the Year Ended December 31	
	2021	**2020**
Balance at January 1	$ 7,475	$ 7,450
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(3,107)	25
Balance at December 31	$ 4,368	$ 7,475

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

	For the Year Ended December 31	
	2021	**2020**
Balance at January 1	$ (3,020)	$ (3,444)
Recognized for the year		
Unrealized gain (loss) - equity instruments	11,756	2,114
Share from subsidiaries accounted for using the equity method	(374)	(93)
Other comprehensive income recognized for the year	11,382	2,021
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	(13,503)	(1,597)
Balance at December 31	$ (5,141)	$ (3,020)

22. REVENUE

a. Segmentation of customer contract revenue

	For the Year Ended December 31	
	2021	**2020**
Cement	$ 1,987,738	$ 2,211,093
Stone materials	392,766	645,333
Others	369,525	425,723
	$ 2,750,029	$ 3,282,149

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

	December 31, 2021	December 31, 2020	January 1, 2020

Notes receivable (Note 10)	$ 253,148	$ 487,705	$ 413,731
Notes receivable from related parties	$ 48,839	$ 26,948	$ 59,119
Trade receivables (Note 10)	$ 110,692	$ 74,085	$ 92,559
Trade receivables from related parties	$ 33,084	$ 18,868	$ 64,786
Contract liability			
Cement sales	$ 198,339	$ 342,967	$ 267,633

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

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

	For the Year Ended December 31	
	2021	**2020**
Contract liability at the beginning of the year		
Cement sales	$ 342,967	$ 267,633

23. NET PROFIT

a. Other operating income and expenses

	For the Year Ended December 31	
	2021	**2020**
Gains on disposals of property, plant and equipment	$ 1,497	$ 80

b. Interest income

	For the Year Ended December 31	
	2021	**2020**
Bank deposits	$ 1,629	$ 1,093
Loans to related parties	1,147	948
	$ 2,776	$ 2,041

c. Other income

	For the Year Ended December 31	
	2021	**2020**
Dividend income	$ 2,145	$ 3,720
Others	10,312	6,672
	$ 12,457	$ 10,392

d. Other expenses

	For the Year Ended December 31	
	2021	2020
Depreciation of leased assets	$ 3,356	$ 6,150
Others	3,502	2,673
	$ 6,858	$ 8,823

e. Interest expense

	For the Year Ended December 31	
	2021	2020
Bank loan	$ 17,296	$ 18,513
Interest on lease liabilities	1,345	1,408
	$ 18,641	$ 19,921

f. Depreciation, amortization and depletion

	For the Year Ended December 31	
	2021	2020
Property, plant and equipment	$ 90,455	$ 131,197
Right-of-use assets	40,244	44,407
Long-term prepaid expenses	15,801	12,455
Limestone mining rights	6	5
	$ 146,506	$ 188,064
Depreciation by function		
Operating costs	$ 84,512	$ 124,805
Operating expenses	42,831	44,649
Non-operating expenses	3,356	6,150
	$ 130,699	$ 175,604
Amortization by function		
Operating costs	$ 10,807	$ 6,236
Operating expenses	4,994	6,219
	$ 15,801	$ 12,455
Depletion by function		
Operating costs	$ 6	$ 5

g. Employee benefits expense

	For the Year Ended December 31	
	2021	**2020**
Post-employment benefits		
Defined contribution plan	$ 8,289	$ 8,070
Defined benefit plan	1,133	1,595
	9,422	9,665
Salary expenses	233,558	254,538
Labor and health insurance costs	23,056	22,448
Other employee benefits	14,507	15,256
Total employee benefits expense	$ 280,543	$ 301,907

(Continued)

	For the Year Ended December 31	
	2021	**2020**
An analysis of employee benefits expense by function		
Operating costs	$ 184,470	$ 188,995
Operating expenses	96,073	112,912
	$ 280,543	$ 301,907

(Concluded)

h. Compensation of employees and remuneration of directors

The Company shall appropriate 3% and not less than 5% of the profit before and before deduction of compensation of employees and remuneration of directors in the current year. The compensation of employees and the remuneration of directors for the years ended December 31, 2021 and 2020 are estimated as follows:

Accrual rate

	For the Year Ended December 31	
	2021	**2020**
Compensation of employees	3%	3%
Remuneration of directors	5%	5%

Amount

	For the Year Ended December 31	
	2021	**2020**
	Cash	**Cash**
Compensation of employees	$ 9,972	$ 13,583

Remuneration of directors	16,620	22,638

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2020 and 2019.

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

i. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2021	**2020**
Foreign exchange gains	$ 2,551	$ 2,745
Foreign exchange losses	(182)	(518)
	$ 2,369	$ 2,227

24. INCOME TAXES

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

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2021	**2020**
Current tax		
In respect of the current year	$ 2,456	$ 21,396
Adjustments for prior year	524	7
	2,980	21,403
Deferred tax		
In respect of the current year	40,627	2,873
Income tax expense recognized in profit or loss	$ 43,607	$ 24,276

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

	For the Year Ended December 31	
	2021	**2020**
Profit before tax	$ 305,812	$ 416,545
Income tax expense calculated at the statutory rate	$ 61,162	$ 83,309
Nondeductible expenses (nontaxable income) in	(13,558)	(20,218)

determining taxable income		
Land value increment tax	-	565
Unrecognized deductible temporary differences and loss carryforwards	(2,355)	(35,497)
Tax-exempt income	(4,622)	(3,890)
Basic tax payable difference	2,456	-
Adjustments for prior years' tax	524	7
Income tax expense recognized in profit or loss	$ 43,607	$ 24,276

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

b. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax liabilities		
Income tax payable	$ 2,264	$ 20,722

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Pension limit exceeded	$ 13,171	$ (47)	$ 13,124
Investment loss under equity method	61,823	(51,092)	10,731
Unrealized inventory valuation loss	13,739	-	13,739
Impairment loss on financial assets at FVTOCI	4,700	-	4,700
Gross profit from advance receipts with an issued bill of lading	2,607	718	3,325
	96,040	(50,421)	45,619
Tax loss	-	12,470	12,470
	$ 96,040	$ (37,951)	$ 58,089
Deferred tax liabilities			
Temporary differences			

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Accelerated depreciation of fixed assets	$ 20,630	$ 2,581	$ 23,211
Unrealized foreign exchange gain	33	95	128
	$ 20,663	$ 2,676	$ 23,339

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Pension limit exceeded	$ 13,174	$ (3)	$ 13,171
Investment loss under equity method	57,295	4,528	61,823
Unrealized inventory valuation loss	13,935	(196)	13,739
Impairment loss on financial assets at FVTOCI	4,700	-	4,700
Gross profit from advance receipts with an issued bill of lading	2,102	505	2,607
Unrealized foreign exchange loss	2	(2)	-
	91,208	4,832	96,040
Tax loss	10,834	(10,834)	-
	$ 102,042	$ (6,002)	$ 96,040

(Continued)

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax liabilities			
Temporary differences			
Accelerated depreciation of fixed assets	$ 23,792	$ (3,162)	$ 20,630
Unrealized foreign exchange gain	-	33	33
	$ 23,792	$ (3,129)	$ 20,663

(Concluded)

d. Income tax assessments

The income tax returns of the Company through 2019 have been assessed by the tax authorities and there is no significant difference between the reported amounts and the assessed amounts.

25. EARNINGS PER SHARE

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

Net Profit

	For the Year Ended December 31	
	2021	2020
Net profit for the year	$ 262,205	$ 392,269

Earnings Per Share

(In Thousands of Shares)

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	404,738	404,738
Effect of potentially dilutive ordinary shares		
Compensation of employees	1,083	1,131
Weighted average number of ordinary shares used in the computation of diluted earnings per share	405,821	405,869

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

26. CASH FLOW INFORMATION

a. Partial cash transactions

The Company entered into the following partial cash investing activities for the years ended December 31, 2021 and 2020:

	For the Year Ended December 31	
	2021	2020
Partial cash generated from disposal of financial assets at FVTOCI		
Proceeds from sale of financial assets at fair value through other comprehensive income	$ 224,288	$ 28,581
Changes in receivable from sale of securities (reported as other receivables)	12,192	8,577
Cash received	$ 236,480	$ 37,158
Partial cash payments for purchase of PP&E		
Acquisition of property, plant and equipment	$ 199,045	$ 74,299
Net changes in prepayment for equipment	19,265	2,940

Net changes in payable for purchase of land (reported as notes payable)	30,878	(30,878)
Cash paid	$ 249,188	$ 46,361
Partial cash generated from dividends income		
Dividend income	$ 2,145	$ 3,720
Net changes in dividends receivable (reported as other receivables)	621	(621)
Cash received	$ 2,766	$ 3,099

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2021

	Balance at January 1, 2021	Cash Flows	Non-cash Changes New Lease	Non-cash Changes Discount Amortization	Balance at December 31, 2021
Short-term borrowings	$ 150,000	$ 632,359	$ -	$ -	$ 782,359
Short-term bills payable	99,941	200,000	-	(333)	299,608
Long-term borrowings	830,000	(296,000)	-	-	534,000
Guarantee deposits received	32,503	1,307	-	-	33,810
Lease liabilities	74,023	(40,004)	73,574	-	107,593
	$ 1,186,467	$ 497,662	$ 73,574	$ (333)	$ 1,757,370

For the year ended December 31, 2020

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

27. CAPITAL MANAGEMENT

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

28. FINANCIAL INSTRUMENTS

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

There is no significant difference between the carrying amount and fair value of the financial 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

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 40,226	$ -	$ -	$ 40,226
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	$ 73,319	$ -	$ -	$ 73,319
Unlisted shares	-	-	10,688	10,688
	$ 73,319	$ -	$ 10,688	$ 84,007

December 31, 2020

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

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

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

	Financial Assets at FVTOCI - Equity Instruments	
	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 14,703	$ 19,465
Purchases	-	4,232
Return of shares after capital reduction	(7,318)	(5,125)
Sale/settlements	(624)	(326)
Recognized in other comprehensive income (included in unrealized valuation (loss) gain on financial assets at FVTOCI)	3,927	(3,543)
Balance at December 31	$ 10,688	$ 14,703

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

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

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

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

c. Categories of financial instruments

	December 31	
	2021	2020
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ 40,226	$ 6,290
Financial assets at amortized cost (1)	1,035,322	1,350,761
Financial assets at FVTOCI		
Equity instruments	84,007	42,916
Financial liabilities		
FVTPL		
Amortized cost (2)	1,925,261	1,496,360

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

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

d. Financial risk management objectives and policies

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

1) Market risk

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

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

a) Foreign currency risk

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

Sensitivity analysis

The Company is mainly exposed to the USD and RMB.

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

	USD Impact		**RMB Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2021	**2020**	**2021**	**2020**
Profit or loss	$ 8,841	$ (6)	$ (364)	$ (359)

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

b) Interest rate risk

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

	December 31	
	2021	**2020**
Cash flow interest rate risk		
Financial assets	$ 378,217	$ 379,393
Financial liabilities	1,615,967	1,079,941

<u>Sensitivity analysis</u>

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

Had interest rates increased/decreased by 25 basis points, the profit before tax in 2021 and 2020 would have decreased/increased by $3,094 thousand and $1,751 thousand, respectively, with all other variables held constant; the non-derivative instruments include floating rate loan, demand deposit and restricted asset.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be equal to the total assets shown on the balance sheets.

The policy of the Company is to only trade with counterparties with high reputation, and to require sufficient guarantee to reduce the financial loss from default.

As of December 31, 2021 and 2020, receivable accounts that each has a balance that represents 5%

or higher of total receivables, when accumulated account for 54.33% and 42.15%, respectively, of total receivables.

3) Liquidity risk

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

The Company relies on bank borrowings as a significant source of liquidity. The Company had available unutilized short-term bank loan facilities set out in (b) below.

As of December 31, 2021, the current liabilities exceeded the current assets by $675,299 thousand, and the current ratio was less than 100%. The credit standing between the Company and the bank is still good, and there is no reduction in the credit facilities during the borrowing period or frequent change of the loan bank. The Company signed a contract with the loan bank, of which there was still an unused credit facility of $861,583 thousand.

a) Liquidity and interest rate risk table

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

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities	$ 107,815	$ 118,372	$ 65,516	$ 1,191	$ 16,400
Lease liabilities	8,237	2,539	28,235	65,765	6,059
Variable interest rate liabilities	380,915	449,413	665,639	120,000	-
	$ 496,967	$ 570,324	$ 759,390	$ 186,956	$ 22,459

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities	$ 156,920	$ 226,591	$ 15,458	$ 750	$ 16,700
Lease liabilities	7,858	2,443	24,567	41,458	-
Variable interest rate liabilities	289,941	40,000	210,000	540,000	-
	$ 454,719	$ 269,034	$ 250,025	$ 582,208	$ 16,700

b) Financing facilities

	December 31	
	2021	2020
Unsecured facilities		
Amount used	$ 818,213	$ 491,543
Amount unused	377,787	160,665

	$ 1,196,000	$ 652,208

(Continued)

	December 31	
	2021	2020
Secured facilities		
Amount used	$ 817,100	$ 650,000
Amount unused	483,796	1,424,800
	$ 1,300,896	$ 2,074,800

(Concluded)

29. TRANSACTIONS WITH RELATED PARTIES

a. Related party name and category

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

Related Party Name	Related Party Category
Subsidiary	
Dasheng Enterprise	Subsidiary of the Company
Luckicon Ready-mixed Co.	Subsidiary of the Company
Lucky Cement Japan	Subsidiary of the Company
Luckyship Co.	Subsidiary of the Company
Fuyu Development Co., Ltd. ("Fuyu Development")	Subsidiary of Luckicon Ready-mixed Co.
Other related party	
Yung-Sheng Development Enterprise Co., Ltd. ("Yung-Sheng Development")	The chairman is also the chairman of the Company
Liang-Chuan Cultural and Educational Foundation ("Liang-Chuan Foundation")	The chairman is also the chairman of the Company
Fudong Freight Co., Ltd. ("Fudong Freight")	The chairman is first-degree relative of the chairman of the Company
East Life Biotech Co., Ltd. ("East Life Biotech")	The chairman is also the Company the chairman of the Company
Jia Fu Entertainment Co., Ltd. ("Jia Fu Entertainment")	The chairman is first-degree relative of the chairman of the Company
Wantong Product Insurance Brokerage Co., Ltd. ("Wantong Product Insurance")	The chairman is first-degree relative of the chairman of the Company
Lucky Construction Co., Ltd. ("Lucky Construction")	The chairman is first-degree relative of the chairman of the Company
Kuochuan Development Co., Ltd. ("Kuochuan Development")	The chairman is first-degree relative of the chairman of the Company
Changheng Investment Co. ("Changheng Investment")	The company is major shareholder of the Company
Jinli Investment Co., Ltd. ("Jinli Investment")	The company is major shareholder of the Company
Fuan Mining Co., Ltd. ("Fuan Mining")	A manger in the company is spouse of a first-degree relative of the chairman of the

Company

b. Business transaction

Line Item	Related Party Name	For the Year Ended December 31	
		2021	2020
Sale of goods	Luckicon Ready-mixed Co.	$ 350,070	$ 605,122
	Subsidiary	56	-
	Other related parties	364	905
		$ 350,490	$ 606,027
Purchases of goods	Fuan Mining	$ 173,133	$ 297,363
	Subsidiary	2,827	1,598
	Other related parties	28,789	41,671
		$ 204,749	$ 340,632
Operating costs - transportation expenses	Subsidiary	$ 7,366	$ 19,248
	Other related parties	17,834	46,730
		$ 25,200	$ 65,978
Operating costs - manufacturing expenses	Other related parties	$ 360	$ 307
Operating expenses	Other related parties	$ 4,466	$ 2,698
Non-operating income - other revenue	Other related parties	$ 1,200	$ 1,200

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

c. Receivables from related parties

Line Item	Related Party Name	December 31	
		2021	2020
Notes receivable	Luckicon Ready-mixed Co.	$ 48,028	$ 26,948
	Subsidiary	811	-
		$ 48,839	$ 26,948
Trade receivables	Luckicon Ready-mixed Co.	$ 33,025	$ 18,868
	Subsidiary	59	-
		$ 33,084	$ 18,868
Other payables - current	Subsidiary	$ 110	$ 147

(excluding loan from related parties)	Other related parties	16	6
		$ 126	$ 153

The outstanding trade receivables from related parties are unsecured. As of December 31, 2021 and 2020, no impairment losses were recognized for trade receivables from related parties.

		December 31	
Line Item	**Related Party Name**	**2021**	**2020**
Notes payable	Fuan Mining	$ 39,683	$ 23,763
	Other related parties	1,703	7,833
	Subsidiary	15	1,039
		$ 41,401	$ 32,635
Trade payables	Fuan Mining	$ -	$ 16,876
	Other related parties	1,464	3,130
		$ 1,464	$ 20,006
Other payables	Subsidiary	$ 1,747	$ 1,001
	Other related parties	2,511	8,289
		$ 4,258	$ 9,290

The outstanding trade payables to related parties are unsecured.

e. Contract liabilities

	December 31	
Related Party Name	**2021**	**2020**
Subsidiary	$ 7,550	$ 9,872

f. Refundable deposits

	December 31	
Related Party Name	**2021**	**2020**
Dasheng Enterprise	$ 159,000	$ 159,000

g. Acquisition of property, plant and equipment

	Purchase Price For the Year Ended December 31	
Related Party Name	**2021**	**2020**
Subsidiary	$ -	$ 680

The Company purchased transportation equipment from its subsidiary, and the purchase price was negotiated.

h. Lease arrangements

Lease arrangements - the Company is lessor under operating leases

Future lease payments receivable are as follows:

	December 31	
Related Party Name	**2021**	**2020**
Fuyu Development	$ 8,100	$ 8,136
Subsidiary	5,210	2,815
Fudong Freight	3,788	1,968
Other related parties	288	432
	$ 17,386	$ 13,351

Lease income was as follows:

	For the Year Ended December 31	
Related Party Name	**2021**	**2020**
Fuyu Development	$ 8,064	$ 8,060
Subsidiary	1,891	1,861
Fudong Freight	1,396	2,323
Other related parties	142	132
	$ 11,493	$ 12,376

The rental amounts and collection methods are negotiated.

i. Loans from related parties (including interest receivable)

		December 31	
Line Item	**Related Party Name**	**2021**	**2020**
Other receivables related parties	Dasheng Enterprise	$ 9,309	$ 61,236
	Luckyship Co.	-	9
		$ 9,309	$ 61,245

		For the Year Ended December 31	
		2021	**2020**
Interest revenue	Subsidiary	$ 1,147	$ 948

The Company provides loans to its subsidiaries. The interest rate ranges were 1.43%-1.68% and 1.68%-1.91% in 2021 and 2020, respectively.

j. Endorsement guarantee

	Related Party Name	December 31 2021	December 31 2020
Endorsement guarantee for others	Subsidiary	$ 1,052,025	$ 1,003,815

The company make endorsement or guarantees for the subsidiary, refer to Note 34 and Table 2.

k. Remunerations of key management personnel

	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Short-term employee benefits	$ 33,545	$ 38,641
Post-employment benefits	408	429
	$ 33,953	$ 39,070

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

30. ASSETS PLEDGED AS COLLATERAL

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

	December 31 2021	December 31 2020
Property, plant and equipment - long-term guarantee	$ 726,909	$ 732,873
Restricted assets (reported as financial assets at amortized cost - current)		
Short-term guarantee	76,000	65,000
Restricted assets (reported as financial assets at amortized cost - non-current)		
Mining rights guarantee	202,326	164,062
	$ 1,005,235	$ 961,935

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

a. As of December 31, 2021 and 2020, the Company signed a contract for purchase of property, plant and equipment; the unpaid amounts were $196,001 thousand and $270,705 thousand, respectively.

b. As of December 31, 2021 and 2020, unused letters of credit for purchases of raw materials amounted to approximately $18,954 thousand and $61,543 thousand, respectively.

32. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD:

a. On March 9, 2022, the board of directors of Dasheng Enterprise resolved to sell thirteen pieces of lands, including Daitianfu Section, Anle District and Keelung City, to non-related parties for $1,746,951 thousand; the installment payments were collected according to the terms of contract.

b. As the above thirteen plots of land had been sold, the board of directors of the subsidiary Dasheng Enterprise submitted a report to cancel the joint construction on March 30, 2022 and signed a sub-sale agreement with the Company to return the joint construction deposit of $159,000 thousand on May 8, 2024

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

(In Thousands of New Taiwan Dollars and Foreign Currencies)

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 52	27.68 (USD:NTD)	$ 1,433
RMB	1,674	4.328 (RMB:NTD)	7,273
JPY	26	0.2405 (JPY:NTD)	6
Non-monetary items - investments accounted for using equity method			
JPY	82,345	0.2405 (JPY:NTD)	19,804
Financial liabilities			
Monetary items			
USD	6,469	27.68 (USD:NTD)	178,259

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 5	28.48 (USD:NTD)	$ 129
RMB	1,641	4.3770 (RMB:NTD)	7,181
JPY	26	0.2763 (JPY:NTD)	7
Non-monetary items - investments accounted for using equity method			

JPY	89,942	0.2763 (JPY:NTD)	24,851

Foreign exchange gains (realized and unrealized) of the Company in 2021 and 2020 were $2,369 thousand and $2,227 thousand, respectively. Because of the variety of foreign currency transactions, it is not practical to disclose exchange gains and losses by foreign currency.

34. ADDITIONAL DISCLOSURES

a. Information about significant transactions:

1) Financing provided to others: Please see Table 1 attached;

2) Endorsements/guarantees provided: Please see Table 2 attached;

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Please see Table 3 attached;

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None;

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None;

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None;

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please see Table 4 attached;

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None;

9) Trading in derivative instruments: None;

b. Information on investees: Please see Table 5 attached.

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: None;

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: None.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: None.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None.

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

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Please see Table 6 attached.

TABLE 1

LUCKY CEMENT CO.

FINANCINGS PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Financing Company	Counterparty	Financial Statement Account	Maximum Balance in Current Period	Related Party	Ending Balance (Note 4)	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 1)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 3)
													Name	Value		
0	Lucky Cement Co.	Dasheng Enterprise	Other receivables from related parties	$ 200,000	Yes	$ 200,000	$ 9,300	1.4316	b.	$ -	Operating turnover	$ -	-	-	$ 464,551	$ 1,858,204
		Luckyship Co.	Other receivables from related parties	20,000	Yes	20,000	-	1.4316	b.	-	Operating turnover	-	-	-	464,551	1,858,204
						$ 220,000										

Note 1: The nature of financing is as follows:

a. Party with business.
b. Party with short-term financing need.

Note 2: Financing of Lucky Cement Co. to a more than 50% owned subsidiary should not be more than 10% of the net value of Lucky Cement Co. at end of year; For a subsidiary that is 20% to 50% owned, loan should not be more than 5% of the net value of Lucky Cement Co. at end of year; for less than 20% owned subsidiary, loan should not be more than 2% of the net value of Lucky Cement Co. at end of year.

Note 3: The limit is 40% of net value of the financing company at end of the year.

Note 4: The amount is approved by the board of directors.

LUCKY CEMENT CO.

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement / Guarantee Amount Provided to Each Guaranteed Party (Note 1)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement / Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement / Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement / Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	Lucky Cement Co.	Dasheng Enterprise	Subsidiary	$ 1,858,204	$ 620,000	$ 620,000	$ 605,000	$ 120,000 (Note 3)	13.35	$ 2,322,755	Y	-	-	
		Luckicon Ready-mixed Co.	Subsidiary	1,858,204	420,000	420,000	135,000	-	9.04	2,322,755	Y	-	-	
		Lucky Cement Japan	Subsidiary	1,858,204	13,580	12,025	-	-	0.26	2,322,755	Y	-	-	
						$ 1,052,025								

Note 1: The upper limit that Lucky Cement Co. endorses for single company shall not exceed 10% of the net value of Lucky Cement Co. and shall not exceed 40% of the net value of subsidiary.

Note 2: The endorsement approved in the meeting of shareholders shall not exceed 50% of the net value of Lucky Cement Co.

Note 3: The certificate of deposit of NT$60,000 thousand is provided as collateral which is recognized as financial assets at amortized cost - restricted asset.

LUCKY CEMENT CO.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2021				Note
				Shares/Units	Carrying Value	(%)	Fair Value (Notes 1 and 2)	
Lucky Cement Co.	Fund							
	Cathay Global Autonomous and Electric Vehicles ETF	-	Financial assets at FVTPL - current	2,000,000	$ 33,480	-	$ 33,480	
	FSITC Global Vedio Gaming & eSports Fund	-	Financial assets at FVTPL - current	500,000	5,835	-	5,835	
	O-Bank No.1 Real Estate Investment Trust	-	Financial assets at FVTPL - current	100,000	911	-	911	
	Non-listed common stock							
	Jonfeng Mining Co., Ltd	-	Financial assets at FVTOCI - noncurrent	1,283,068	10,688	10.58	10,688	
	Listed ordinary shares							
	Yang Ming Marine Transport Corp.	-	Financial assets at FVTOCI - current	200,000	24,200	0.01	24,200	
	Evergreen Marine Corp. (Taiwan) Ltd.	-	Financial assets at FVTOCI - current	100,000	14,250	-	14,250	
	Asia Cement Corporation	-	Financial assets at FVTOCI - current	165,000	7,309	-	7,309	
	Far Eastern New Century Corporation	-	Financial assets at FVTOCI - current	200,000	5,860	-	5,860	
	Taiwan Cement Corp	-	Financial assets at FVTOCI - current	105,148	5,047	-	5,047	
	U-Ming Marine Transport Corporation	-	Financial assets at FVTOCI - current	78,000	4,711	0.01	4,711	
	United Microelectronics Corporation	-	Financial assets at FVTOCI - current	72,351	4,703	-	4,703	
	Winbond Electronics Corp.	-	Financial assets at FVTOCI - current	130,181	4,426	-	4,426	
	Medigen Biotechnology Corporation	-	Financial assets at FVTOCI - current	28,628	1,643	0.02	1,643	
	Sanitar Co., Ltd.	-	Financial assets at FVTOCI - current	24,000	886	0.03	886	
	China Development Financial	-	Financial assets at FVTOCI - current	13,496	236	-	236	
	First Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - current	926	23	-	23	
	Capital Securities Corp.	-	Financial assets at FVTOCI - current	875	15	-	15	
	Hua Nan Financial Holdings Co., Ltd.	-	Financial assets at FVTOCI - current	457	10	-	10	
Luckyship Marine Co.	Non-listed common stock							
	Jonfeng Mining Co., Ltd.	-	Financial assets at FVTOCI - noncurrent	42,068	350	0.35	350	
Luckicon Ready-mixed Co.	Fund							
	Mega Danish Covered Mortgage Bond Index Fund	-	Financial assets at FVTPL - current	500,000	4,706	-	4,706	

Note 1: Financial assets at FVTPL: Fair value is based on the net asset value of funds on December 30, 2021.

Note 2: Financial assets at FVTOCI: Fair value of listed shares is based on their closing price on December 30, 2021. Fair value of non-listed shares is estimated by the fair value method.

LUCKY CEMENT CO.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases / Sales	Amount	% to Total	Payment Terms	Unit Price	Credit Period	Ending Balance	% to Total	
Lucky Cement Co.	Luckicon Ready-mixed Co.	Subsidiary	Sale	$(350,070)	(12.73)	About 90 days	Similar to general transactions	Similar to general transactions	Accounts receivable $ 33,025	7.41	
									Notes receivable 48,028	10.77	
	Fuan Mining Co., Ltd.	Other related parties	Purchase	173,133	14.43	About 90 days	Agreed	Similar to general transactions	Trade payables -	-	
									Notes payable (39,683)	(16.59)	

TABLE 5

LUCKY CEMENT CO.

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Address	Main Businesses and Products	Original Investment Amount (Note 3)		Balance as of December 31, 2021			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized	Note
				December 31, 2021	December 31, 2020	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	$ 2,367,473	$ 2,167,473	157,295,883	99.99	$ 2,482,542	$ 1,830	$ 1,830	
	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	350,000	350,000	47,000,000	100.00	729,188	87,726	87,759 (Note 4)	
	Just Bright Ltd.	Tropic Isle Building, PO Box 438, Road Town, Tortola, British Virgin Islands	Investment business	-	-	-	-	-	-	-	Note 2
	Lucky Cement Corp., Japan	Aichi, Japan hekinan Yu Jin-Pu-cho 12 gu	Cement trading	82,300	82,300	6,800	100.00	19,805	(1,939)	(1,939)	
	Luckyship Marine Co.	13F., No. 237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Shipping agent	88,615	88,615	2,000,000	100.00	25,623	(9,432)	(9,427) (Note 5)	
Luckicon Ready-mixed Co.	Fuyu Development Company	13F., No. 237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	On land clay and stone quarrying	12,571	12,571	1,000,000	100.00	7,752	(973)	(973)	

Note 1: The amounts were based on audited financial statements.

Note 2: The Company's board of directors resolved in its meeting on December 27, 2019 to discontinue the operations of its subsidiary, Just Bright Ltd.; the cancellation was completed in May 2021.

Note 3: The original investment amount shown is the amount prior to capital reduction to make up for the losses.

Note 4: The difference is upstream transactions realized gain of $33 thousand.

Note 5: The difference is downstream transactions unrealized loss of $5 thousand.

TABLE 6

LUCKY CEMENT CO.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Changheng Investment Co.	52,631,034	13.00
East Life Biotech Co.	30,378,008	7.50
Jinli Investment Co.	25,230,451	6.23
RI KON Construction Co.	22,658,066	5.59
Yung-Sheng Development Enterprise Co.	22,514,509	5.56
Lucky Construction Co.	22,091,152	5.45

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter. The share capital in the financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

Lucky Cement Co. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2020 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as of and for the year ended December 31, 2021 as provided in International Financial Reporting Standard No. 10 "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies as of and for the year ended December 31, 2021. Hence, we did not prepare a separate set of consolidated financial statements of affiliates for the year ended December 31, 2021.

Very truly yours,

LUCKY CEMENT CO.

By

CHEN, LIANG-CHUAN
Chairman

March 30, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Lucky Cement Co.

Opinion

We have audited the accompanying consolidated financial statements of Lucky Cement Co. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FCS) of the Republic of China.

Basis of Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the consolidated financial statements for the year ended December 31, 2021 are as follows:

Occurrence of Sales Revenue from Key Customers

The Group's sales revenue mainly comes from sales of cement, stone materials and other cement products. The net sales revenue of the Group in 2021 was lower than in 2020. However, the net sales revenue from key customers had increased compared to previous year, which accounted for 15% of the total sales revenue in 2021. Therefore, we deemed the occurrence of sales as a significant risk and key audit matter.

Refer to Note 4(11) to the consolidated financial statements for accounting policies on revenue recognition and Note 24(1) for the disclosures related to the operating revenue.

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

1. We obtained an understanding of the internal control procedures over the sales revenue and assessed the design and effectiveness of the implementation of internal controls.

2. We obtained the summary of sales to the key customers for the year; we tested the completeness of the summary, selected samples from the summary, and examined supporting vouchers, shipping documents, delivery receipts, invoices, etc. and verified the occurrence of sales.

3. We inspected the sales ledger for any significant sales returns and allowances recorded after the balance sheet date and verified that the returns and allowances were related to sales after the balance sheet date.

Other Matter

We have also audited the parent company only financial statements of Lucky Cement Co. as of and for the years ended December 31, 2021 and 2020, on which we have issued an unmodified opinion.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group’s financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chao-Mei Chen and Chiang-Hsun Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 30, 2022

<u>Notice to Readers</u>

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 audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying 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' report and consolidated financial statements shall prevail.

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Notes 4 and 6)	$ 220,238	3	$ 320,535	4
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	44,932	1	11,296	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	73,319	1	34,126	1
Financial assets at amortized cost - current (Notes 4, 9 and 32)	111,953	1	101,335	1
Notes receivable (Notes 4, 10 and 24)	297,280	4	573,958	7
Notes receivable from related parties (Notes 4, 24 and 31)	6,571	-	235	-
Accounts receivable (Notes 4, 10 and 24)	418,395	5	492,996	6
Accounts receivable from related parties (Notes 4, 24 and 31)	3,250	-	5,764	-
Other receivables (Notes 4 and 10)	2,613	-	15,422	-
Other receivables from related parties (Notes 4 and 31)	247	-	313	-
Inventories (Notes 4, 11 and 32)	3,676,472	46	3,545,586	44
Prepayments (Note 13)	233,445	3	160,658	2
Other current assets (Note 14)	29,292	-	22,734	1
Total current assets	5,118,007	64	5,284,958	66
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	-	-	8,734	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	11,038	-	14,994	-
Financial assets at amortized cost - non-current (Notes 4, 9 and 32)	202,326	2	164,062	2
Property, plant and equipment (Notes 4, 15 and 32)	2,302,034	29	2,223,887	28
Right-of-use assets (Notes 4 and 16)	155,588	2	79,560	1
Deferred tax assets (Notes 4 and 26)	75,217	1	120,156	2
Refundable deposits	18,427	-	20,580	-
Other non-current assets (Notes 4, 17 and 21)	159,073	2	110,376	1
Total non-current assets	2,923,703	36	2,742,349	34
TOTAL	$ 8,041,710	100	$ 8,027,307	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 18 and 32)	$ 928,359	12	$ 320,000	4
Short-term bills payable (Notes 18 and 32)	404,424	5	189,588	2
Contract liabilities (Note 24)	190,789	2	333,095	4
Notes payable (Note 19)	214,743	3	345,327	4
Notes payable to related parties (Notes 19 and 31)	43,148	1	39,596	1
Accounts payable (Note 19)	123,370	1	241,920	3
Accounts payable to related parties (Notes 19 and 31)	2,046	-	20,006	-
Other payables (Note 20)	138,507	2	208,340	3
Other payables to related parties (Note 31)	2,511	-	78,338	1
Current tax liabilities (Note 26)	17,477	-	46,463	1
Lease liabilities - current (Notes 4 and 16)	51,476	1	37,081	-
Current portion of long-term borrowings (Notes 18 and 32)	914,000	11	290,000	4
Other current liabilities	1,537	-	1,508	-
Total current liabilities	3,032,387	38	2,151,262	27
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 18 and 32)	120,000	2	1,040,000	13
Deferred tax liabilities (Notes 4 and 26)	23,818	-	20,663	-
Lease liabilities - non-current (Notes 4 and 16)	105,376	1	43,161	1
Other payables to related parties (Note 31)	45,800	1	45,800	1
Net defined benefit liabilities (Notes 4 and 21)	34,745	-	36,798	-
Guarantee deposits received	34,010	-	32,704	-
Total non-current liabilities	363,749	4	1,219,126	15
Total liabilities	3,396,136	42	3,370,388	42
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital				
Common stock	4,047,380	50	4,047,380	50
Capital surplus	18	-	9	-
Retained earnings				
Legal reserve	210,524	3	170,899	2
Special reserve	14,135	-	14,135	-
Unappropriated earnings	374,225	5	419,967	6
Total retained earnings	598,884	8	605,001	8
Other equity	(773)	-	4,455	-
Total equity attributable to owners of the Company	4,645,509	58	4,656,845	58
NON-CONTROLLING INTERESTS (Note 23)	65	-	74	-
Total equity	4,645,574	58	4,656,919	58
TOTAL	$ 8,041,710	100	$ 8,027,307	100

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

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE(Notes 4, 24 and 31)				
Sales	$ 3,772,443	100	$ 4,533,370	100
Less: Discounts and allowances	(3,421)	-	(3,198)	-
Total operating revenue	3,769,022	100	4,530,172	100
OPERATING COSTS (Notes 11, 25 and 31)	3,208,996	85	3,813,497	84
GROSS PROFIT	560,026	15	716,675	16
OPERATING EXPENSES (Notes 10, 25 and 31)				
Selling and marketing expenses	111,495	3	119,454	3
General and administrative expenses	119,664	3	138,745	3
Expected credit loss	3,740	-	2,042	-
Total operating expenses	234,899	6	260,241	6
OTHER OPERATING INCOME AND EXPENSES (Note 25)	13,442	-	(8,959)	-
PROFIT FROM OPERATIONS	338,569	9	447,475	10
NON-OPERATING INCOME AND EXPENSES (Notes 15, 25 and 31)				
Interest income	1,943	-	1,591	-
Rental income	8,564	-	8,336	-
Other income	16,030	1	12,349	-
Gain on disposal of investments	436	-	-	-
Gain on disposal of non-current assets held for sale	-	-	15,724	1
Foreign exchange gain	2,179	-	1,865	-
Fair value changes of financial assets	13,374	-	(538)	-
Other losses	(7,706)	-	(10,448)	-
Interest expense	(32,077)	(1)	(31,946)	(1)
Total non-operating income and expenses	2,743	-	(3,067)	-
PROFIT BEFORE INCOME TAX	341,312	9	444,408	10
INCOME TAX EXPENSE (Notes 4 and 26)	(79,107)	(2)	(52,139)	(1)

NET PROFIT FOR THE YEAR	262,205	7	392,269	9

(Continued)

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 21)	$ 1,492	-	$ 2,380	-
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	11,885	-	1,997	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(3,107)	-	25	-
Unrealized gain on investments in debt instruments at fair value through other comprehensive income	(503)	-	24	-
Other comprehensive income, net of income tax	9,767	-	4,426	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 271,972	7	$ 396,695	9
NET PROFIT ATTRIBUTABLE TO:				
Shareholders of the Company	$ 262,205	7	$ 392,269	9
Non-controlling interests	-	-	-	-
	$ 262,205	7	$ 392,269	9
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Shareholders of the Company	$ 271,972	7	$ 396,695	9
Non-controlling interests	-	-	-	-
	$ 271,972	7	$ 396,695	9
EARNINGS PER SHARE (Note 27)				
Basic	$ 0.65		$ 0.97	
Diluted	$ 0.65		$ 0.97	

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

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company									
			Retained Earnings			Other Equity				
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Non-controlling Interests	Total Equity
BALANCE, 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)	-	-	-	-	-
Cash dividend to shareholders - NT$0.15 per share	-	-	-	-	(60,711)	-	-	(60,711)	-	(60,711)
Special reserve	-	-	-	(3,121)	3,121	-	-	-	-	-
Net profit for the year ended December 31, 2020	-	-	-	-	392,269	-	-	392,269	-	392,269
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	2,380	25	2,021	4,426	-	4,426
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	394,649	25	2,021	396,695	-	396,695
Difference between consideration and carrying amount of subsidiaries acquired (Note 12)	-	1	-	-	-	-	-	1	(3)	(2)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 23)	-	-	-	-	1,597	-	(1,597)	-	-	-
BALANCE AT DECEMBER 31, 2020	4,047,380	9	170,899	14,135	419,967	7,475	(3,020)	4,656,845	74	4,656,919
Appropriation of 2020 earnings										
Legal reserve	-	-	39,625	-	(39,625)	-	-	-	-	-
Cash dividend to shareholders - NT$0.70 per share	-	-	-	-	(283,317)	-	-	(283,317)	-	(283,317)
Net profit for the year ended December 31, 2021	-	-	-	-	262,205	-	-	262,205	-	262,205
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	1,492	(3,107)	11,382	9,767	-	9,767
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	263,697	(3,107)	11,382	271,972	-	271,972
Difference between consideration and carrying amount of subsidiaries acquired	-	9	-	-	13,503	-	-	13,512	(9)	13,503
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 23)	-	-	-	-	-	-	(13,503)	(13,503)	-	(13,503)
BALANCE AT DECEMBER 31, 2021	$ 4,047,380	$ 18	$ 210,524	$ 14,135	$ 374,225	$ 4,368	$ (5,141)	$ 4,645,509	$ 65	$ 4,645,574

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

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 341,312	$ 444,408
Adjustments for:		
Depreciation expense	152,136	194,212
Amortization and depletion expense	15,807	12,460
Expected credit loss recognized on trade receivables	3,740	2,042
Net (gain) loss on fair value changes of financial assets at fair value through profit or loss	(13,374)	538
Interest expense	32,077	31,946
Interest income	(1,943)	(1,591)
Dividend income	(2,145)	(3,720)
Gain on disposal of investments	(436)	-
(Gain) loss on disposal of property, plant and equipment	(13,442)	8,959
Gain on disposal of non-current assets held for sale	-	(15,724)
Inventory write-downs	1,691	-
Gain on lease modification	-	(10)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(30,402)	4,592
Notes receivable	276,678	(85,197)
Notes receivable from related parties	(6,336)	4,737
Accounts receivable	70,861	(82,918)
Accounts receivable from related parties	2,514	1,686
Other receivables	(1,330)	190
Other receivables from related parties	66	(158)
Inventories	(132,577)	(29,514)
Prepayments	(72,787)	4,148
Other current assets	(6,558)	334
Other non-current assets	(34)	(102)
Contract liabilities	(142,306)	73,664
Notes payable	(130,584)	143,265
Notes payable to related parties	11,552	(3,060)
Accounts payable	(118,550)	117,789
Accounts payable to related parties	(17,960)	(15,526)
Other payables	(38,989)	35,093
Other payables to related parties	(5,778)	7,008
Other current liabilities	29	(1,008)
Net defined benefit liabilities	(561)	(950)
Cash generated from operations	172,371	847,593
Interest received	2,007	2,441
Interest paid	(32,256)	(32,119)
Income tax (paid) refunded	(59,999)	14,142

Net cash generated from operating activities	82,123	832,057

(Continued)

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	$(260,941)	$ (39,221)
Proceeds from sale of financial assets at fair value through other comprehensive income	242,289	37,173
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	7,387	5,125
Purchase of financial assets at amortized cost	(48,882)	(39,644)
Proceeds from sale of non-current assets held for sale	-	20,741
Payments for property, plant and equipment	(273,101)	(654,165)
Proceeds from disposal of property, plant and equipment	41,688	80
Decrease in refundable deposits	2,153	328
Decrease in other receivables	-	65,000
Increase in other non-current assets	(6,030)	(18,218)
Other dividends received	2,766	3,099
Net cash used in investing activities	(292,671)	(619,702)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	608,359	87,300
Increase in short-term bills payable	215,000	-
Decrease in short-term bills payable	-	(30,000)
Proceeds from long-term borrowings	220,000	200,000
Repayments of long-term borrowings	(516,000)	(350,000)
Increase in guarantee deposits received	1,306	1,904
Increase in notes payable to related parties	-	8,000
Decrease in notes payable to related parties	(8,000)	-
Increase in other payable to related parties	-	70,000
Decrease in other payable to related parties	(70,000)	-
Repayment of the principal portion of lease liabilities	(54,737)	(51,753)
Cash dividends paid	(283,317)	(60,711)
Acquisition of subsidiary	-	(2)
Net cash used in financing activities	112,611	(125,262)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(2,360)	16
NET (DECREASE) INCREASE IN CASH	(100,297)	87,109
CASH AT THE BEGINNING OF YEAR	320,535	233,426

CASH AT THE END OF YEAR	$ 220,238	$ 320,535

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

LUCKY CEMENT CO. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

The consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") are presented in Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 30, 2022.

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

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

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

b. The IFRSs endorsed by the FSC for application starting from 2022

New IFRSs	Effective Date Announced by IASB
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 1)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 2)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 3)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 4)

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

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group had assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

The Group is also engaged in construction and development of properties; its operating cycle is longer than 1 year. Its assets and liabilities related to the construction business are not classified as current or non-current under normal operating cycle but presented according to the order of their perceived liquidity to non-liquidity.

d. Basis of consolidation

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

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

Refer Note 12 and Note 36(5) for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

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

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

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

f. Inventories

Inventories consist of raw materials, supplies and spare parts, finished goods, work-in-process, merchandise and real estate under development and real estate to be developed and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date. The construction cost of property inventories is calculated according to the proportion of an area to the total area of a building floor; the principle is to match construction cost with property sales revenue; operating costs are recognized at the end of the reporting period.

Land for development is classified as real estate to be developed while being prepared for construction, and classified as real estate under development when it is actively being developed and has obtained a construction permit.

g. Property, plant and equipment

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

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

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

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

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

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

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

i. Non-current assets held for sale

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

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

j. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial asset at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 30.

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

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

ii) Breach of contract, such as a default;

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

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

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

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

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and investments in debt instruments that are measured at FVTOCI.

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

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

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

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

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

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

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

k. Revenue recognition

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

Revenue from sale of goods

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

l. Leasing

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

1) The Group as lessor

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

2) The Group as lessee

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

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

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

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

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

m. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

o. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current tax and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

6. CASH

	December 31	
	2021	2020
Cash on hand and revolving funds	$ 1,334	$ 1,432
Checking accounts and demand deposits	205,848	309,601
Foreign currency demand deposits	13,056	9,502
	$ 220,238	$ 320,535

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
Current		
Financial assets mandatorily classified as at FVTPL - mutual funds	$ 44,932	$ 11,296
Non-current		
Financial assets mandatorily classified as at FVTPL - mutual funds	$ -	$ 8,734

In May 2021, the Group purchased fund beneficiary certificates which were classified as non-current financial assets at fair value through profit or loss. The Group decided to settle and distribute its real estate to investors. Because the transfer procedures of the real estate allocated by the Group have not been completed, it was recorded in other non-current assets - prepayments for investment property.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	2020
Current		
Investments in equity instruments	$ 73,319	$ 28,213
Investments in debt instruments	-	5,913
	$ 73,319	$ 34,126
Non-current		
Investments in Equity instruments	$ 11,038	$ 14,994

a. Investments in Equity instruments at FVTOCI

	December 31	
	2021	2020
Current		
Domestic investments - ordinary shares	$ 73,319	$ 28,213
Non-current		
Domestic investments - ordinary shares	$ 11,038	$ 14,994

For information on the above investments, refer to Note 36 Schedule 3 “Marketable Securities Held”.

For other relevant information on financial assets measured at FVTOCI, refer to Note 23(5) and Note 30.

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

The Group disposed its shares that had a fair value of $224,288 thousand and $28,596 thousand. The shares related unrealized valuation gain of $13,503 thousand and $1,597 thousand were transferred from other equity to retained earnings in 2021 and 2020, respectively.

Dividends of $2,145 thousand and $3,720 thousand were recognized in 2021 and 2020, respectively.

The Group received return of capital of $7,387 thousand and $5,125 thousand when the invested company reduced capital in 2021 and 2020, respectively.

b. Investments in debt instruments at FVTOCI

	December 31	
	2021	2020
Current		
Domestic investment		
Bond investment	$ -	$ 5,913

The bond held by the Group have a coupon rate of 3.375% in 2020.

The bond issuer implemented the early redemption of bonds in October 2021, with a redemption price of 5,809 thousand, refer to Note 23(5) “Other equity items”.

For credit risk management of investment in debt instruments, the Group invests only in debt instruments with low credit risk after impairment assessments. The Group's current credit risk grading mechanism is as follows:

Category	Description	Basis for Recognizing Expected Credit Losses (ECLs)
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECLs
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECLs - not credit impaired
In default	There is evidence indicating the asset is credit impaired	Lifetime ECLs - credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The Group assesses that the debtor's credit risk is low and that it has sufficient ability to pay off the contractual cash flows. As of December 31, 2020, there was no expected credit loss for investment in debt instruments.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
Current		
Time deposits with original maturities of more than 3 months	$ 7,273	$ 7,155
Restricted assets	104,680	94,180
	$ 111,953	$ 101,335
Non-current		
Restricted assets	$ 202,326	$ 164,062

a. The interest rates of time deposits with original maturities of more than 3 months were approximately 2.30% and 2.35% per annum as of December 31, 2021 and 2020, respectively.

b. The restricted assets - current are savings deposits and certificate of deposit that are provided as guarantees for bank loan and construction contract; market interest rate ranges were approximately 0.0007%-0.56% per annum both of December 31, 2021 and 2020.

c. The restricted assets - non-current are certificate of deposit in the bank that is pledged as the security of mining right, which has market interest rate range of approximately 0.10%-0.82% per annum both of December 31, 2021 and 2020.

d. Refer to Note 32 for information relating to investments in financial assets at amortized cost pledged as security.

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

	December 31	
	2021	2020
Notes receivable		
At amortized cost		
Gross carrying amount	$ 297,280	$ 573,958
Trade receivables		
At amortized cost		
Gross carrying amount	$ 437,338	$ 508,199
Less: Allowance for impairment loss	(18,943)	(15,203)
	$ 418,395	$ 492,996
Other receivables		
Sale of securities	$ 624	$ 12,816
Other	1,989	2,606
	$ 2,613	$ 15,422
Overdue receivables		
Overdue receivables	$ 28,743	$ 28,743
Less: Allowance for impairment loss	(28,743)	(28,743)
	$ -	$ -

a. Notes receivable

The average credit period of sales of goods was 60-150 days. No interest is charged on notes receivable. In order to minimize credit risk, the management of the Group has delegated a team for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The Group recognizes 100% allowance for impairment loss if notes receivable become overdue.

Notes receivable of the Group are not overdue at the date of balance sheet.

b. Trade receivables

The average credit period of sales of goods is 60-150 days. No interest is charged on trade receivables. In order to minimize credit risk, the management of the Group has delegated a team for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts.

The Group measure the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, as well as the GDP forecasts and industry outlook. The Group's provision matrixes are prepared by reference to if the customer were in severe financial difficulty. The Group recorded a 100% of loss allowance when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery; If the customer were not in severe financial difficulty, 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 trade receivables based on the Group's provision matrix.

December 31, 2021

	Not Past Due	Past Due within 30 Days	Past Due 31 to 60 Days	Past Due 61 to 180 Days	Past Due Over 181 Days	Assessed Individually	Total
Expected credit loss rate	0%-0.69%	8.90%	15.60%	22.03%-71.86%	100%	100%	
Gross carrying amount	$ 406,784	$ 6,172	$ 7,909	$ 2,896	$ 6,621	$ 35,699	$ 466,081
Loss allowance (Lifetime ECLs)	(2,009)	(548)	(1,234)	(1,575)	(6,621)	(35,699)	(47,686)
Amortized cost	$ 404,775	$ 5,624	$ 6,675	$ 1,321	$ -	$ -	$ 418,395

December 31, 2020

	Not Past Due	Past Due within 30 Days	Past Due 31 to 60 Days	Past Due 61 to 180 Days	Past Due Over 181 Days	Assessed Individually	Total
Expected credit loss rate	0%-0.19%	4.90%	7.85%	14.32%-58.86%	100%	100%	
Gross carrying amount	$ 463,440	$ 14,118	$ 14,077	$ 5,186	$ 4,422	$ 35,699	$ 536,942
Loss allowance (Lifetime ECLs)	(726)	(692)	(1,105)	(1,302)	(4,422)	(35,699)	(43,946)
Amortized cost	$ 462,714	$ 13,426	$ 12,972	$ 3,884	$ -	$ -	$ 492,996

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

	For the Year Ended December 31	
	2021	**2020**
Balance at January 1	$ 43,946	$ 44,704
Add: Net remeasurement of loss allowance	3,740	2,042
Less: Amounts written-off	-	(2,800)
Balance at December 31	$ 47,686	$ 43,946

c. Other receivables

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

The Group considers the current financial condition of debtors to determine the expected credit losses for debt instrument investments. As December 31, 2021 and 2020, the expected credit loss rate of other receivables was both 0%.

11. INVENTORIES

	December 31	
	2021	2020
Real estate under development and real estate to be developed	$ 3,184,345	$ 3,153,571
Raw materials	271,725	234,118
Finished goods	98,289	87,339
Work in progress	44,096	29,975
Supplies and spare parts	71,399	32,633
Merchandise	6,618	7,950
	$ 3,676,472	$ 3,545,586

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2021	2020
Cost of inventories sold	$ 3,207,305	$ 3,813,463
Inventory write-downs	1,691	34
	$ 3,208,996	$ 3,813,497

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2021 and 2020 was $3,208,996 thousand and $3,813,497 thousand, respectively.

The inventories pledged as collateral for bank borrowings are set out in Note 32.

12. SUBSIDIARIES

The entities included in these consolidated financial statements are as follows:

			Percentage of Equity Held December 31		
Investor Company	Subsidiary	Nature of Business	2021	2020	Explanation
Lucky Cement Co.	Dasheng Enterprise Co., Ltd. ("Dasheng Enterprise")	Sale and lease of national residences, commercial buildings, parking lots and industrial areas	99.99	99.99	a.
	Luckicon Ready-mixed Concrete Factory Co., Ltd. ("Luckicon Ready-mixed Co.")	Production and sales of concrete	100.00	100.00	b.
	Lucky Cement Corp., Japan ("Lucky Cement Japan")	Buy and sell of cement	100.00	100.00	
	Luckyship Marine Co., Ltd ("Luckyship Co.")	Shipping agent	100.00	99.99	c.
	Just Bright Ltd.	Investment business	-	100.00	d.
Luckicon Ready-mixed Co.	Fuyu Development Co., Ltd.	Earth and stone	100.00	100.00	

Notes:

a. Dasheng Enterprise implemented a capital reduction to cover losses of $200,000 thousand on August 19, 2021, and increased its capital by $200,000 thousand on August 20, 2021. After the capital increase, the Company's shareholding in Dasheng Enterprise increased. Dasheng Enterprise recognized the difference between the consideration and the adjusted carrying amount of non-controlling interests of $9 thousand under capital surplus.

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

c. Luckyship Co. implemented a capital reduction to cover losses of $65,000 thousand on November 30, 2021. Due to the surrender of shares by non-controlling interests, the Company's shareholding in Luckyship Co. increased from 99.99% to 100%.

d. The Company's board of directors resolved in its meeting on December 27, 2019 to go out of business of its subsidiary, Just Bright Ltd., and the procedure was completed in May 2021.

13. PREPAYMENTS

	December 31	
	2021	2020
Prepaid expenses	$ 89,857	$ 39,115
Office supplies	72,853	106,920
Prepayments for land purchases	69,350	-
Prepayments for purchases of materials	1,032	14,548
Other	353	75
	$ 233,445	$ 160,658

14. OTHER CURRENT ASSETS

	December 31	
	2021	2020
Offset against business tax payable	$ 29,291	$ 22,733
Other	1	1
	$ 29,292	$ 22,734

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Electrical Equipment	Transportation Equipment	Other Equipment	Total
Cost							
Balance at January 1, 2021	$ 1,650,349	$ 2,290,846	$ 6,097,312	$ 1,196,322	$ 877,182	$ 517,173	$ 12,629,184
Additions	2,524	-	16,022	178	177,209	6,724	202,657
Disposals	-	(67,679)	(520,755)	(89,539)	(191,559)	(161,090)	(1,030,622)
Net exchange difference	-	(11,280)	(1,457)	-	(39)	(57)	(12,833)
Balance at December 31, 2021	$ 1,652,873	$ 2,211,887	$ 5,591,122	$ 1,106,961	$ 862,793	$ 362,750	$ 11,788,386
Accumulated depreciation and impairment							
Balance at January 1, 2021	$ -	$ 1,965,873	$ 6,004,617	$ 1,183,518	$ 756,261	$ 495,028	$ 10,405,297
Depreciation expense	-	42,082	15,760	4,112	26,337	8,526	96,817
Disposals	-	(67,679)	(520,755)	(89,539)	(164,613)	(161,090)	(1,003,676)
Net exchange difference	-	(10,769)	(1,223)	-	(39)	(55)	(12,086)
Balance at December 31, 2021	$ -	$ 1,929,507	$ 5,498,399	$ 1,098,091	$ 617,946	$ 342,409	$ 9,486,352
Carrying amount at December 31, 2021	$ 1,652,873	$ 282,380	$ 92,723	$ 8,870	$ 244,847	$ 20,341	$ 2,302,034
Cost							
Balance at January 1, 2020	$ 1,084,102	$ 2,294,349	$ 6,107,551	$ 1,196,322	$ 858,385	$ 499,954	$ 12,040,663
Additions	571,264	-	5,990	-	68,270	5,053	650,577
Reclassification	(5,017)	-	5,098	-	-	14,712	14,793
Disposals	-	(3,596)	(21,340)	-	(49,474)	(2,546)	(76,956)
Net exchange difference	-	93	13	-	1	-	107
Balance at December 31, 2020	$ 1,650,349	$ 2,290,846	$ 6,097,312	$ 1,196,322	$ 877,182	$ 517,173	$ 12,629,184
Accumulated depreciation and impairment							
Balance at January 1, 2020	$ -	$ 1,913,451	$ 5,971,633	$ 1,178,305	$ 772,430	$ 493,038	$ 10,328,857
Depreciation expense	-	53,161	46,745	5,213	33,304	4,536	142,959
Disposals	-	(826)	(13,771)	-	(49,474)	(2,546)	(66,617)
Net exchange difference	-	87	10	-	1	-	98
Balance at December 31, 2020	$ -	$ 1,965,873	$ 6,004,617	$ 1,183,518	$ 756,261	$ 495,028	$ 10,405,297
Carrying amount at December 31, 2020	$ 1,650,349	$ 324,973	$ 92,695	$ 12,804	$ 120,921	$ 22,145	$ 2,223,887

a. The above-mentioned property, plant and equipment are reclassified as non-current assets held for sale, refer to Note 15(2) for the details; besides long-term prepaid expenses are reclassified as machinery and equipment and other equipment.

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

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

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

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

e. No impairment assessment was performed for the year ended December 31, 2021 and 2020 as there was no indication of impairment.

f. Property, plant and equipment used by the Group and pledged as collateral for bank borrowings are set out in Note 32.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amount		
Land	$ 12,480	$ 21,060
Buildings	142,491	58,341
Transportation equipment	617	159
	$ 155,588	$ 79,560

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	$131,347	$ 1,887
Depreciation charge for right-of-use assets		
Land	$ 11,061	$ 16,150
Buildings	43,579	33,202
Transportation equipment	679	1,901
	$ 55,319	$ 51,253

The Group had written off right-of-use assets on lease contracts terminated earlier in 2020; the carrying amount written off was $665 thousand, and gain on lease modification was $10 thousand.

b. Lease liabilities

	December 31	
	2021	2020
Carrying amount		
Current	$ 51,476	$ 37,081
Non-current	$ 105,376	$ 43,161

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Land	1.55%-1.68%	1.55%-1.68%
Buildings	1.51%-1.60%	1.55%
Transportation equipment	1.55%-1.60%	1.55%

c. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	$ 3,473	$ 1,615
Expenses relating to low-value asset leases	681	878
Interest on lease liabilities	2,200	1,557
Principal of lease liabilities	54,737	51,753
Total cash outflow for leases	$ 61,091	$ 55,803

17. OTHER NON-CURRENT ASSETS

	December 31	
	2021	2020
Prepayments for business facilities	$ 74,032	$ 34,466
Long-term prepaid expenses	46,953	56,723
Net limestone mining rights	18,768	18,774
Prepayments for investment property (Note 7)	18,874	-
Net defined benefit assets (Note 21)	446	413
Overdue receivables (Note 10)	-	-
	$ 159,073	$ 110,376

18. BORROWINGS

a. Short-term borrowings

	December 31 2021	December 31 2020
Secured borrowings (Note 32)		
Bank loans	$ 583,100	$ 105,000
Unsecured borrowings		
Line of credit borrowings	345,259	215,000
	$ 928,359	$ 320,000

The interest rates of the bank loans were as follows:

	December 31 2021	December 31 2020
Secured borrowings	1.20%-1.59%	1.39%-1.59%
Unsecured borrowings	0.69%-1.35%	1.25%-1.70%

b. Short-term bills payable

	December 31 2021	December 31 2020
Commercial paper	$ 405,000	$ 190,000
Less: Unamortized discounts on bills payable	(576)	(412)
	$ 404,424	$ 189,588

Outstanding short-term bills payable were as follows:

December 31, 2021

Guarantee/Promissory Institution	Par Value	Discount Amount	Carrying Amount	Interest Rate
Commercial paper				
Ta Ching Bills Finance Corporation	$ 95,000	$ 170	$ 94,830	1.05%-1.65%
Grand Bills Finance Corporation	160,000	74	159,926	1.04%-1.65%
Dah Chung Bills Finance Corporation	50,000	126	49,874	1.04%
China Bills Finance Corporation	100,000	206	99,794	1.08%-1.13%

$ 405,000	$ 576	$ 404,424

December 31, 2020

Guarantee/Promissory Institution	Par Value	Discount Amount	Carrying Amount	Interest Rate
Commercial paper				
Ta Ching Bills Finance Corporation	$ 110,000	$ 251	$ 109,749	1.10%-1.65%
Grand Bills Finance Corporation	80,000	161	79,839	1.28%-1.70%
	$ 190,000	$ 412	$ 189,588	

Short-term bills payable are commercial promissory notes guaranteed by bank, and the duration of each note does not exceed 180 days.

For information on assets pledged as collateral of the short-term bills payable, refer to Note 32.

c. Long-term borrowings

	December 31	
	2021	2020
Secured borrowings (Note 32)		
Bank loans	$ 734,000	$ 1,050,000
Unsecured borrowings		
Loans from bank	300,000	280,000
Less: Current portion	(914,000)	(290,000)
Long-term borrowings	$ 120,000	$ 1,040,000

	Details	December 31 2021	December 31 2020
Secured borrowings			
Taiwan Cooperative Bank	The loan period is from April 12, 2018 to April 12, 2023, with grace period of 2 years. The loan principal is payable over 11 quarters (ending January, April, July, October) with $40 million each quarter. In addition, the Group signed a new contract in October,2021 to repay the old contract. The period is from January 12, 2022 to January 12, 2027, and the quarterly repayment amount of the loan principal is	$ 120,000	$ 300,000

about $500 thousand from January
2024.

(Continued)

	Details	December 31 2021	December 31 2020
Bank of Taiwan	The loan period is from November 12, 2019 to November 12, 2022. Repayment schedule for the principal is $40 million in February 2021 and the balance payable in 6 quarters (ending February, May, August, November) with $32 million each quarter, $18 million will be repaid one time on maturity date.	$ 114,000	$ 250,000
O-Bank	The loan period is from November 21, 2017 to November 21, 2022; the principal will be repaid one time on maturity date.	250,000	250,000
O-Bank	The loan period is from December 28, 2017 to December 28, 2022; the principal will be repaid one time on maturity date.	250,000	250,000
Unsecured borrowings			
The Export-Import Bank of the Republic of China	The loan period is from December 7, 2020 to January 7, 2022; the principal will be repaid one time on maturity date.	50,000	50,000
The Export-Import Bank of the Republic of China	The loan period is from December 14, 2020 to January 7, 2022; the principal will be repaid one time on maturity date.	50,000	50,000
O-Bank	The loan period is from March 23, 2020 to March 23, 2022; the principal will be repaid one time on maturity date.	80,000	80,000
O-Bank	The loan period is from September 13, 2021 to March 23, 2022; the principal will be repaid one time on maturity date.	20,000	-
KGI Bank	Revolving loan; credit period is from September 7, 2020 to September 7, 2022.	100,000	100,000
		1,034,000	1,330,000
Less: Current portion		(914,000)	(290,000)
Long-term borrowings		$ 120,000	$ 1,040,000

(Concluded)

The annual interest rates of long-term borrowings were 1.24%-1.72% as both of December 31, 2021 and 2020.

19. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2021	2020
Notes payable		
From operating activities		
Non-related parties	$ 214,743	$ 345,327
Related parties	$ 43,148	$ 39,596
Trade payables		
From operating activities		
Non-related parties	$ 123,370	$ 241,920
Related parties	$ 2,046	$ 20,006

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

20. OTHER PAYABLES

	December 31	
	2021	2020
Payables for salaries and bonuses	$ 75,008	$ 87,318
Payables for utilities expense	19,120	18,285
Payables for taxes	12,695	34,498
Payables for purchases of equipment	-	30,878
Others	31,684	37,361
	$ 138,507	$ 208,340

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company, Dasheng Enterprise, Luckicon Ready-mixed Co., Luckyship Co, and Fuyu Development Co., Ltd. adopted the pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the entities make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group in Japan are members of the retirement benefits program operated by the government of Japan. The subsidiary must allocate a specific percentage of salary costs to the retirement benefit plan to provide funding for the plan. The Group's obligation for this government-operated retirement benefit plan is only to allocate a specific amount.

b. Defined benefit plans

The defined benefit plans adopted by the Company, Dasheng Enterprise, and Luckicon Ready-mixed Co. in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company, Dasheng Enterprise, and Luckicon Ready-mixed Co. contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

Since August 2021, the subsidiary, Dasheng Enterprise, had no employees under labor pension system of the Labor Standards Act.

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

	December 31	
	2021	**2020**
Present value of funded defined benefit obligation	$ 198,626	$ 234,543
Fair value of plan assets	(164,327)	(198,158)
Net defined benefit liabilities	$ 34,299	$ 36,385

The above net defined benefit liabilities are the net amount of defined benefit assets (reported as other non-current assets) of $446 thousand and $413 thousand and defined benefit liabilities of $34,745 thousand and $36,798 thousand as of December 31, 2021 and 2020, respectively.

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liabilities**
Balance at January 1, 2020	$ 255,484	$(215,667)	$ 39,817
Service costs			
Current service costs	1,598	-	1,598
Net interest expense (income)	1,583	(1,340)	243
Recognized in profit or loss	3,181	(1,340)	1,841
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,541)	(7,541)
Actuarial loss			
Changes in financial assumptions	4,199	-	4,199
Experience adjustments	962	-	962
Recognized in other comprehensive income	5,161	(7,541)	(2,380)
Contributions from the employer	-	(2,893)	(2,893)

Benefit paid	(29,283)	29,283	-
Balance at December 31, 2020	$ 234,543	$(198,158)	$ 36,385

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	$ 234,543	$(198,158)	$ 36,385
Service costs			
Current service costs	1,210	-	1,210
Net interest expense (income)	880	(747)	133
Recognized in profit or loss	2,090	(747)	1,343
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,867)	(2,867)
Actuarial loss			
Changes in demographic assumptions	5,418	-	5,418
Changes in financial assumptions	(655)	-	(655)
Experience adjustments	(3,388)	-	(3,388)
Recognized in other comprehensive income	1,375	(2,867)	(1,492)
Contributions from the employer	-	(1,937)	(1,937)
Benefit paid	(39,382)	39,382	-
Balance at December 31, 2021	$ 198,626	$(164,327)	$ 34,299

(Concluded)

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

	For the Year Ended December 31	
	2021	2020
Operating costs	$ 984	$ 1,436
Selling and marketing expenses	153	179
General and administrative expenses	206	226
	$ 1,343	$ 1,841

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

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

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

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

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

	December 31	
	2021	2020
Discount rate	0.625%	0.375%
Expected rate of salary increase	1.250%	1.250%

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

	December 31	
	2021	2020
Discount rate		
0.25% increase	$ (3,366)	$ (4,199)
0.25% decrease	$ 3,455	$ 4,316
Expected rate of salary increase		
0.25% increase	$ 3,374	$ 4,202
0.25% decrease	$ (3,304)	$ (4,110)

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

	December 31	
	2021	2020
Expected contributions to the plans for the next year	$ 1,465	$ 1,910
Average duration of the defined benefit obligation	6.6-7 years	3.7-7.3 years

22. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The current/non-current classification of the Group's assets and liabilities relating to the construction and development business was based on its operating cycle. The amounts expected to be recovered or settled within 1 year after the reporting period and more than 1 year after the reporting period for related assets and liabilities were as follows:

	Within 1 Year	More Than 1 Year	Total
December 31, 2021			
Assets			
Financial assets at amortized cost	$ 25,680	$ -	$ 25,680
Inventories	-	3,184,345	3,184,345
Prepayment for land purchases	-	69,350	69,350

$ 25,680	$ 3,253,695	$ 3,279,375

(Continued)

	Within 1 Year	More Than 1 Year	Total
December 31, 2020			
Assets			
Financial assets at amortized cost	$ -	$ 25,680	$ 25,680
Inventories	-	3,153,571	3,153,571
	$ -	$ 3,179,251	$ 3,179,251

(Concluded)

23. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2021	2020
Number of shares authorized (in thousands)	498,646	498,646
Shares authorized	$ 4,986,460	$ 4,986,460
Number of shares issued and fully paid (in thousands)	404,738	404,738
Shares issued	$ 4,047,380	$ 4,047,380

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

b. Capital surplus

	December 31	
	2021	2020
May be used to offset a deficit, pay cash dividends or increase capital*		
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual acquisition (Note 12)	$ 10	$ 1
May be used only to offset a deficit		
Changes in percentage of ownership interests in subsidiaries	8	8
	$ 18	$ 9

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

c. Retained earnings and dividend policy

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

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

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

The Company’s Articles stipulate that in the allocation of annual earnings, the Group shall first appropriate 10% of earnings to legal reserve and then appropriate to special reserve amount to cover deduction items in the equity, payment of business tax and to make up for past annual loss. From the remaining amount after the above allocation plus 40%-80% of unappropriated earnings in the previous year, no distribution will be made if the amount is less than NT$0.1 per share but will be retained in the unappropriated earnings. The board of directors shall propose distribution of dividends and the shareholders in their meeting shall approve the proposal. Refer to Note 25 (8)“employee benefits” for the revised policy on the remuneration of employees and directors.

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

The Company shall appropriate to or reverse from special reserve pursuant to the provisions set forth in the Letter No. Jin-Kuang-Fa-Tzi No. 1090150022 and “Following the adoption of International Financial Reporting Standards, questions and answers on special reserve”. When a deduction item in equity is reversed, the reversed amount may be allocated to capital surplus.

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

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

On November 12, 2021, the Company’s board of directors adopted the results of operations for the first half of 2021 and decided not to distribute dividends.

The appropriations of earnings for 2020 and 2019 were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2020	2019
Legal reserve	$ 39,625	$ 4,590
Special reserve	$ -	$ (3,121)
Cash dividends	$ 283,317	$ 60,711
Cash dividends per share (NT$)	$ 0.70	$ 0.15

The above 2020 and 2019 appropriations for cash dividends had been resolved by the Company's board of directors on March 26, 2021 and March 24, 2020, respectively; the other proposed appropriations had been resolved by the shareholders in their meetings on August 4, 2021 and June 18, 2020, respectively.

The appropriation of earnings and dividend per share for 2021 that were approved in the board of directors' meeting on March 30, 2021 were as follows:

	Appropriation of Earnings	Dividend Per Share
Legal reserve	$ 27,720	
Special reserve	773	
Cash dividends	242,843	$0.60

The above appropriation for cash dividends had been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 30, 2022.

d. Special reserve

	For the Year Ended December 31	
	2021	2020
Beginning at January 1	$ 14,135	$ 17,256
Reversals:		
Reversal of the debits to other equity items	-	(3,121)
Balance at December 31	$ 14,135	$ 14,135

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

e. Other equity items

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

	For the Year Ended December 31	
	2021	**2020**
Balance at January 1	$ 7,475	$ 7,450
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	(3,107)	25
Balance at December 31	$ 4,368	$ 7,475

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

	For the Year Ended December 31	
	2021	**2020**
Balance at January 1	$ (3,020)	$ (3,444)
Recognized for the year		
Unrealized gain (loss) - debt instruments	(67)	24
Unrealized gain (loss) - equity instruments	11,885	1,997
Reclassification adjustments		
Disposal of debt instruments	(436)	-
Other comprehensive income recognized for the year	11,382	2,021
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	(13,503)	(1,597)
Balance at December 31	$ (5,141)	$ (3,020)

f. Non-controlling interest

	For the Year Ended December 31	
	2021	**2020**
Balance at January 1	$ 74	$ 77
Changes in ownership interest in subsidiaries	(9)	(3)
Balance at December 31	$ 65	$ 74

24. REVENUE

a. Segmentation of customer contract revenue

For the Year Ended December 31	
2021	**2020**

Cement	$ 1,849,038	$ 2,074,180
Cement products	1,248,735	1,669,310
Stone materials	299,897	322,445
Others	371,352	464,237
	$ 3,769,022	$ 4,530,172

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

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable (Note 10)	$ 297,280	$ 573,958	$ 488,761
Notes receivable from related parties	$ 6,571	$ 235	$ 4,972
Trade receivables (Note 10)	$ 418,395	$ 492,996	$ 412,120
Trade receivables from related parties	$ 3,250	$ 5,764	$ 7,450
Contract liability			
Cement sales	$ 189,789	$ 331,854	$ 256,832
Others	1,000	1,241	2,599
	$ 190,789	$ 333,095	$ 259,431

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

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

	For the Year Ended December 31	
	2021	2020
Contract liability at the beginning of the year		
Cement sales	$ 331,854	$ 256,832
Others	1,241	2,599
	$ 333,095	$ 259,431

25. NET PROFIT

a. Other operating income and expenses

	For the Year Ended December 31	
	2021	2020
Gains (loss) on disposals of property, plant and equipment	$ 13,442	$ (8,959)

b. Interest income

	For the Year Ended December 31	
	2021	2020
Bank deposits	$ 1,694	$ 1,291
Investments in debt instruments at FVTOCI	249	300
	$ 1,943	$ 1,591

c. Other income

	For the Year Ended December 31	
	2021	**2020**
Revenue from dividends	$ 2,145	$ 3,720
Others	13,885	8,629
	$ 16,030	$ 12,349

d. Other expenses

	For the Year Ended December 31	
	2021	**2020**
Depreciation of leased assets	$ 3,356	$ 6,150
Others	4,350	4,298
	$ 7,706	$ 10,448

e. Interest expense

	For the Year Ended December 31	
	2021	**2020**
Bank loan	$ 29,507	$ 30,008
Related party loans	370	381
Interest on lease liabilities	2,200	1,557
	$ 32,077	$ 31,946

f. Depreciation, amortization and depletion

	For the Year Ended December 31	
	2021	**2020**
Property, plant and equipment	$ 96,817	$ 142,959
Right-of-use assets	55,319	51,253
Long-term prepaid expenses	15,801	12,455
Limestone mining rights	6	5
	$ 167,943	$ 206,672
Depreciation by function		
Operating costs	$ 105,260	$ 142,625
Operating expenses	43,520	45,437
Non-operating expenses	3,356	6,150

$ 152,136	$ 194,212

(Continued)

	For the Year Ended December 31	
	2021	**2020**
Amortization by function		
Operating costs	$ 10,807	$ 6,236
Operating expenses	4,994	6,219
	$ 15,801	$ 12,455
Depletion by function		
Operating costs	$ 6	$ 5

(Concluded)

g. Employee benefits expense

	For the Year Ended December 31	
	2021	**2020**
Post-employment benefits		
Defined contribution plan	$ 12,693	$ 13,062
Defined benefit plan (Note 21)	1,343	1,841
	14,036	14,903
Other employee benefits	366,626	414,942
Total employee benefits expense	$ 380,662	$ 429,845
An analysis of employee benefits expense by function		
Operating costs	$ 258,742	$ 284,195
Operating expenses	121,920	145,650
	$ 380,662	$ 429,845

h. Compensation of employees and remuneration of directors

The Company shall appropriate 3% and not less than 5% of the profit before tax and before deduction of compensation of employees and remuneration of directors in the current year. The compensation of employees and the remuneration of directors for the years ended December 31, 2021 and 2020 are estimated as follows:

Accrual rate

	For the Year Ended December 31	
	2021	**2020**
Compensation of employees	3%	3%
Remuneration of directors	5%	5%

Amount

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Compensation of employees	$ 9,972	$ 13,583
Remuneration of directors	16,620	22,638

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019.

Information on compensation of employees and remuneration of directors resolved by the Group's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2021	2020
Foreign exchange gains	$ 2,551	$ 2,853
Foreign exchange losses	(372)	(988)
	$ 2,179	$ 1,865

26. INCOME TAXES

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

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	$ 24,780	$ 47,009
Income tax on unappropriated earnings	4,605	684
Adjustments for prior year	1,628	86
	31,013	47,779
Deferred tax		
In respect of the current year	48,094	4,360
Income tax expense recognized in profit or loss	$ 79,107	$ 52,139

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

	For the Year Ended December 31	
	2021	**2020**
Profit before tax	$ 341,312	$ 444,408
Income tax expense calculated at the statutory rate	$ 68,262	$ 88,882
Nondeductible expenses (nontaxable income) in determining taxable income	(14,582)	(20,488)
Unrecognized deductible temporary differences and loss carryforwards	21,360	(13,700)
Tax-exempt income	(4,622)	(3,890)
Income tax on unappropriated earnings	4,605	684
Land value increment tax	-	565
Basic tax payable difference	2,456	-
Adjustments for prior years' tax	1,628	86
Income tax expense recognized in profit or loss	$ 79,107	$ 52,139

b. Current tax assets and liabilities

	December 31	
	2021	**2020**
Current tax liabilities		
Income tax payable	$ 17,477	$ 46,463

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

	Opening Balance	**Recognized in Profit or Loss**	**Closing Balance**
Deferred tax assets			
Temporary differences			
Pension limit exceeded	$ 18,250	$ (117)	$ 18,133
Investment loss under equity method	61,823	(51,092)	10,731
Unrealized inventory valuation loss	13,772	(18)	13,754
Unrealized foreign exchange loss	83	(71)	12
Allowance for impairment loss	6,274	1,036	7,310
Impairment loss on financial assets at FVTOCI	4,700	-	4,700
Gross profit from advance receipts with issued bill of lading	2,607	718	3,325
	107,509	(49,544)	57,965
Tax loss	12,647	4,605	17,252

$ 120,156	$ (44,939)	$ 75,217

(Continued)

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax liabilities			
Temporary differences			
Accelerated depreciation of fixed assets	$ 20,630	$ 2,581	$ 23,211
Unrealized foreign exchange gain	33	95	128
Others	-	479	479
	$ 20,663	$ 3,155	$ 23,818

(Concluded)

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Pension limit exceeded	$ 18,458	$ (208)	$ 18,250
Investment loss under equity method	57,295	4,528	61,823
Unrealized inventory valuation loss	13,961	(189)	13,772
Unrealized foreign exchange loss	30	53	83
Allowance for impairment loss	6,640	(366)	6,274
Impairment loss on financial assets at FVTOCI	4,700	-	4,700
Gross profit from advance receipts with issued bill of lading	2,102	505	2,607
	103,186	4,323	107,509
Tax loss	24,459	(11,812)	12,647
	$ 127,645	$ (7,489)	$ 120,156
Deferred tax liabilities			
Temporary differences			
Accelerated depreciation of fixed assets	$ 23,792	$ (3,162)	$ 20,630
Unrealized foreign exchange gain	-	33	33
	$ 23,792	$ (3,129)	$ 20,663

d. Income tax assessments

The income tax returns through 2019 of the Company and its subsidiaries, Luckicon Ready-mixed Co., Fuyu Development Co. and Luckyship Marine Co., have been assessed by the tax authorities and there is no significant difference between the reported amounts and the assessed amounts. The income tax returns through 2020 of Dasheng Enterprise Co. have been assessed by the tax authorities and there is no significant difference between the reported amounts and the assessed amounts.

27. EARNINGS PER SHARE

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

Net Profit

	For the Year Ended December 31	
	2021	**2020**
Net profit for the year	$ 262,205	$ 392,269

Earnings Per Share

(In Thousands of Shares)

	For the Year Ended December 31	
	2021	**2020**
Weighted average number of ordinary shares used in the computation of basic earnings per share	404,738	404,738
Effect of potentially dilutive ordinary shares		
Compensation of employees	1,083	1,131
Weighted average number of ordinary shares used in the computation of diluted earnings per share	405,821	405,869

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

28. CASH FLOW INFORMATION

The following are the Group's non-cash investing activities which were not reflected in the consolidated statements of cash flows for the years ended December 31, 2021 and 2020:

	For the Year Ended December 31	
	2021	**2020**
Partial cash generated from disposal of financial assets at FVTOCI		
Proceeds from sale of financial assets at fair value through other comprehensive income	$ 230,097	$ 28,596
Changes in receivable from sale of securities (reported as other receivables)	12,192	8,577

Cash received	$ 242,289	$ 37,173

(Continued)

	For the Year Ended December 31	
	2021	2020
Partial cash payments for purchase of PP&E		
Acquisition of property, plant and equipment	$ 202,657	$ 650,577
Net changes in prepayments for business facilities	39,566	34,466
Net changes in payable for purchase of land	30,878	(30,878)
Cash paid	$ 273,101	$ 654,165
Partial cash generated from disposal of PP&E		
Proceeds from disposal of property, plant and equipment	$ 40,388	$ 1,380
Changes in receivable from sale of property, plant and equipment (reported as other receivables)	1,300	(1,300)
Cash received	$ 41,688	$ 80
Partial cash generated from dividends income		
Dividend income	$ 2,145	$ 3,720
Net changes in dividends receivable (reported as other receivables)	621	(621)
Cash received	$ 2,766	$ 3,099

(Concluded)

Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2021

	January 1, 2021	Cash Flows	Non-cash Changes: New Lease	Non-cash Changes: Lease Decrease	Non-cash Changes: Discount Amortization	Others	Balance at December 31, 2021
Short-term borrowings	$ 320,00	$ 608,359	$ -	$ -	$ -	$ -	$ 928,359
Short-term bills payable	189,588	215,000	-	-	(164)	-	404,424
Long-term borrowings	1,330,000	(296,000)	-	-	-	-	1,034,000
Notes payable to related parties	39,596	(8,000)	-	-	-	11,552	43,148
Other payables to related parties	124,138	(70,000)	-	-	-	(5,827)	48,311
Guarantee deposits received	32,704	1,306	-	-	-	-	34,010
Lease liabilities	80,242	(54,737)	131,347	-	-	-	156,852
	$ 2,116,268	$ 395,928	$ 131,347	$ -	$ (164)	$ 5,725	$ 2,649,104

For the year ended December 31, 2020

	January 1, 2020	Cash Flows	Non-cash Changes: New Lease	Non-cash Changes: Lease Decrease	Non-cash Changes: Discount Amortization	Others	Balance at December 31, 2020
Short-term borrowings	$ 232,700	$ 87,300	$ -	$ -	$ -	$ -	$ 320,000
Short-term bills payable	219,465	(30,000)	-	-	123	-	189,588
Long-term borrowings	1,480,000	(150,000)	-	-	-	-	1,330,000
Notes payable to related parties	34,656	8,000	-	-	-	(3,060)	39,596
Other payables to related parties	47,081	70,000	-	-	-	7,057	124,138
Guarantee deposits received	30,800	1,904	-	-	-	-	32,704
Lease liabilities	130,783	(51,753)	1,887	(675)	-	-	80,242
	$ 2,175,485	$ (64,549)	$ 1,887	$ (675)	$ 123	$ 3,997	$ 2,116,268

29. CAPITAL MANAGEMENT

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

30. FINANCIAL INSTRUMENTS

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

There is no significant difference between the carrying amount and fair value of the financial 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

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 44,932	$ -	$ -	$
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	$ 73,319	$ -	$ -	$ 73,319
Unlisted shares	-	-	11,038	11,038
	$ 73,319	$ -	$ 11,038	$ 84,357

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 11,296	$ -	$ 8,734	$ 20,030
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	$ 28,213	$ -	$ -	$ 28,213
Unlisted shares	-	-	14,994	14,994
Investments in debt instruments				
Corporate bonds	5,913	-	-	5,913
	$ 34,126	$ -	$ 14,994	$ 49,120

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

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

For the year ended December 31, 2021

	Financial Assets at FVTPL - Mutual Funds	Financial Assets at FVTOCI - Equity Instruments	Total
Balance at January 1, 2021	$ 8,734	$ 14,994	$ 23,728
Return of shares after capital reduction	-	(7,387)	(7,387)
Sale/settlements (Note 17)	(18,874)	(624)	(19,498)
Recognized in profit or loss (included in loss on financial assets at FVTPL)	10,140	-	10,140
Recognized in other comprehensive income (included in unrealized valuation loss on financial assets at FVTOCI)	-	4,055	4,055
Balance at December 31, 2021	$ -	$ 11,038	$ 11,038

For the year ended December 31, 2020

	Financial Assets at FVTPL - Mutual Funds	Financial Assets at FVTOCI - Equity Instruments	Total
Balance at January 1, 2020	$ 9,598	$ 19,733	$ 29,331
Purchases	-	4,371	4,371
Return of shares after capital reduction	-	(5,125)	(5,125)
Sale/settlements	-	(326)	(326)
Recognized in profit or loss (included in loss on financial assets at FVTPL)	(864)	-	(864)
Recognized in other comprehensive income (included in unrealized valuation loss on financial assets at FVTOCI)	-	(3,659)	(3,659)
Balance at December 31, 2020	$ 8,734	$ 14,994	$ 23,728

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

The fair value of privately offered fund is based on the net asset value provided by the fund company.

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

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

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

c. Categories of financial instruments

	December 31	
	2021	**2020**
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ 44,932	$ 20,030
Financial assets at amortized cost (1)	1,281,300	1,695,200
Financial assets at FVTOCI		
Equity instruments	84,357	43,207
Debt instruments	-	5,913
Financial liabilities		
FVTPL		
Amortized cost (2)	2,883,215	2,729,803

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

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

d. Financial risk management objectives and policies

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

1) Market risk

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

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

a) Foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets (including those eliminated on consolidation) at the end of the year are set out in Note 35.

Sensitivity analysis

The Group is mainly exposed to the USD and RMB.

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

	USD Impact		**RMB Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2021	**2020**	**2021**	**2020**
Profit or loss	$ 8,519	$ (329)	$ (364)	$ (359)

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

b) Interest rate risk

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

	December 31	
	2021	**2020**
Cash flow interest rate risk		
Financial assets	$ 479,040	$ 456,409
Financial liabilities	2,366,783	1,917,588

Sensitivity analysis

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

Had interest rates increased/decreased by 25 basis points, the profit before tax in 2021 and 2020 would have decreased/increased by $4,719 thousand and $3,653 thousand, respectively, with all other variables held constant; the non-derivative instruments include floating rate loan, demand deposit and restricted asset.

2) Credit risk

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

The policy of the Group is to only trade with counterparties with high reputation, and to require sufficient guarantee to reduce the financial loss from default. The Group transacts with a large number of unrelated customers and thus, credit risk is not highly concentrated.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. The Group had available unutilized short-term bank loan facilities set out in (b) below.

a) Liquidity and interest rate risk table

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

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities	$ 185,218	$ 197,908	$ 67,468	$ 3,638	$ 62,200
Lease liabilities	9,758	5,393	40,179	104,718	6,059
Variable interest rate liabilities	440,885	529,259	1,276,639	120,000	-
	$ 635,861	$ 732,560	$ 1,384,286	$ 228,356	$ 68,259

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities	$ 381,225	$ 347,293	$ 20,447	$ 750	$ 62,500
Lease liabilities	8,158	3,043	27,267	44,158	-
Variable interest rate liabilities	297,941	129,647	450,000	1,040,000	-
	$ 687,324	$ 479,983	$ 497,714	$ 1,084,908	$ 62,500

b) Financing facilities

	December 31	
	2021	2020
Unsecured facilities		
Amount used	$ 864,213	$ 556,543
Amount unused	463,812	160,665
	$ 1,328,025	$ 717,208
Secured facilities		
Amount used	$ 1,522,100	$ 1,345,000
Amount unused	878,796	1,819,800
	$ 2,400,896	$ 3,164,800

31. TRANSACTIONS WITH RELATED PARTIES

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

a. Related parties

Related Party Name	Related Party Category
Other related party	
Yung-Sheng Development Enterprise Co., Ltd. ("Yung-Sheng Development")	The chairman is also the chairman of the Company
Liang-Chuan Cultural and Educational Foundation ("Liang-Chuan Foundation")	The chairman is also the chairman of the Company
Fudong Freight Co., Ltd. ("Fudong Freight")	The chairman is first-degree relative of the chairman of the Company
East Life Biotech Co., Ltd. ("East Life Biotech")	The chairman is also the chairman of the Company
Jia Fu Entertainment Co., Ltd. ("Jia Fu Entertainment")	The chairman is first-degree relative of the chairman of the Company
Wantong Product Insurance Brokerage Co., Ltd. ("Wantong Product Insurance")	The chairman is first-degree relative of the chairman of the Company
Lucky Construction Co., Ltd. ("Lucky Construction")	The chairman is first-degree relative of the chairman of the Company
Kuochuan Development Co., Ltd. ("Kuochuan Development")	The chairman is first-degree relative of the chairman of the Company
Changheng Investment Co. ("Changheng Investment")	The company is major shareholder of the Company
Jinli Investment Co., Ltd. ("Jinli Investment")	The company is major shareholder of the Company

Cheng Haibin	The person is third-degree relative of the chairman of the Company
Fuan Mining Co., Ltd. (“Fuan Mining”)	A manager in the company is spouse of a first-degree relative of the chairman of the Company

b. Business transaction

Line Item	Related Party Name	For the Year Ended December 31	
		2021	2020
Sale of goods	Other related parties	$ 61,223	$ 84,450
Purchases of goods	Fuan Mining	$ 173,133	$ 297,363
	Other related parties	37,058	52,422
		$ 210,191	$ 349,785
Operating costs - transportation expenses	Other related parties	$ 17,834	$ 46,730
Operating costs - manufacturing expenses	Other related parties	$ 360	$ 307
Operating expenses	Other related parties	$ 4,715	$ 2,987
Other income	Other related parties	$ 24	$ 586

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

c. Receivables from related parties

Line Item	Related Party Name	December 31	
		2021	2020
Notes receivable	Fudong Freight	$ -	$ 235
	Fuan Mining	6,571	-
		$ 6,571	$ 235
Trade receivables	Fuan Mining	$ 3,246	$ 4,651
	Yung-Sheng Development	4	1,113
		$ 3,250	$ 5,764
Other receivables	Other related parties	$ 247	$ 313

The outstanding trade receivables from related parties are unsecured. As of December 31, 2021 and 2020, no impairment losses were recognized for trade receivables from related parties.

d. Payables to related parties

Line Item	Related Party Name	December 31 2021	December 31 2020
Notes payable (excluding loan from related parties)	Fuan Mining	$ 39,683	$ 23,763
	Fudong Freight	3,465	7,828
	Other related parties	-	5
		$ 43,148	$ 31,596
Trade payables	Fuan Mining	$ -	$ 16,876
	Fudong Freight	2,046	3,130
		$ 2,046	$ 20,006
Other payables - current (excluding loan from related parties)	Fudong Freight	$ 1,353	$ 8,145
	Other related parties	1,158	144
		$ 2,511	$ 8,289

The outstanding trade payables to related parties are unsecured.

e. Loan from related parties

Line Item	Related Party Name	December 31 2021	December 31 2020
Notes payable	Fuan Mining	$ -	$ 8,000
Other payables - current	Fuan Mining	$ -	$ 70,049
Other payables - non-current	Cheng Haibin	$ 45,800	$ 45,800
Interest expense	Other related parties	$ 370	$ 381

The interest rate of the other payables - current has no difference to the market interest rate. The other payables to related parties - non-current are interest-free loans from shareholders. The loans from the related parties are unsecured.

f. Lease arrangements

Lease arrangements - the Group is lessor under operating leases

Future lease payments receivable are as follows:

	December 31

Related Party Category/Name	2021	2020
Fudong Freight	$ 3,788	$ 1,968
Other related parties	288	144
	$ 4,076	$ 2,112

Lease income was as follows:

Related Party Category/Name	For the Year Ended December 31	
	2021	2020
Fudong Freight	$ 1,396	$ 2,323
Other related parties	142	132
	$ 1,538	$ 2,455

The rental amounts and collection methods are negotiated.

g. Remuneration of key management personnel

Type of Remuneration	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	$ 39,012	$ 43,057
Post-employment benefits	529	519
	$ 39,541	$ 43,576

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

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets of the Group are pledged as collateral for long-term and short-term bank loans, short-term bills payable, and other credit accommodation:

	December 31	
	2021	2020
Property under development (reported as inventories)	$ 3,124,443	$ 3,093,669
Property, plant and equipment	899,667	935,824
Restricted assets (reported as financial assets at amortized cost)	307,006	258,242
	$ 4,331,116	$ 4,287,735

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

a. As of December 31, 2021 and 2020, the Group has signed a contract for purchase of property, plant and equipment; the unpaid amount is $253,770 thousand and $328,805 thousand, respectively.

b. As of December 31, 2021 and 2020, unused letters of credit for purchases of raw materials amounted to approximately $18,954 thousand and $61,543 thousand, respectively.

34. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD:

On March 9, 2022, the board of directors of Dasheng Enterprise resolved to sell thirteen pieces of lands, including Daitianfu Section, Anle District and Keelung City, to non-related parties for $1,746,951 thousand; the installment payments were collected according to the terms of contract.

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

(In Thousands of New Taiwan Dollars and Foreign Currencies)

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 313	27.68 (USD:NTD)	$ 8,678
RMB	1,674	4.328 (RMB:NTD)	7,273
Financial liabilities			
Monetary item			
USD	6,469	27.68 (USD:NTD)	179,057

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 231	28.48 (USD:NTD)	$ 6,588
RMB	1,641	4.377 (RMB:NTD)	7,181
Non-monetary item			
USD	307	28.48 (USD:NTD)	8,734

Foreign exchange gains (realized and unrealized) of the Group in 2021 and 2020 were $2,179 thousand and $1,865 thousand, respectively. Because of the variety of foreign currency transactions, it is not practical to disclose exchange gains and losses by foreign currency.

36. ADDITIONAL DISCLOSURES

a. Information about significant transactions:

1) Financing provided to others: Please see Table 1 attached;

2) Endorsements/guarantees provided: Please see Table 2 attached;

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Please see Table 3 attached;

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20%

of the paid-in capital: None;

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None;

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None;

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please see Table 4 attached;

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None;

9) Trading in derivative instruments: None;

10) Intercompany relationships and significant intercompany transactions: Please see Table 6 attached.

b. Information on investees: Please see Table 5 attached.

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: None;

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: None.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: None.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None.

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

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Please see Table 7 attached.

37. SEGMENT INFORMATION

The Group defined its reportable segments as follows:

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

Other segment: Other operations of non-cement business.

a. Revenue of segments and operating results

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

	Income of Segments		Profit/Loss of Segments	
	2021	2020	2021	2020
Cement segment	$ 3,742,860	$ 4,481,068	$ 330,700	$ 476,777
Other segment	26,162	49,104	7,869	(29,302)
Total amount of business unit	$ 3,769,022	$ 4,530,172	338,569	447,475
Interest income			1,943	1,591
Rent income			8,564	8,336
Other income			16,030	12,349
Foreign exchange gains			2,179	1,865
(Gain) loss from financial assets measured at FVTPL			13,374	(538)
Gain on disposal of non-current assets held for sale			-	15,724
Gain on disposal of investments			436	-
Other expenses			(7,706)	(10,448)
Interest expense			(32,077)	(31,946)
Profit before tax			$ 341,312	$ 444,408

The revenue of segments reported above is generated from external client exchange. There is no selling between segments in 2021 and 2020.

The revenue of segments means the profits earned by each segment, excluding interest income which shall be apportioned, rent income, other income, foreign exchange gains, gains or losses from financial assets measured at FVTPL, gain on disposal of non-current assets held for sale, other expense and interest expense.

b. Total assets and liabilities of segments

	December 31	
	2021	2020
Segment assets		
Operating segment		
Cement segment	$ 4,707,090	$ 4,772,255
Other segment	3,334,620	3,255,052

Total assets	$ 8,041,710	$ 8,027,307

(Continued)

	December 31	
	2021	2020
Segment liabilities		
Operating segment		
Cement segment	$ 2,738,059	$ 2,649,731
Other segment	658,077	720,657
Total liabilities	$ 3,396,136	$ 3,370,388

(Concluded)

c. Geographic information

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

d. Main customer's information

The sales revenue amounted to NT$3,769,022 thousand and NT$4,530,172 thousand in 2021 and 2020. In 2021 and 2020, there was no revenue from a single customer that exceeded 10% of the Group's total revenue.

TABLE 1

LUCKY CEMENT CO. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Financing Company	Counterparty	Financial Statement Account	Maximum Balance in Current Period	Related Party	Ending Balance (Note 4)	Amount Actually Drawn (Note 5)	Interest Rate	Nature for Financing (Note 1)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 3)
													Name	Value		
0	Lucky Cement Co.	Dasheng Enterprise	Other receivables from related parties	$ 200,000	Yes	$ 200,000	$ 9,300	1.4316	b.	$ -	Operating turnover	$ -	-	-	$ 464,551	$ 1,858,204
		Luckyship Co.	Other receivables from related parties	20,000	Yes	20,000	-	1.4316	b.	-	Operating turnover	-	-	-	464,551	1,858,204
						$ 220,000										

Note 1: The nature of financing is as follows:

a. Party with business.
b. Party with short-term financing need.

Note 2: Financing of Lucky Cement Co. to a more than 50% owned subsidiary should not be more than 10% of the net value of Lucky Cement Co. at end of year; For a subsidiary that is 20% to 50% owned, loan should not be more than 5% of the net value of Lucky Cement Co. at end of year; for less than 20% owned subsidiary, loan should not be more than 2% of the net value of Lucky Cement Co. at end of year.

Note 3: The limit is 40% of net value of the financing company at end of the year.

Note 4: The amount is approved by the board of directors.

Note 5: All intra-group transactions, balances, income and expenses are eliminated upon consolidation.

LUCKY CEMENT CO. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement / Guarantee Amount Provided to Each Guaranteed Party (Note 1)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement / Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement / Guarantee to Net Equity Per Latest Financial Statements	Maximum Endorsement / Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	Lucky Cement Co.	Dasheng Enterprise	Subsidiary	$ 1,858,204	$ 620,000	$ 620,000	$ 605,000	$ 120,000 (Note 3)	13.35	$ 2,322,755	Y	-	-	
		Luckicon Ready-mixed Co	Subsidiary	1,858,204	420,000	420,000	135,000	-	9.04	2,322,755	Y	-	-	
		Lucky Cement Japan	Subsidiary	1,858,204	13,580	12,025	-	-	0.26	2,322,755	Y	-	-	
						$ 1,052,025								

Note 1: The upper limit that Lucky Cement Co. endorses for single company shall not exceed 10% of the net value of Lucky Cement Co. and shall not exceed 40% of the net value of subsidiary.

Note 2: The endorsement approved in the meeting of shareholders shall not exceed 50% of the net value of Lucky Cement Co.

Note 3: The certificate of deposit of NT$60,000 thousand is provided as collateral which is recognized as financial assets at amortized cost - restricted asset.

LUCKY CEMENT CO. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2021				Note
				Shares/Units	Carrying Value	(%)	Fair Value (Notes 1 and 2)	
Lucky Cement Co.	Fund							
	Cathay Global Autonomous and Electric Vehicles ETF	-	Financial assets at FVTPL - current	2,000,000	$ 33,480	-	$ 33,480	
	FSITC Global Vedio Gaming & eSports Fund	-	Financial assets at FVTPL - current	500,000	5,835	-	5,835	
	O-Bank No.1 Real Estate Investment Trust	-	Financial assets at FVTPL - current	100,000	911	-	911	
	Non-listed common stock							
	Jonfeng Mining Co., Ltd	-	Financial assets at FVTOCI - noncurrent	1,283,068	10,688	10.58	10,688	
	Listed ordinary shares							
	Yang Ming Marine Transport Corp.	-	Financial assets at FVTOCI - current	200,000	24,200	0.01	24,200	
	Evergreen Marine Corp. (Taiwan) Ltd.	-	Financial assets at FVTOCI - current	100,000	14,250	-	14,250	
	Asia Cement Corporation	-	Financial assets at FVTOCI - current	165,000	7,309	-	7,309	
	Far Eastern New Century Corporation	-	Financial assets at FVTOCI - current	200,000	5,860	-	5,860	
	Taiwan Cement Corp	-	Financial assets at FVTOCI - current	105,148	5,047	-	5,047	
	U-Ming Marine Transport Corporation	-	Financial assets at FVTOCI - current	78,000	4,711	0.01	4,711	
	United Microelectronics Corporation	-	Financial assets at FVTOCI - current	72,351	4,703	-	4,703	
	Winbond Electronics Corp.	-	Financial assets at FVTOCI - current	130,181	4,426	-	4,426	
	Medigen Biotechnology Corporation	-	Financial assets at FVTOCI - current	28,628	1,643	0.02	1,643	
	Sanitar Co., Ltd.	-	Financial assets at FVTOCI - current	24,000	886	0.03	886	
	China Development Financial	-	Financial assets at FVTOCI - current	13,496	236	-	236	
	First Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - current	926	23	-	23	
	Capital Securities Corp.	-	Financial assets at FVTOCI - current	875	15	-	15	
	Hua Nan Financial Holdings Co., Ltd.	-	Financial assets at FVTOCI - current	457	10	-	10	
Luckyship Marine Co.	Non-listed common stock							
	Jonfeng Mining Co., Ltd.	-	Financial assets at FVTOCI - noncurrent	42,068	350	0.35	350	
Luckicon Ready-mixed Co.	Fund							
	Mega Danish Covered Mortgage Bond Index Fund	-	Financial assets at FVTPL - current	500,000	4,706	-	4,706	

Note 1: Financial assets at FVTPL: Fair value is based on the net asset value of funds on December 30, 2021.

Note 2: Financial assets at FVTOCI: Fair value of listed shares is based on their closing price on December 30, 2021. Fair value of non-listed shares is estimated by the fair value method.

Note 3: Please refer to Table 5 for information regarding subsidiaries.

TABLE 4

LUCKY CEMENT CO. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases / Sales	Amount	% to Total	Payment Terms	Unit Price	Credit Period	Ending Balance	% to Total (Note 1)	
Lucky Cement Co.	Luckicon Ready-mixed Co.	Subsidiary	Sale	$(350,070)	(12.73)	About 90 days	Similar to general transactions	Similar to general transactions	Accounts receivable $ 33,025 Notes receivable 48,028	7.41 10.77	Note 2
	Fuan Mining Co., Ltd.	Other related parties	Purchase	173,133	14.43	About 90 days	Agreed	Similar to general transactions	Trade payables - Notes payable (39,683)	- (16.59)	

Note 1: The rate is calculated in accordance with individual financial statements of each company.

Note 2: All intra-group transactions, balances, income and expenses are eliminated upon consolidation.

LUCKY CEMENT CO. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Address	Main Businesses and Products	Original Investment Amount (Note 3)		Balance as of December 31, 2021			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized (Notes 1 and 6)	Note
				December 31, 2021	December 31, 2020	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	$ 2,367,473	$ 2,167,473	157,295,883	99.99	$ 2,482,542	$ 1,830	$ 1,830	
	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	350,000	350,000	47,000,000	100.00	729,188	87,726	87,759 (Note 4)	
	Just Bright Ltd.	Tropic Isle Building, PO Box 438, Road Town, Tortola, British Virgin Islands	Investment business	-	-	-	-	-	-	-	Note 2
	Lucky Cement Corp., Japan	Aichi, Japan hekinan Yu Jin-Pu-cho 12 gu	Cement trading	82,300	82,300	6,800	100.00	19,805	(1,939)	(1,939)	
	Luckyship Marine Co.	13F., No. 237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Shipping agent	88,615	88,615	2,000,000	100.00	25,623	(9,432)	(9,427) (Note 5)	
Luckicon Ready-mixed Co.	Fuyu Development Company	13F., No. 237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	On land clay and stone quarrying	12,571	12,571	1,000,000	100.00	7,752	(973)	(973)	

Note 1: The amounts were based on audited financial statements.

Note 2: The Company's board of directors resolved in its meeting on December 27, 2019 to discontinue the operations of its subsidiary, Just Bright Ltd.; the cancellation was completed in May 2021.

Note 3: The original investment amount shown is the amount prior to capital reduction to make up for the losses.

Note 4: The difference is upstream transactions realized gain of $33 thousand.

Note 5: The difference is downstream transactions unrealized loss of $5 thousand.

Note 6: All intra-group transactions, balances, income and expenses are eliminated upon consolidation.

LUCKY CEMENT CO. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No	Company Name	Counterparty	Nature of Relationship (Note)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	%of Consolidated Net Revenue or Total Assets
0	Lucky Cement Co.	Luckicon Ready-mixed Co.	a	Notes receivable	$ 48,028	About 90 days	0.60
		Luckicon Ready-mixed Co.	a	Accounts receivable	33,025	About 90 days	0.41
		Luckicon Ready-mixed Co.	a	Other receivables	105	About 90 days	-
		Luckicon Ready-mixed Co.	a	Contract liabilities	7,550	About 90 days	0.09
		Luckicon Ready-mixed Co.	a	Sales	350,070	About 90 days	9.29
		Luckicon Ready-mixed Co.	a	Rental income	1,525	30 days	0.04
		Fuyu Development Company	a	Notes receivable	811	About 90 days	0.02
		Fuyu Development Company	a	Notes payable	15	About 90 days	-
		Fuyu Development Company	a	Other payables	1,747	About 90 days	0.02
		Fuyu Development Company	a	Cost of sales	3,084	About 90 days	0.08
		Fuyu Development Company	a	Rental income	8,064	30 days	0.21
		Fuyu Development Company	a	Other income	1,200	30 days	0.03
		Luckyship Marine Co.	a	Other receivables	4	About 90 days	-
		Luckyship Marine Co.	a	Cost of sales	7,109	About 90 days	0.19
		Luckyship Marine Co.	a	Rental income	276	30 days	0.01
		Luckyship Marine Co.	a	Interest income	78	30 days	-
		Dasheng Enterprise	a	Refundable deposits	159,000	Returned upon completion according to the contract	1.98
		Dasheng Enterprise	a	Other receivables - financing	9,300	Financing, the repayment period is one year	0.12
		Dasheng Enterprise	a	Other receivables	10	About 90 days	-
		Dasheng Enterprise	a	Accounts receivable	59	About 90 days	-
		Dasheng Enterprise	a	Sales	56	About 90 days	-
		Dasheng Enterprise	a	Rental income	90	30 days	-
		Dasheng Enterprise	a	Interest income	1,069	30 days	0.03
1	Luckicon Ready-mixed Co.	Dasheng Enterprise	c	Sales	2,710	About 90 days	0.07
		Dasheng Enterprise	c	Accounts receivable	2,846	About 90 days	0.04

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 7

LUCKY CEMENT CO.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Changheng Investment Co.	52,631,034	13.00
East Life Biotech Co.	30,378,008	7.50
Jinli Investment Co.	25,230,451	6.23
RI KON Construction Co.	22,658,066	5.59
Yung-Sheng Development Enterprise Co.	22,514,509	5.56
Lucky Construction Co.	22,091,152	5.45

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

VI. If the company and its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the Company's financial situation: None.

Seven. Review and Analysis of the Financial Position and Performance and Risk Management

I. Financial position

Comparison of financial status (consolidated):

Unit: NT$1,000

Item \ Year	2021	2020	Difference	
			Amount	%
Current Assets	$5,118,007	$5,259,278	($141,271)	(2.69)
Property, plant and equipment	2,302,034	2,223,887	78,147	3.51
Other Assets	621,669	544,142	77,527	14.25
Total assets	8,041,710	8,027,307	14,403	0.18
Current liabilities	3,032,387	2,151,262	881,125	40.96
Non-current Liabilities	363,749	1,219,126	(855,377)	(70.16)
Total Liabilities	3,396,136	3,370,388	25,748	0.76
Capital	4,047,380	4,047,380	0	0.00
Capital surplus	18	9	9	100
Retained earnings	598,884	605,001	(6,117)	(1.01)
Other equity interests	(773)	4,455	(5,228)	(117.35)
Non-controlling interests	65	74	(9)	(12.16)
Total shareholders equity	4,645,574	4,656,919	(11,345)	(0.24)
Analysis of percentage increase / decrease: The increase in current liabilities was mainly due to that some long-term borrowings due within one year have not been extended and were transferred to current liabilities.				

II. Financial performance

Comparison of operating results (consolidated):

Unit: NT$1,000

	2021		2020		Comparison of operating results (consolidated):	Change in % (%)
	Subtotal	Total	Subtotal	Total		
Total revenue	$3,772,443		$4,533,370		($760,927)	(16.79)
Less: Sales discount	3,421		3,198		223	6.97
Net revenue		3,769,022		4,530,172	(761,150)	(16.8)
Operating cost		3,208,996		3,813,497	(604,501)	(15.85)
Gross profit		560,026		716,675	(156,649)	(21.86)
Operating expenses		234,899		260,241	(25,342)	(9.74)
Other net gains and losses		13,442		(8,959)	22,401	250.04
Operating income (loss)		338,569		447,475	(108,906)	(24.34)
Non-operating income and expenses		2,743		(3,067)	5,810	189.44
Pre-tax net income (loss) from continuing operation		341,312		444,408	(103,096)	(23.20)
Income tax expense (benefit)		79,107		52,139	26,968	51.72

Net gain of current year from continuing operations		262,205	392,269	(130,064)	(33.16)
Loss from discontinued operations		0	0	0	-
Net income (loss) after tax		262,205	392,269	(130,064)	(33.16)
Other comprehensive income for the year (net)		9,767	4,426	5,341	120.67
Total comprehensive income		$271,972	$396,695	(124,723)	(31.44)

Analysis of percentage increase / decrease:
1. The decrease in operating gross profit and operating net profit was mainly due to the significant increase in coal cost.
2. The increase in the net amount of other gains and losses was mainly due to the recognition of the interests in disposal of assets.
3. The decrease in pre-tax benefits and the increase in income tax expenses were mainly due to the that the deferred income tax assets could not be used.

III. Cash flow

Review and Analysis of Consolidated Cash Flow Statement
Analysis of Cash Flow

Unit: NT$ 1000

Opening Balance	Cash flow from operating activities	Cash used for the year	Amount of cash surplus (shortfall)	Remedy for insufficient cash	
				Investment plan	Financing plan
320,535	82,123	182,420	220,238	—	—

1. Analysis of the changes in cash flow of the current year:
   (1) Operating activities: Mainly from operating profit, etc.
   (2) Investing activities: Mainly due to the purchase of property, plant and equipment.
   (3) Financing activities: Mainly for paying dividends and repaying loans.
2. Remedy and flow analysis for the cash shortfalls: None.
3. (II) Cash flow analysis for the coming year:
   Cash flow balance at the beginning of the year① = NT$220,238 thousand
   Estimated cash flow from operating activities② = NT$309,016 thousand
   Estimated cash outflow for the year③ = NT$284,275
   Estimated amount of cash surplus (shortfall) ①+②-③ = NT$244,979 thousand

IV. Impact of major capital expenditures on financial operations

In addition to routine capital expenditures in 2021, the Company's subsidiary, Luckicon Ready Mixed Concrete Factory, is actively constructing a new plant located in Shulin District, New Taipei City.

The 2021 capital expenditure totaled NT$270 million, which is expected to increase revenue and reduce costs.

V. Company's investment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving investment profitability, and investment plans for the coming year

In the most recent year, we have developed the industry related to our business to expand the scale of operations and achieve both vertical division of work and horizontal integration, hoping that investment in subsidiaries will improve the business.

The status of investment in subsidiaries in 2021: 1. The reason for the loss in Dai Shen was that new real estate development projects have not been carried out, resulting in no revenue and the need to bear the interest expenses during the development phase. 2. Luckicon Ready Mixed Concrete Factory was benefited from the recovery of the real estate industry, and the increase in demand generated profits; Shulin factory is currently under construction and is expected to be completed in Q4 2022. 3. Luckyship Marine Agency has continued to lose money in its business in 2021. Its board has decided to dispose of the ships. Therefore, the company currently has no major business projects. For the future, it plans to collaborate with the parent company to move towards the construction and operation of ports and docks.

VI. Analysis and assessment of risks

(I) Impact of changes in interest rates and currency exchange and inflation on the Company's profit and loss and the response measures to be taken in the future:

1. Exchange rate:

We import part of the materials and purchase the rest through domestic procurement, and the products are all for domestic sales. Therefore, foreign currency does not account for a high percentage of the total assets, and it is short-term borrowings due within one year. The foreign currency borrowing at the end of 2021 were NT$179,057 thousand, and the foreign currency exchange gains for the year were NT$2,179 thousand. In order to reduce the risks arising from changes in the exchange rate, we conduct long-term monitoring of international economic and financial changes and review the Company's potential risk exposure in the position of foreign currency, and, depending on the need to plan for the use of foreign currency, avoid or reduce potential risks. Our financial hedging strategy is meant to avoid most market price or cash flow risks.

2. Exchange rate:

In 2021, we repaid the long- and short-term loans on time. The short-term borrowings increased by NT$823,195 thousand, while the long-term borrowings decreased by NT$296,000 thousand, and the total amount of borrowings was NT$2,366,783 thousand, accounting for 29.43% of the total assets and an increase of 6.91% compared with 2020. Interest expense for the year is NT$32,077, and the net interest income and expense as a percentage of the revenue is 0.85%. Since interest rate fluctuations are closely related to the economy, our current financial structure is considered safe. The global economy has experienced regional growth, but the momentum is still uncertain. The ever-changing domestic political and economic environment makes it very likely to raise the interest rate in the future. In order to reduce the possible increase in interest expenses in the future due to the rising interest rates, we continue to improve the financial structure, and will take more rigorous and effective capital planning and use measures.

3. Inflation:

As our product prices have a positive correlation with inflation, the impact of inflation on the profit and loss should not be too great.

(II) **The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees and derivatives transactions is the main reason contributing to its profits and losses and the response measures to be taken in the future:**

We do not engage in high-risk or highly leveraged investments. In the event of acquisition or disposal of mater assets, loaning funds to others, endorsement guarantees and derivative transactions, we follow the policies and procedures stipulated in the "Measures for Handling Acquisition or Disposal of Assets"; "Procedures for Lending Funds to Others"; "Handling Procedures for Derivatives Transactions"; and "Operating Procedures for Loans to Others and Endorsement and Guarantee".

(III) **The most recent annual R&D plan, the current progress of the unfinished R&D plan, the additional R&D expenses to be committed, the estimated time to complete mass production, and the main factors affecting the success of R&D in the future:**

The Company is in the cement manufacturing industry, and the products produced are mature products used in general building materials. Our future direction is to actively improve manufacturing equipment, operating rate and product quality, and provide customers with better products and services. In addition, we will active invest in the reuse of waste to reduce the consumption of natural resources, so that economic resources can be recycled.

(IV) **Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:**

1. The Company has cooperated with the competent authority In the revision of policies and laws in corporate governance, the Company Act, the Securities and Exchange Act and others, and currently there is no significant impact on the finances.
2. The implementation of the new labor pension system has no impact on the finances of the Company because the we have already allocated pensions in accordance with the law.
3. The pension reserves for employees who choose the old pension system have also been fully deposited to the pension fund account on March 31, 2016; and the shortfall amount will be deposited according to the actuary's report at the end of March every year.
4. The amendment of the Mining Act and the substantial increase in the special mining tax will inevitably increase cost to suppress our gross profit, so we will apply rigorous control of cost to make breakthroughs.

(V) **Impact of technological changes (including cybersecurity risks) on the Company's finances and countermeasures in most recent year:**

Our products are used in general public works and private construction projects. The construction methods and inspection standards have not been significantly changed, so there is no impact on the finances.

We have a clear policy on network security. The policy has strict control and management measures on information security duties, education and training, information security operations and protection, network security management, and system access control, so it has no impact on the Company's finances.

(VI) **Effect on the Company's crisis management from changes in the Company's corporate**

image, and measures to be taken in response:

We have always adhered to the business philosophy of taking stable and conservative approach and prioritizing corporate image and risk control. However, the cement industry has entered a matured phase with limited growth, so we have been actively looking for new business opportunities.

(VII) **Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being taken in the most recent year:** None

(VIII) **Expected benefits and possible risks associated with any plant expansion, and mitigation measures being taken in the most recent year:**

The subsidiary Luckicon Ready Mixed Concrete Factory's plant in Wugu ceased operations at the end of September 2020 in response to the Trial Program for Expansion of Wugu Urban Development Plan organized by the New Taipei City Government, and the demolition has been completed in October. In order to make up for the lost production capacity, we contracted other ready-mix concrete plants operated by industry peers in 2021 and constructed the Sanxia plant in New Taipei City. In order to expand the distribution channel and continue to cultivate the domestic cement market, we have purchased land plots in San-Jiao-Pu section of Shulin District in New Taipei City and Fu-Hai section of Luzhu District in Taoyuan City. The new plants are under construction, and expected to be completed in Q4 2022 to start operation. The two new plants will form a network with the two existing plants in Sanxia, New Taipei City and Puxin, Taoyuan, and provide better delivery and service quality to improve the market share. The cement industry is considered part of the cyclical industry, and the construction of the plants will help us mitigate the impact of the market fluctuations during economy cycles.

(IX) **Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being taken in the most recent year:**

We are well aware of the risk of concentrated purchase/sales, so we have always adopted a policy of diversifying sourcing in terms of purchases. Except for the purchase of special minerals and fixed suppliers, there is no concentrated purchase from the same supplier. In terms of sales, we also adopt the diversification of risks and implement credit management. Except for domestic publicly traded (or OTC) companies that have been evaluated according to their operations and financial situation, and our affiliated companies that are given credit sales, the rest mainly pay in advance. In terms of risk assessment of account recovery, the situation with public traded (or OTC) firms and our affiliates is considered good. As for clients who pay in advance, if the debt has not been incurred, we do not assess the checks received. Once the clients accept the delivery, the debt is incurred and the checks are not cleared, we estimate the debt provisions based on the part that has been due and not yet cleared.

(X) **Effect upon and risk to the Company in the event a major quantity of shares belonging to a director or shareholder holding greater than a 10% stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken:** None.

(XI) **Effect upon and risk to Company associated with any change in governance personnel or**

top management, and mitigation measures being or to be taken: None.

(XII) **Litigation or non-litigation incidents:** None.

(XIII) **Other important risks, and mitigation measures being or to be taken:**

In order to strengthen the control of business risks, we have structured an informal organizational system specifically for general day-to-day operating activities and emergencies to respond to:

1. Business meetings:

Every month, the Accounting Department is responsible for compiling business review materials. The chairman personally chairs the business meetings, and convenes the supervisors of the Sales Department and factories to review the Company's operations, production and sales, track the budget implementation, and formulate improvement plans.

2. Supervisor meetings:

Every month, the chairman convenes the top supervisors of all operating units to attend the meeting. They report the status of their works, review and follow up on the various works and assess the impact of internal and external economic or non-economic conditions on the existing business policies, strategies and objectives, and then formulate adjustment strategies and solutions after deliberation.

3. Emergency notification system:

In order to handle the occurrence of major emergencies and reduce possible damages, we have formulated the Operating Measures for Emergency Notification System as a guide for various operating units and personnel to take responsive measures in the event of emergency incidents.

4. Information security risk:

We have a clear policy on network security. The policy has strict control and management measures on information security duties, education and training, information security operations and protection, network security management, and system access control shown as follows:

(1). Information security duties and education and training

- For those who handle sensitive and confidential information and those who need to be given system management authorization due to work requirements, we properly implement division of labor, assign power and responsibilities, establish an evaluation and assessment system, and establish a mutual support system for personnel as needed.
- For personnel who have resigned, taken a temporary leave or been suspended, we take appropriate procedures and immediately cancel the access authorization to various system resources.
- We organize information safety education, training and promotion sessions based on the roles and job functions of personnel at different levels to help

them understand the importance of information security and various potential risk, improve their awareness and obey information security rules.

- We regularly organize information security seminars to improve the capabilities of information security personnel, and check for internal security gaps to reinforce the defense measures.

(2). Information security operating procedures and protection.

- Establish operating procedures for handling information security incidents, and assign necessary responsibilities to relevant personnel, so information security incidents can be resolved quickly and effectively.
- Establish change management notification measures for information facilities and systems in order to prevent loopholes in system security.
- Prudently handle and protect personal information in accordance with the relevant provisions of the Personal Information Protection Act.
- Establish system redundancy facilities and regularly perform necessary information, software backup and redundancy operations, so that operations can be quickly restored in the event of a disaster or storage media failure.
- Regular backup of SAP ERP system database and annual SAP system disaster recovery drills, and establish remote data backup and system redundancy to ensure that the system environment can be quickly rebuilt when a disaster occurs, maintaining the normal operation of the Company.
- The Company's email system policy refuses to receive compressed files and executable files from external parties.
- Access control should be implemented to the restricted areas of computer rooms.

(3). Network security management

- For the dots connected to the external network, establish firewalls to control data transmissions and resources access between the external and internal networks. Implement rigorous identification procedures to block unauthorized access from the internal and external networks.
- Confidential and sensitive information or documents are not stored in the information system open to outside parties, and confidential documents are not sent by e-mail.
- Regularly check the information security facilities and anti-virus functions of the internal network, install anti-virus software on the user side to reduce the risk of infection, and update the virus code and anti-virus engine of the anti-virus system and various security measures.

(4) System access control

- According to the operating system and security management requirements, establish procedures for and keep records of issuing and changing passwords.

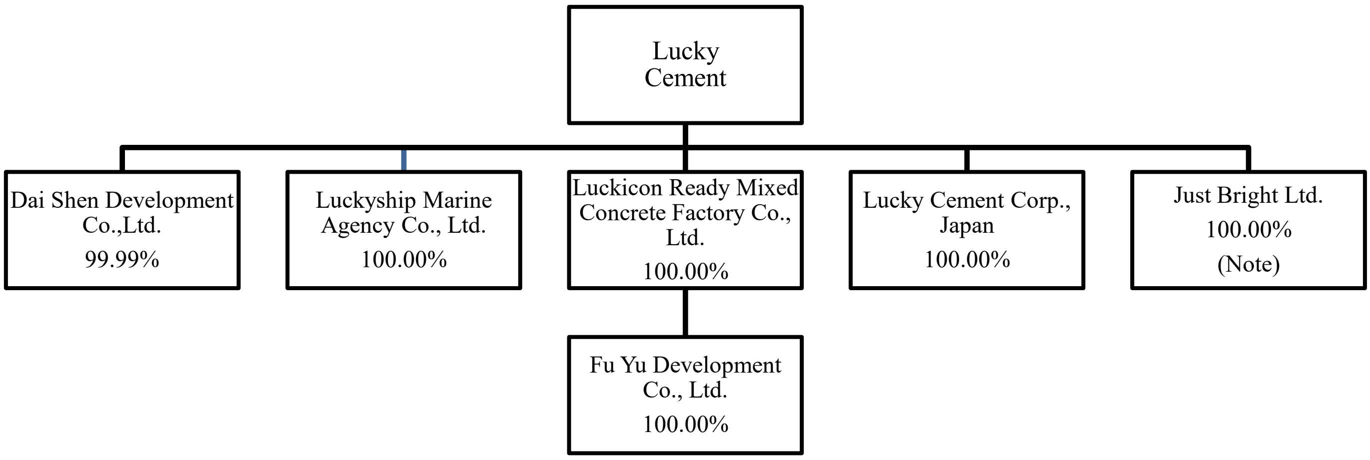
- The system administration personnel of the Information Department set up accounts and passwords for personnel at all levels logging into the operating systems with authorization level appropriate for them, and regularly update the accounts and passwords.
- We rigorously control the account and file access authorization levels for each system, and unauthorized personnel are prohibited from accessing the information not in their authorization levels, so as to ensure the confidentiality of the Company's information.
- Account access requires the passwords that have appropriate strength and number of characters, and must be a mix of alphanumeric characters and symbols for access.
- Add USB control software to register and control the use of external access devices in various departments. Only the storage devices certified by the Information Department can access data, so as to prevent computer infection caused by users carelessly plugging and unplugging USB devices.

VII. Other important matters: None

Eight. Special Matters to be Included

I. Information related to the Company's affiliates.

1. Organizational chart of affiliates



(Note) The board meeting of the parent company on December 27, 2019 resolved to terminate the operation of the subsidiary Just Bright Ltd., and the deregistration procedures were completed in May 2021.

2. Basic information of each affiliate

Company Name	Date of Establishment	Address	Paid-in capital	Main business activities or products
Dai Shen Development Co.,Ltd.	December 1969	14th Floor, No. 237, Songjiang Road, Zhongshan District, Taipei City	NT$1,573,000 thousand	Construction business
Luckyship Marine Agency Co., Ltd.	July 1993	13th Floor, No. 237, Songjiang Road, Zhongshan District, Taipei City	NT$20,000 thousand	Shipping agent Maritime transport
Luckicon Ready Mixed Concrete Factory Co., Ltd.	May 1993	No. 191, Section 1, Meishi Road, Yong-Ping Village, Yangmei District, Taoyuan County	NT$470,000 thousand	Manufacturing and sales of ready-mix concrete
Lucky Cement Corp., Japan	June 1987	12 Tamatsuuramachi, Hekinan, Aichi 447-0834, Japan	¥100,000 thousand	Sales of cement
Just Bright Ltd.	December 2000	Tropic Isle Building,Po Box438,RoadTwon,Tortola, British Virgin Islands	-	Investment
Fu Yu Development Co., Ltd.	November 2007	13th Floor, No. 237, Songjiang Road, Zhongshan District, Taipei City	NT$10,000 thousand	Soil and stone mining industry

3. Information on the controlling and subordinate companies presumably sharing the same shareholders: None.

4. Directors and Supervisors of Affiliated Companies

December 31, 2021

Company Name	Title	Name or Representative	Shareholding	
			Number of Shares	Ownership
Dai Shen Development Co.,Ltd.	Chairman	Liang-Chuan Chen (Lucky Cement)	157,295,883	99.99%
	Director	Ching-Chi Hsiao (Lucky Cement)	157,295,883	99.99%
	Director	Yun-Ju Chen (Lucky Cement)	157,295,883	99.99%
	Supervisor	Cheng-Liang Lin	—	—
Luckyship Marine Agency Co., Ltd.	Chairman	Liang-Chuan Chen (Lucky Cement)	2,000,000	100.00%
	Director	Ching-Shui Kuo (Lucky Cement)	2,000,000	100.00%
	Director	Yun-Ju Chen (Lucky Cement)	2,000,000	100.00%
	Supervisor	Hsiu-Chu Wen	—	—
Luckicon Ready Mixed Concrete Factory Co., Ltd.	Chairman	Liang-Chuan Chen (Lucky Cement)	47,000,000	100.00%
	Director	Yun-Ju Chen (Lucky Cement)	47,000,000	100.00%
	Director	Hsiu-Chu Wen (Lucky Cement)	47,000,000	100.00%
	Supervisor	Chia-Jui Liu (Lucky Cement)	47,000,000	100.00%
Lucky Cement Corp., Japan	Chairman	Liang-Chuan Chen (Lucky Cement)	6,800	100.00%
	Director	Yun-Ju Chen (Lucky Cement)	6,800	100.00%
	Director	Hsiu-Chu Wen (Lucky Cement)	6,800	100.00%
	Supervisor	Chia-Hui Lin (Lucky Cement)	6,800	100.00%
Just Bright Ltd.	Director	Liang-Chuan Chen (Lucky Cement)	—	—
Fu Yu Development Co., Ltd.	Chairman	Ching-Hung Chen (Luckicon)	1,000,000	100.00%
	Director	Chun-Jen Chen (Luckicon)	1,000,000	100.00%
	Director	Chia-Hui Lin (Luckicon)	1,000,000	100.00%
	Supervisor	Lung-Hsiung Chang (Luckicon)	1,000,000	100.00%

5. Business sectors covered by other affiliates:

(1) Manufacture, processing, sales and distribution of cement and cement products.

(2) Mining, manufacturing, processing, sales and distribution of raw materials for cement, raw materials for cement products and various ores

(3) Construction business

(4) Maritime transport

(5) Manufacturing and sales of ready-mix concrete

(6) Investment

(7) Shipping agent

(8) Soil and stone mining industry

6. Overview of the business operations of each affiliate Unit: NTD in thousands; Earnings per share (NT$)

December 31, 2021

Company Name	Paid-in capital	Total assets	Total Liabilities	Net value	Operating revenue	Operating income	Profit and Loss of the Period (after taxes)	Earnings per share (after taxes) (NT$)
Dai Shen Development	1,573,000	3,310,770	828,163	2,482,607	114	12,867	1,831	0.01
Luckyship Marine	20,000	27,234	1,616	25,618	33,157	(957)	(9,433)	(1.19)
Luckicon Ready Mixed Concrete Factory Co., Ltd.	470,000	1,191,173	461,399	729,774	1,251,445	105,189	87,727	1.87
Lucky Cement Corp., Japan	24,165	20,107	302	19,805	33,717	(1,893)	(1,939)	—
Just Bright Ltd.	—	—	—	—	—	—	—	—
Fu Yu Development	10,000	23,363	15,611	7,752	63,589	(1,240)	(973)	(0.97)

7. Affiliated Enterprise Consolidated Financial Statements

Affiliated Enterprise Consolidated Financial Statements Declaration

The entities that are required to be included in the consolidated financial statements of Lucky Cement as of and for the year ended on December 31, 2021, under the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those included in the consolidated financial statements prepared in conformity with the International Accounting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Lucky Cement and Subsidiaries do not prepare a separate set of consolidated financial statements.

Very truly yours

Company Name: Lucky Cement Corporation

Responsible person: Liang-Chuan Chen

March 30, 2022

II. Status of private placement of securities during the most recent fiscal year or up to the date of publication of the annual report: None

III. Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent fiscal year or up to the date of publication of the annual report: None

IV. Other supplementary notes: None

Nine. Matters with Significant Impact on Shareholder Equity or Share Price in 2021 and as of the Date of Publication of Annual Report: None

Lucky Cement Corporation

Chairman Liang-Chuan Chen