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Lucky Cement Corporation

2019 Annual Report
Printed on: April 30, 2020

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

I. Spokesperson / Deputy Spokesperson

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II. Contact Information

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Horen Plant	73 Heren Rd., Heping Village, Xiulin Township, Hualien County	(03)868-1217

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

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

V Overseas Securities Exchange: Not applicable

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

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I A letter to Shareholders

Dear sir and madam:

The consolidated operating revenue in 2019 was NT$3,731,696,000, consolidated gross income from operations was NT$77,882,000 and consolidated profit was NT$45,904,000. After suffer business loss in 2017 and 2018 , the Company actively renovated the business strategies and operating guidelines to reduce operating costs, and finally gained profits with the team efforts of all our colleagues in 2019. Although the operating result is still unders our expectation, it is not easy to turn loss into gain under the challenge of various harsh conditions in 2019.

In recent years, the cement industry has faced several challenges, such as environmental issues, production costs hiking, stagnation in demand, oversea cement dumping, and difficulty in increasing cement prices. The sales of stone materials are also facing loss pressure, because mining taxes have increased significantly and related costs have increased. At the same time, the overall external marcoeconomic situation also fluctuates greatly. Therefore, under the influence of various external factors, the Company's operating performance has been affected seriously tested. The Company actively adjusted various business strategies, increased efforts to secure high-margin orders, and strived to control production costs. In 2019, the northern market gradually reduced sand and stone imports from Mainland China, which was conducive to increasing the sales and selling prices of stone products. The sales price of cement products increased simultaneously due to the increase in sand and stone prices. With the efforts to grasp the changes in the market's objective situation and actively adjusted the operating policies, it eventually turned into a profit in 2019.

From the end of 2019 to the beginning of 2020, the main international economical institutions all forecasted the 2020 global economy will be better then 2019. Because of the U.S.-China trade war and Taiwanese firms leave China and bring their investments home, it is conducive to the increase in Taiwan’s domestic demand, but the emergence of COVID-19 in Mainland China has also disrupted economic growth. Therefore, the Company still faces various challenges in 2020. The Company will continue to optimize logistics conditions, improve capabilities of product scheduling, reduce costs, and cooperate with asset activation, build channels, and deepen the domestic market. In the circular economy, the Company will continue to pay more attention and try to get more high profit orders, the Company hope with all strategic operations and all colleagues’ effort, we can have the best performance in 2020.

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

Chairman：CHEN, LIANG-CHUAN

1.2 2019 Business Report

1. Business performance

(1) Major parts of products

Item	2019	2018	Increase(Decrease)	Growth %
Cement and Slag Powder (Unit: 1,000 tons)	799	764	35	4.58%
Stone (Unit: 1,000 tons)	1,969	1,646	323	19.62%

Status of implementation plan:

Total production of cement and slag powder was 799,000 tons, total planned production was 754,000 tons, and its production achievement rate was 106.0%.

Total production of stone was 1,969,000 tons, total planned production was 2,047,000 tons, and its production achievement rate of stone was 96.2%.

(2) Major parts of Sales

Item	2019	2018	Increase (Decrease)	Growth %
Cement and Slag Powder (Unit: 1,000 tons)	994	984	10	1.02%
Stone (Unit: 1,000 tons)	1,346	1,187	159	13.40%
Cement and Slag Powder (Unit: NT$1,000)	2,103,093	2,042,328	60,765	2.98%
Stone (Unit:NT$1,000)	629,557	491,363	138,194	28.12%

Status of implementation plan:

Total sales of cement and slag powder was 994,000 tons, total planned sales was 1,010,000 tons, and its sales achievement rate was 98.4%.

Total sales of stone was 1,346,000 tons, total planned sales was 1,200,000 tons, and its sales achievement rate of stone was 112.2%.

2. Financial Revenue and Profitability Analysis

Unit: NT$1,000,000

Item	2019	2018	Increase (Decrease)	Increase (Decrease) %
Operating revenue	3,732	3,331	401	12.04%
Operating income (loss)	78	(155)	233	150.32%
Profit (loss) before tax	54	(192)	246	128.13%
Profit (loss)	46	(202)	248	122.77%

<table>
<tr><th colspan="3">Item</th><th>2019</th><th>2018</th></tr>
<tr><td rowspan="4">Individual profitability</td><td>Operating Income (%)</td><td rowspan="2">Ratio：
Paid-in capital</td><td>1.78</td><td>(0.54)</td></tr>
<tr><td>Profit (loss) before Tax (%)</td><td>1.17</td><td>(3.96)</td></tr>
<tr><td colspan="2">Net Profit (Loss) (%)</td><td>1.57</td><td>(6.30)</td></tr>
<tr><td colspan="2">Earnings Per Share (NT Dollar)</td><td>0.11</td><td>(0.44)</td></tr>
</table>

3. Research and development

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

4. Subsidiary business

(1) Dasheng Enterprise Co., Ltd. ("Dasheng Enterprise")

The company invests the land located in the Daganlin area of Anle Dist., Keelung City. The land is under grading stage and the company has integrated the first and second phase infrastructure works to save the development cost. The first land readjustment phase of the project has been completed, and the cadastral distribution settlement and project accepting will be conducted according to "Encouragement Regulations for Landowners Implementing Urban Land Readjustment". It is planned to apply for construction license and other related operations in the fourth quarter of 2020. The second readjustment phase has been completed, it was originally expected to complete the related operations of the readjustment in the first half of 2020, unfortunately it will take another year and a half to cooperate with the change of urban renewal plan, because the Keelung City Government requires the school zone to be relocated.

The company suffered a net loss amount NT$ 48,000,000 in 2019.

(2) Lucky Cement Corp., Japan (“Lucky Cement, Japan”)
In 2019, the sales revenue of cement was NT$61,890,000 and net profit was NT$730,000.

(3) Luckicon Ready-mixed Concrete Factory Co., Ltd (“Luckicon Ready-mixed Concrete”)
In 2019, the sales revenue was NT$1,247,430,000 and net profit was NT$27,740,000.

(4) Luckyship Marine Co., Ltd (“Luckyship Co.”)
The sales revenue in 2019 was NT$ 72,850,000 and net loss was NT $8,890,000.

(5) Just Bright Ltd (BVI company)
The board of directors decided to end the operation of Just Bright Ltd (BVI) on December 27, 2019.

(6) Fuyu Development Company (“Fuyu Development Co.”)
In 2019, the sales revenue was NT$ 74,800,000 and net loss was NT$4,810,000.

1.3 2020 Business Plans

Production & Marketing Plans in 2020：

Unit : tons

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

Although the international economy has improved in 2019, and it is predicted that the economic growth in 2020 will be better than that in 2019; however, the emergence of COVID-19 in Mainland China has made the outlook unclear before the end of 2020. The company conservatively estimates the cement-related industry market in 2020, it is expected that the Company's production and sales of cement and slag powder will be between 750,000 to 1,200,000 tons, and the production and sales of stone will be between 1,200,000 to 2,500,000 tons.

II Company History

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

reinforce quality of developed mining source.

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

Established Luckyship Navigation S.A.

Established Luckipar Professional Basketball Co., Ltd

1996: Slag powder was firstly available on the market.

Dongao & Puxin Plants ISO9002. certified

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

Dongao Plant production rationalization project completed

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

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

2000: Added waste disposal projects to increase operating revenue.

Established Just Bright（BVI）Co.

Established Hojen Harbour Development Co., Ltd.

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

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

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

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

Luckyship Navigation S.A. was dismissed for liquidation.

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

2006: Stone product was firstly available on the market.

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

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

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

2008: Phase 2 expansion construction of Horen mining completed.

The Company passed Quality Certification of ISO9001:2008.

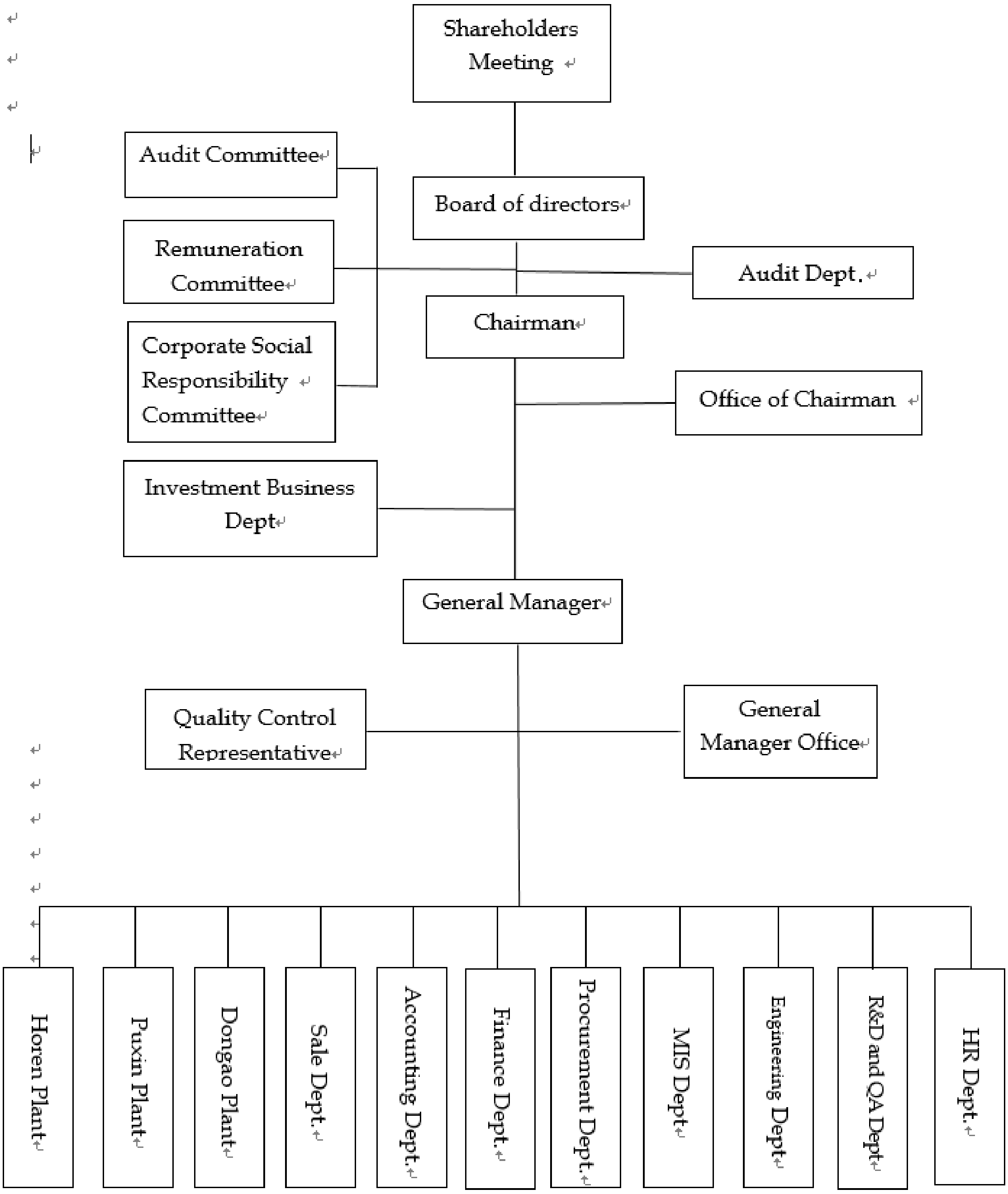
2012: Luckyship Navigation S.A. concluded in the liquidation.

2015:	Luckyship Marine Co., Ltd purchased a vessel
	ELUMINA Technology Inc. and its subsidiary, ELUMINA (Xiamen) Technology Inc. remains in the process of dismissal and liquidation as of December 31, 2015.
2016:	Hojen Harbour Development Co., Ltd. proceeded in dismissal and liquidation in September 2016.
2018:	Elumina Technology Inc. was granted dissolution registration on November 8, 2018.
2019:	The board of directors decided to end the operation of Just Bright Ltd (BVI) on December 27, 2019.

III Corporate Governance Report

3.1 Organization

1. Organization chart



2. Major Corporate Functions

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

3.2 Directors, Supervisors and Management Team

1. Directors

April, 30, 2020

Title (Note1)	Nationality/ County of Origin	Name	Gender	Date Elected	Term (Years)	Date First Elected (Note2)	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note3)	Other Position	Executive, Directors or Supervisors who are spouses or within two degrees of kinship			Note (Note4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Institutional Director	ROC	Shiyi Cement Co., Ltd.	–	June 12, 2019	3	June 13, 2007	3,634,588	0.90 %	6,632,588	1.64 %	–	–	–	–	–	–	–	–	–	
	ROC	Representative : Chen, Liang-Chuan	Male	June 12, 2019	3	June 6, 1990	6,754,627	1.67 %	6,158,497	1.52 %	None	–	None	–	Chengzhou Elementary School	Chairman of Yungsheng Development Industrial Co., Luckicon Ready-mixed Concrete, Luckyship Co., Dasheng Enterprise and Lucky Cement, Japan Chairman & General Manager of Lucky Cement Co.	Executive Deputy General Manager	Chen, Yun-Ju	Father and daughter	Note4
	ROC	Shiyi Cement Co., Ltd.	–	June 12, 2019	3	June 13, 2007	3,634,588	0.90 %	6,632,588	1.64 %	–	–	–	–	–	–	–	–	–	
	ROC	Representative : Chen, Yun-Ju	Female	June 12, 2019	3	December 30, 2001	7,951,298	1.96 %	7,951,298	1.96 %	2,266,891	0.56 %	None	–	EMBA of Tulane University	Chairman of Liguang Construction Co. Executive Deputy General Manager of Lucky Cement Co.	Chairman and General Manager	Chen, Liang-Chuan	Father and daughter	
Director	ROC	Zhang, Xiang-Lin	Male	June 12, 2019	3	June 13, 2007	7,539,587	1.86 %	7,539,587	1.86 %	None	–	None	–	Datong Middle School	General Manager of Xuhe Building Materials Co., Ltd	None	–	–	
	ROC	Cheng, Shang-Kai	Male	June 12, 2019	3	June 12, 2019 (Note5)	1,832,666	0.45 %	1,832,666	0.45 %	None	–	None	–	MBA of Suffolk University	Manager of Haihua Investment Co., Ltd.	None	–	–	
Independent Director	ROC	Chen, Yan	Female	June 12, 2019	3	June 15, 2016	–	–	–	–	None	–	None	–	Bachelor of Department of Accounting, Tamkang University	Convener of Remuneration Committee of Lucky Cement Co.	None	–	–	
	ROC	Wang, Zhi-Cheng	Male	June 12, 2019	3	June 15, 2016	–	–	–	–	None	–	None	–	PhD of College of Law, National Chengchi University	Professor, College of Law, National Chung Cheng University Independent Director of Dyaco International Inc. Independent Director of CTBC Financial Holding Co., Ltd.	None	–	–	
	ROC	Shao, Yang-Wei	Male	June 12, 2019	3	June 12, 2019	–	–	–	–	None	–	None	–	Ph. D. Graduate Institute of Engineering Technology, National Taipei University of Technology	General Manager of Jabes Construction Company Limited Vice Chairman of Chung Hua Association for Financial and Economic Strategies Honorary Chairman of CCIM Taiwan	None	–	–	

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

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

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

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

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

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

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

April 30, 2020

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

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

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

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

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

April 30, 2020

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

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

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

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

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

April 30, 2020

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Board Member Diversity and Core Competency Table

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

Note 1 : * means partial ability
Note 2 : A is under 60 years old, B is 60-69 years old, C is 70 years old and above
Note 3 : A is under 3 years, B is 3-9 years, C is 9 years or more

2. Directors, Supervisors and Management Team

April 30, 2020
Unit : shares

Title (Note 1)	Nationality/ Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 2)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	ROC	Chen, Liang-Chuan	Male	December 1, 1994	6,158,497	1.52%	0	－	0	－	Chengzhou Elementary School	Chairman of Yungsheng Development Industrial Co., Luckicon Ready-mixed Concrete, Luckyship Co., Dasheng Enterprise and Lucky Cement, Japan	Executive Deputy General Manager	Chen, Yun-Ju	Father and daughter	Note 3
Executive Deputy General Manager	ROC	Chen, Yun-Ju	Female	April 1, 2001	7,951,298	1.96%	2,266,891	0.56%	0	－	EMBA of Tulane University	Chairman of Liguang Construction Co.	General Manager	Chen, Liang-Chuan	Father and daughter	
Assistant Vice President	ROC	Huang, Zhen-Ku	Male	July 11, 2003	33,520	0.01%	0	－	0	－	National Taipei Institute of Technology Industrial Engineering	None	None	－	－	
Assistant Vice President	ROC	Fu, Yao-Ying	Male	January 30, 2020	0	－	0	－	0	－	Ming Hsin Engineering College Mechanical Engineering	None	None	－	－	
Financial Manager	ROC	Weng, Xiu-Chu	Female	July 1, 2002	13,717	0.00%	0	－	0	－	National Taipei Open College Business Administration	Director of Lucky Cement, Japan and Luckicon Ready-mixed Concrete Supervisor of Luckyship Co.,	None	－	－	
Accounting Manager	ROC	Chang, Ching-Tien	Male	December 27, 2019	21,000	0.01%	0	－	0	－	Chung Yuan Christian University Master of Accounting	None	None	－	－	
Auditing Manager	ROC	Wang, Wei-Ren	Male	November 18, 2009	0	－	0	－	0	－	Financial Master of Wright State University	None	None	－	－	

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

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

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

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

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

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

Unit: NT$1,000

Title	Name	Remuneration of Directors								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees												Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Severance Pay (B)		Bonus to Directors (C) (Note 1)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F) (Note 2)		Profit Sharing- Employee Bonus (G) (Note 3)				Exercisable Employee Stock Options (H)		New Restricted Employee Shares (I)				
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock							
Director	Jinli Investment Co., Ltd.	—	—	—	—	0	0	0	0	0%	0%	0	0	0	0	—	—	—	—	—	—	—	—	0%	0%	None
Director	Shiyi Cement Co., Ltd.	—	—	—	—	0	0	0	0	0%	0%	0	0	0	0	—	—	—	—	—	—	—	—	0%	0%	
Director	Shiyi Cement Co., Ltd. Representative： Chen, Liang-Chuan	—	—	—	—	1,170	1,170	1,200	1,200	5.16%	5.16%	2,254	4.753	124	274	5	—	5	—	—	—	—	—	10.35%	16.12%	
Director	Jinli Investment Co., Ltd. Representative： Chen, Yun-Ju	—	—	—	—	1,000	1,000	600	600	3.49%	3.49%	1,654	1,654	92	92	5	—	5	—	—	—	—	—	7.30%	7.30%	
Director	Zhang, Xiang-Lin	4	4	—	—	200	200	600	600	1.75%	1.75%	0	0	0	0	—	—	—	—	—	—	—	—	1.75%	1.75%	
Director	Cheng, Shang-Kai	2	2	—	—	200	200	332	332	1.16%	1.16%	0	0	0	0	—	—	—	—	—	—	—	—	1.16%	1.16%	
Independent Director	Chen, Yan	—	—	—	—	0	0	733	733	1.60%	1.60%	0	0	0	0	—	—	—	—	—	—	—	—	1.60%	1.60%	
Independent Director	Wang, Zhi-Cheng	—	—	—	—	0	0	733	733	1.60%	1.60%	0	0	0	0	—	—	—	—	—	—	—	—	1.60%	1.60%	
Independent Director	Shao, Yang-Wei	—	—	—	—	0	0	464	464	1.01%	1.01%	0	0	0	0	—	—	—	—	—	—	—	—	1.01%	1.01%	

Note 1：2019 proposed remuneration of directors is distributed in accordance with the Company's Articles of Incorporation.

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

Note 3：2019 proposed remuneration of employees is distributed in accordance with the Company's Articles of Incorporation.

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

(2-1) Remuneration of Supervisor （Individual disclosure of names and emoluments）

Unit: NT$1,000

Title	Name	Remuneration of Supervisor						Ratio of Total Remuneration (A+B+C) to Net Income (%)		Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Bonus to Supervisors (B) (Note 1)		Allowances (C)				
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	
Supervisor	Kuo Chuan Development Co., Ltd. Representative：Chen, Ming-Hsien	2	2	–	–	161	161	0.36%	0.36%	None
Supervisor	Cheng, Shang-Kai	2	2	–	–	161	161	0.36%	0.36%	

Note 1：2019 proposed remuneration of directors is distributed in accordance with the Company's Articles of Incorporation.
Supervisors resigned on June 12, 2019, The Company set up the audit committee to exercise supervisors' power.

(3-1) Remuneration of General manager and Deputy General manager （Individual disclosure of names and emoluments）

Unit: NT$1,000

Title	Name	Salary (A)		Severance Pay (B) (Note 1)		Bonuses and Allowances (C)		Profit Sharing- Employee Bonus (D) (Note 2)				Ratio of total compensation (A+B+C+D) to net income (%)		Exercisable Employee Stock Options		New Restricted Employee Shares		Compensation paid to the General manager and Deputy General manager from an Invested Company Other Than the Company's Subsidiary
		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company		All companies in the consolidated financial statements		The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	The Company	All companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock							
General manager	Chen, Liang-Chuan	2,068	4,564	124	274	186	188	5	0	5	0	5.19%	10.96%	–	–	–	–	None
Executive Deputy General Manager	Chen, Yun-Ju	1,538	1,538	92	92	116	116	5	0	5	0	3.82%	3.82%	–	–	–	–	None

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

Note 2：2019 proposed remuneration of Employee is distributed in accordance with the Company's Articles of Incorporation.

(4-1) Remuneration of the top five remuneration executives for TWSE/GTSM Listed Companies（Individual disclosure of names and emoluments）

Unit: NT$1,000

Title	Name	Salary (A) （Note 2）		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Profit Sharing- Employee Bonus (D) （Note 4）				Ratio of total compensation (A+B+C+D) to net income (%) （Note 6）		Compensation paid to managers from an Invested Company Other Than the Company's Subsidiary (Note 7)
		The Company	All companies in the consolidated financial statements (Note 5)	The Company	All companies in the consolidated financial statements (Note 5)	The Company	All companies in the consolidated financial statements (Note 5)	The Company		All companies in the consolidated financial statements (Note 5)		The Company	All companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
－	A	2,068	4,564	124	274	186	188	5	－	5	－	5.19%	10.96%	None
－	B	1,538	1,538	92	92	116	116	5	－	5	－	3.82%	3.82%	None
－	C	1,504	1,504	91	91	114	114	4	－	4	－	3.73%	3.73%	None
－	D	1,272	1,272	69	69	69	69	4	－	4	－	3.08%	3.08%	None
－	E	1,163	1,163	73	73	73	73	4	－	4	－	2.86%	2.86%	None

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

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

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

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

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

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

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

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

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

(5-1) Remuneration of Managers

December 31, 2019 Unit : NT$1,000

	Title	Name	Employee Bonus - in Stock (Fair Market Value)	Employee Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
Manager	General manager	Chen, Liang-Chuan	None	26	None	0.06%
	Executive Deputy General Manager	Chen, Yun-Ju				
	Assistant Vice President	Huang, Zhen-Ku				
	Manager	Weng, Xiu-Chu				
	Manager	Chang, Ching-Tien				
	Manager	Wang, Wei-Ren				

Note ：2019 proposed remuneration of Employee is distributed in accordance with the Company's Articles of Incorporation.

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

(1)

Unit: NT$1,000

Title	2018				2019			
	The Company		All companies in the consolidated financial statements		The Company		All companies in the consolidated financial statements	
	Amount	%	Amount	%	Amount	%	Amount	%
Director	7,731	-4.37%	10,379	-5.86%	11,372	24.77%	14,019	30.54%
Supervisor	730	-0.42%	730	-0.42%	326	0.71%	326	0.71%
General manager and Deputy General manager	4,126	-2.33%	6,774	-3.83%	4,134	9.01%	6,782	14.77%

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

(3) If the Company has a profit as shown through the annual accounting closing, the Company will provide compensation for the directors' compensation and employee compensation according to the provisions in the company's Articles of Incorporation. The remuneration of the directors, supervisors and managers is reviewed by the Remuneration Committee of the Company according to the individual business performance, and submitted to the board of directors for approval so that the occurrence of risk may be minimized in the future.

3.3 Implementation of Corporate Governance

1. Board of Directors

Total of 7 (A) meetings of the Board of Directors were held in the previous period. The attendance of director and supervisor were as follows:

Title	Name (Note 1)	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】(Note 2)	Note
Chairman	Shiyi Cement Co., Ltd. Representative： Chen, Liang-Chuan	7	0	100.00%	Full re-election / re-elected on June 12, 2019
Director	Shiyi Cement Co., Ltd. Representative： Chen, Yun-Ju	4	0	100.00%	Full re-election / juristic person re-elected, representative is newly elected on June 12, 2019. In attendance should attend 4 times.
Director	Zhang, Xiang-Lin	6	1	85.71%	Full re-election / re-elected on June 12, 2019
Director	Cheng, Shang-Kai	4	4	100.00%	Full re-election / newly elected on June 12, 2019. In attendance should attend 4 times.
Independent Director	Chen, Yan	7	0	100.00%	Full re-election / re-elected on June 12, 2019
Independent Director	Wang, Zhi-Cheng	7	0	100.00%	Full re-election / re-elected on June 12, 2019
Independent Director	Shao, Yang-Wei	4	0	100.00%	Full re-election / newly elected on June 12, 2019. In attendance should attend 4 times.
Director	Jinli Investment Co., Ltd. Representative： Chen, Yun-Ju	3	0	100.00%	Full re-election / juristic person and representative resigned on June 12, 2019. In attendance should attend 3 times.
Supervisor	Kuo Chuan Development Co., Ltd. Representative： Chen, Ming-Hsien	3	0	100.00%	Discharged after full re-election on June 12, 2019. In attendance should attend 3 times.
Supervisor	Cheng, Shang-Kai	3	0	100.00%	Discharged after full re-election on June 12, 2019. In attendance should attend 3 times.

Other mentionable items:

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

   Participation in the board meetings of independent directors

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

Independent Director	First Meeting	Second Meeting	Third Meeting	4th Meeting	5th Meeting	6th Meeting	7th Meeting
Wang, Zhi-Cheng	◎	◎	◎	◎	◎	◎	◎
Chen, Yan	◎	◎	◎	◎	◎	◎	◎
Shao, Yang-Wei**	-	-	-	◎	◎	◎	◎

**Shao, Yang-Wei is newly elected afte full re-election on June 12, 2019. In attendance should attend 4 times in 2019.

(1) Listed items in the Article 14-3 of the Securities Exchange Act.
Please refer to page 39-43 (11) for details in the important resolutions of the meeting of the board of directors in 2018 and as of the publication of the annual report.

(2) Except for the previous issues, other board meeting decisions that have opposition or reservation opinions by independent director and have recorded or written statements.
There were 6 board meetings in 2019, three independent directors had many suggestions on the Board of Directors, but there were no objections or reservations. The suggestions of independent directors are detailed in the minutes of the board of directors.

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

Meeting Times Date	Content of the motion	Resolution situation	Implementation Status
First 2019/01/29	Discussion Matters： Case 11 The Company's 2017 Year-end bonuses payment of managers is proposed and submitted it for verification. (Proposed by the Remuneration Committee)	When the case was voted on, related party Representatives of juristic person Director (including Mr. Chen, Liang-Chuan and Ms. Chen, Yun-Ju) and Managers (including Ms. Weng Xiu-Chu and Mr. Wang, Wei-Ren) evaded and passed resolution through the remaining directors without objection.	Approved resolution. It was distributed on February 1, 2019.

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

The implementation of the Company's board evaluation

Evaluation Cycle	Evaluation Period	Evaluation scope	Evaluation method	Evaluation content
Once per year	The Company's board performance evaluation period is from January 1, 2019 to December 31, 2019.	The Company's board evaluation scope covers the evaluation of the board as a whole, individual directors and functional committees.	Methods of evaluations include the internal evaluation of the board, self-evaluation by individual board members, peer evaluation, and evaluation by appointed external professional institutions, experts, or other appropriate methods.	1. The Company shall take into consideration its condition and needs when establishing the criteria for evaluating the performance of the board of directors, which should cover, at a minimum, the following five aspects: participation in the operation of the company; improvement of the quality of the board of directors' decision making; composition and structure of the board of directors; election and continuing education of the directors; and internal control. 2. The criteria for evaluating the performance of the board members (on themselves or peers), should cover, at a minimum, the following six aspects: alignment of the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationship and communication; the director's professionalism and continuing education; and internal control. 3. The criteria for evaluating the performance of functional committees should cover, at a minimum, the following five aspects: participation in the operation of the company; awareness of the duties of the functional committee; improvement of quality of decisions made by the functional committee; makeup of the functional committee and election of its members and internal control.

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

（1）There were total 7 times of board meetings in 2019 and important motions that are public announced via Market Observation Post System according to the law to ensure the information disclosure.

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

（3）The Company’s “Self-Evaluation or Peer Evaluation of the Board of Directors” was approved by the board of directors on November 10, 2015. Since 2019, the performance self-assessment questionnaire was issued to all board members and functional committees before the end of first quarter each year, in addition to assessing the overall operation of the board of directors and functional committees, it also conducted self-assessment on its own for the previous year. After the questionnaires are fully recovered before the end of first quarter each year, the Company’s board of directors and related units organize the analysis according to the previous methods and submits the results to the board of directors. The above methods and evaluation results were also disclosed on the Company's official website. Please check the important regulations of the Company as “Self-Evaluation or Peer Evaluation of the Board of Directors” under the section of Corporate Governance and the website address is http://www.luckygrp.com.tw/tw/index.asp?au_id=7&sub_id=49#.

（4）For the implementation status of the Company’s Self-Evaluation or Peer Evaluation of the Board of Directors, please check the website and address is http://www.luckygrp.com.tw/tw/index.asp?au_id=7&sub_id=73#.

The latest (2019) Director’s performance evaluation results are as follows:

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

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

C. The performance evaluation of functional committees

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

b. The Remuneration Committee : Total average score is3.99 (Full score is 4.00).

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

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

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

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

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

Total of 4 (A) meetings of the Audit Committee were held in the previous period. The attendance of independent directors was as follows:：

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Note
Independent Director	Wang, Zhi-Cheng	4	0	100.00%	Full re-election / re-elected on June 12, 2019
Independent Director	Chen, Yan	4	0	100.00%	Full re-election / re-elected on June 12, 2019
Independent Director	Shao, Yang-Wei	4	0	100.00%	Full re-election / newly elected on June 12, 2019

Other mentionable items：

1. All matters listed in Article 14-5 of the "Securities and Exchange Act" that has not been approved with the consent of one-half or more of all audit committee members and been undertaken upon the consent of two-thirds or more of all directors, the information should be disclosed including the date of the board meeting, session, motion content, the resolution of the audit committee and the Company's response to the audit committee's opinion: No such thing.
2. Implementation of independent directors' avoidance of interest resolutions, the information should be disclosed including the name of independent director, motion content, reason of interest avoidance and participation in voting : No such thing.
3. Communication between independent directors and internal audit managers and accountants(communications include major matters, methods and results on the Company's financial and business conditions).

Meeting Date	Communication with internal audit managers	
	Communication matters	Communication results
2019/11/12	1. Internal control cycle audit report 2. Processing operations of derivatives trading. 3. The operations of making loans to and endorsements/guarantees for others	1. Continuous tracking to improve the shortcomings and mistakes of the auditing. 2. The MIS department regularly reviews the authority of ERP and other system users to the department supervisor and reports back to the MIS department. 3. Confirm the completeness of the list of related parties. 4. The year-end stock taking schedule is changed from November to December. 5. Set up the head of corporate governance by 2021.

Meeting Date	Communication with accountants	
	Communication matters	Communication results
2019/3/22	1. Results of of key auditing matters 2. Description of the improvement of the major issues in the previous period.	Noted.
2019/11/12	1. Identify and communicate key audit items. 2. Communicate the .fair value evaluation of financial assets in the end of period 3. Communicate the year-end stock taking schedule of Lucky Cement Co.,.. 4. Review the MIS operations. 5. Communicate the 2019 audit planning matters with the governance unit. 6. The tax problem of mining in Fuan Mining Co., Ltd. 7. Identificate and maintain the list of related parties.	Noted.

4. The focus of the Audit Committee :

（1）The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
（2）Assessment of the effectiveness of the internal control system.
（3）The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
（4）Audit matters in which a director is an interested party.
（5）Audit asset transactions or derivatives trading of a material nature.
（6）Audit loans of funds, endorsements, or provision of guarantees of a material nature.
（7）Audit the offering, issuance, or private placement of equity-type securities.
（8）Audit the hiring or dismissal of a certified public accountant, or their compensation.
（9）Audit the appointment or discharge of a financial, accounting, or internal audit officer.
（10）Audit annual and semi-annual financial reports.
（11）Audit other material matters as may be required by this Corporation or by the competent authority.

Audit Committee	Proposal content and Subsequent processing	resolution	The Company handles the opinions of Audit Committee
First Term First session in 2019 June 12, 2019	To electe the convener	All committee member elected Mr. Wang, Zhi-Cheng as the convener.	-
First Term Second session in 2019 August 12, 2019	The Company's Taoyuan Puxin Factory Land Asset Revitalization.	All independent directors presented and passed the case without objection. The prerequisite of the disposal is finding a plan that can replace the land function of the Puxin Factory and invite relevant personnel to discuss the supporting measures.	The board of directors passed the resolution as recommended by the audit committee after the chairman consulted with all attendance directors.
First Term Third session in 2019 November 12, 2019	The proposed non-distribution of the Company's first half of 2019 cash dividend.	All independent directors presented and passed the case without objection.	The board of directors passed the case after the chairman consulted with all attendance directors.
First Term Forth session in 2019 December 27, 2019	Case 1. It is proposed to formulate the business budget and capital expenditure budget for 2020.	All independent directors presented and passed the case without objection. Meanwhile hierarchical authorization is adopted during actual operation and	The board of directors passed the case without objection after the chairman consulted with all attendance directors.

		expenditure, it shall be reported to the board of directors if necessary.		
	Case 2. It is proposed to authorize the chairman of the board of directors to fully handle the credit line cases between the Company and financial institutions in 2020.	All independent directors presented and passed the case without objection.	The board of directors passed the case without objection after the chairman consulted with all attendance directors.	
	Case 3. It is proposed to pre-purchase forward exchange within the Company's foreign currency loan balance.	All independent directors presented and passed the case without objection.	The board of directors passed the case without objection after the chairman consulted with all attendance directors.	
	Case 4. It is proposed to authorize the chairman of the board of directors to provide an endorsement guarantee to the Company's subsidiaries and make a decision within a certain amount.	All independent directors presented and passed the case without objection.	The board of directors passed the case without objection after the chairman consulted with all attendance directors.	
	Case 5. The subsidiary, Luckyship Marine Co., proposes to apply to the Company for financing limit due to business turnover.	All independent directors presented and passed the case without objection.	The board of directors passed the case without objection after the chairman consulted with all attendance directors.	
	Case 6. The subsidiary, Lucky Cement Corp., Japan, proposes to apply to the Company for financing limit due to business turnover.	All independent directors presented and passed the case without objection.	The board of directors passed the case without objection after the chairman consulted with all attendance directors.	
	Case 7. It is proposed to end the subsidiary Just Bright Ltd..	All independent directors presented and passed the case without objection.	The board of directors passed the case without objection after the chairman consulted with all attendance directors.	
	Case 8. It is proposed to schedule the 2020 internal audit plan.	All independent directors presented and passed the case without objection. If necessary, execute the project review.	The board of directors passed the internal audit plan without objection after the chairman consulted with all attendance directors.	
	Case 9. Regularly (once per year) evaluate the independence and suitability of the Company's certified public accountant (CPA) and submit them for deliberation.	All independent directors presented and passed the case without objection. Refer to the expressions of other companies to determine whether to revise the evaluation form.	The suggestion of Independent Director Mr. Wang, Zhi-Cheng: The design and expression of the rating items need to be reviewed and adjusted. The board of directors passed the case without objection after the chairman consulted with all attendance directors.	
	Case 10. The 2020 commission remuneration of CPA.	All independent directors presented and passed the case without objection.	The board of directors passed the case without objection after the chairman consulted with all attendance directors.	
	Case 11. It is proposed to change the Accounting Manager.	All independent directors presented and passed the case without objection.	Managers Weng Xiu-Chu, Wang Wei-Ren and Special Assistant Chang Ching-Tien evaded. The board of directors passed the case without objection after the chairman consulted with all attendance directors.	

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

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	✓		The board of Directors of the Company approved the "Corporate Governance Best Practice Principles" on December 26,2014. The Company makes timely amendments in accordance with the regulations of the Competent Authority and disclosures Corporate Governance Best Practice Principles in the Company's website (http://www.luckygrp.com.tw).	No difference.

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
2. Shareholding structure & shareholders' rights (1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		(1) The Company has established the spokesman and acting spokesperson system and coordinated with the stock affairs department of SinoPac Securities Corporation as the agent for stock affairs to deal with the investor relations, suggestions of shareholders and disputes.	(1)No difference.
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		(2) To keep track of the shareholdings of directors, supervisors, managers, and major shareholders holding more than 10% of shares at any time.	(2)No difference.
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		(3) All dealings or transactions are based on statutory regulations or legally established systems in the internal control system.	(3)No difference.
(4) Does the company establish internal rules against insiders trading with undisclosed information?	✓		(4) Internal control system: C2-103 that has regulated the management procedure to prevent any insiders trading	(4)No difference.
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members?	✓		(1)① The Company has established the appropriate policy on diversity of Directors in according with the Chapter 3 of the Corporate Governance Best Practice Principles which approved by the Board of Directors. To make sure the diversity and independence of Directprs, the nomination and election of Directors are in accordance with Articles of Incorporation, Procedures for Election of Directors and Corporate Governance Best Practice Principles. ② The Company's Directors shall have diversity professional background such as sales, production, business management, finance, accounting and law to comply with relevant regulations. Please refer to Page 14 for the table of Board Member's diversified core competency. ③ Among the seven members of the Company's board of directors, 28.6% of the directors are employees, 42.9% of independent directors (the independent directors are not employees), 28.6% of the directors are female. Two independent directors' terms are less than 6 years. As of the date of publication, the age distribution of directors is following: one is above 70 years old, one is among 60 to 69 years old, and 5 are under 60 years old.	(1)No difference.
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	✓		(2) Regulations of Remuneration Committee was approved by the Company's board of directors on December 23, 2011 to establish the Remuneration Committee accordingly that evaluate directors and managers of the salary and remuneration policy and system by the professional and objective position and report to the board of directors with the meeting minutes and implementation status. In addition, the board of directors passed a resolution setting out the "Regulations for Corporate Social Responsibility Committee" on May 10, 2017, and passed a resolution about the chairman to appoint members of the Corporate Social Responsibility Committee on July 10, 2017. The Company's "Organization Rules for Audit Committee" was approved by the board of directors on March 22, 2019 and cooperated with the re-election of directors to set up an audit committee on June 12, 2019.	(2)No difference.
(3) Does the company establish a standard to measure the performance of the Board, and implement it annually? Does the comppany report the results of the performance evaluation to the board of directors and apply it to individual director's remuneration and nomination renewal?	✓		(3)① "Self-Evaluation or Peer Evaluation of the Board of Directors" was approved by the Company's board of directors on November 10, 2015, the Company does regular performance evaluations every year and makes timely amendments in accordance with the regulations of the Competent Authority. The Company disclosures the performance evaluation in the Company's website (http://www.luckygrp.com.tw/tw/index.asp?au_id=7&sub_id=73)	(3)No difference.

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			② "Self-Evaluation or Peer Evaluation of the Board of Directors" was amended by the Company's board of directors on March 22,2019, In addition to the original "performance evaluation of the board of directors" and "the performance evaluation of the board members", added "the performance evaluation of functional committees". On March 24, 2020, the board of directors reviewed and approved that the performance of all board members, the board of directors, and functional committees are in effective operation in 2019. ③ When electing or nominating members of the board of directors, the Company shall base its election on the evaluation results of the performance of the board and shall base its determination of an individual director's remuneration on the evaluation results of his or her performance in accordance with Article 9 of the Company's Self-Evaluation or Peer Evaluation of the Board of Directors.	
(4) Does the company regularly evaluate the independence of CPAs?	✓		(4) The Regulations of Evaluation on Certified Public Accountant and Performance Assessment were approved by the Company's board of directors on November 10, 2015 and the board of directors evaluated and verified the independence and competency of CPAs once pre year on December 27, 2019 that was approved and confirmed. (Note)	(4)No difference.
4. Whether the company has an adequate number of corporate governance personnel with appropriate qualifications and appoint a chief corporate governance officer, who are responsible for corporate governance-related matters (including but not limited to providing directors and supervisors necessary information for performing business, assisting directors and supervisors with legal compliance, legally handling matters relating to board meetings and shareholders' meetings, conducting company registration and change of registration, making meeting minutes of board of directors and shareholders' meetings, etc.)	✓		The Company's corporate governance special (part-time) work unit is a corporate governance task force, which is composed of Executive Deputy General Manager and managers of various departments, and conducts related businesses in accordance with the Company's "Corporate Governance Best Practice Principles". The annual execution is disclosured in the Company's website http://www.luckygrp.com.tw/tw/index.asp?au_id=7&sub_id=97	No difference.
5. Whether the company establishes communication channels with interested parties (including but not limited to shareholders, employees, customers, suppliers, etc.), and establishes interested parties' areas on the company's website, and appropriately responds to important corporate social responsibilities of interested parties' issue?	✓		The Company has established the spokesman and acting spokesperson system, the designated webpage of the Company website (http://www.luckygrp.com.tw) is for communication channels with interested parties including shareholder relations, client relations, employee relations, customer relations, supplier relations, community relations and work ethics. The questions asked by different types of relations have their corresponding special supervisors to respond. Relevant processing information is disclosed in the Company's corporate social responsibility report every year The Company's spokesman and acting spokesperson and the stock affairs department of SinoPac Securities Corporation as the agent for stock affairs to deal with and react to the suggestions and disputes of shareholders.	No difference.
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		Name, address and telephone of Stock transfer agency. Name: Stock affairs department of SinoPac Securities Corporation Address: 3F., 17, Boai Rd., Zhongzheng Dist., Taipei City Tel: (02)2381-6288 Website: http://www.sinotrade.com.tw	No difference.
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		(1) Related information is disclosed on the Company's website in accordance with laws. The company website is http://www.luckygrp.com.tw.	(1)No difference.
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and	✓		(2)The Company has a spokesperson and an agent spokesperson responsible for the disclosure of information in accordance with the regulations, if necessary the synchronous press release will be issued. The Company held an earning conference in 2019, the relevant Chinese and English	(2)No difference.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Explanation</th></tr>
<tr><td>disclosure, creating a spokesman system, webcasting investor conferences)?

(3) Is the company advised to publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.</td><td></td><td>✓</td><td>briefings were uploading to the Market Observation Post System (MOPS), and it was also announced on the Company website. The Company has an English website that provides information of business, finance and corporate governance.

(3) The Company reports financial reports and monthly operations within the prescribed period.</td><td>

(3)No difference.</td></tr>
<tr><td>8. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?</td><td>✓</td><td></td><td colspan="2">①The Company has established Staff Code of Practice and Staff Welfare Committee.
②The Company has employee education and training to strengthen employees' professional knowledge and professional skills.
③The important information of the Company is in full compliance with the relevant regulations from“Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities” in order to guarantee the interest of shareholders, interested parties and investors.
④The Company has a sound internal control system and business operations (such as guarantee the rights of consumers or clients) are conducted by each department in accordance with the articles of Regulations to fully exercise the duties as the administrator.
⑤Directors and supervisors of the Company conduct the relevant training in accordance with the reference example of Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies.
<table>
<tr><th>Title</th><th>Name</th><th>Date</th><th>Hrs</th><th>Course Title</th></tr>
<tr><td rowspan="2">Institutional Director Representative</td><td rowspan="2">Chen, Liang-Chuan</td><td>2019/4/26</td><td>3</td><td>2019 Promotion Meeting for the Prevention of Insider Trading.</td></tr>
<tr><td>2019/5/7</td><td>3</td><td>Task Force on Climate-related Financial Disclosures (TCFD) popularizing. Forum.</td></tr>
<tr><td rowspan="4">Institutional Director Representative</td><td rowspan="4">Chen, Yun-Ju</td><td>2019/4/26</td><td>3</td><td>2019 Promotion Meeting for the Prevention of Insider Trading.</td></tr>
<tr><td>2019/5/7</td><td>3</td><td>Task Force on Climate-related Financial Disclosures (TCFD) popularizing. Forum.</td></tr>
<tr><td>2019/5/7</td><td>3</td><td>ESG Investment forum</td></tr>
<tr><td>2019/6/26</td><td>4</td><td>2019 Annual Forum of TWIOD -A+Enterprise X Shareholder Value</td></tr>
<tr><td rowspan="2">Director</td><td rowspan="2">Zhang, Xiang-Lin</td><td>2019/8/7</td><td>3</td><td>The 2019 regulation announcement meeting "The laws of insider equity transactions of listed companies”</td></tr>
<tr><td>2019/11/6</td><td>3</td><td>The Promotion Meeting for Effectively Exert the Functions of Directors.</td></tr>
<tr><td rowspan="2">Director</td><td rowspan="2">Cheng, Shang-Kai</td><td>2019/7/24</td><td>3</td><td>The 2019 regulation announcement meeting "The laws of insider equity transactions of listed companies”</td></tr>
<tr><td>2019/11/6</td><td>3</td><td>The Promotion Meeting for Effectively Exert the Functions of Directors.</td></tr>
<tr><td rowspan="2">Independent Director</td><td rowspan="2">Chen, Yan</td><td>2019/7/31</td><td>3</td><td>The 2019 regulation announcement meeting "The laws of insider equity transactions of listed companies”</td></tr>
<tr><td>2019/10/25</td><td>3</td><td>2019 Promotion Meeting for the Prevention of Insider Trading.</td></tr>
<tr><td rowspan="5">Independent Director</td><td rowspan="5">Wang, Zhi-Cheng</td><td>2019/7/17</td><td>3</td><td>The 2019 regulation announcement meeting "The laws of insider equity transactions of listed companies”</td></tr>
<tr><td>2019/8/13</td><td>3</td><td>Corporate Governance Lecture - Significant reforms of the New Corporate Governance Roadmap and their solutions.</td></tr>
<tr><td>2019/8/29</td><td>3.5</td><td>Corporate Governance Forum Series</td></tr>
<tr><td>2019/9/17</td><td>3</td><td>Under the Sino-U.S. Trade war, the enterprise face stariff shocks and countermeasures</td></tr>
<tr><td>2019/9/17</td><td>3</td><td>In response to the recent new politics between Taiwan and Mainland China, opportunities for Taiwanese businessmen and related tax risk consideration.</td></tr>
<tr><td rowspan="2">Independent Director</td><td rowspan="2">Shao, Yang-Wei</td><td>2019/7/17</td><td>3</td><td>The 2019 regulation announcement meeting "The laws of insider equity transactions of listed companies”</td></tr>
<tr><td>2019/9/24-2019/9/25</td><td>12</td><td>Directors and Supervisors (Independent) and Chief Corporate Governance Officers Practice Workshop -Taipei Class</td></tr>
</table>
⑥Directors and supervisors of the Company have frequently read Financial Reports such as</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			books and magazines and attend to all kinds of seminars in order to achieve the goal of corporate governance. ⑦ The Company has purchased D&O insurance on June 27th 2019 from Cathy Century Insurance Co., Ltd or the directors and supervisors who are on the scope of business operations in accordance with the articles of incorporation and the insurance period is from June 27th 2019 to June 27th 2020 for Policy Number: 1501-08DO01104, it is approved by the Board of Directors on May 10, 2019. ⑧ Supplier relations: Besides the purchase management, construction contract operation, the accreditation and evaluation of suppliers that were established by the Company, the code of conduct for suppliers has formulated by the Company due to on the mutually beneficial relations with the cooperative vendors and suppliers in order for and sustainable operation and exercise the civic social responsibility and the company is devoted to the corporate social responsibility, promote the sustainable development of environment, value the rights and health and safety of labors and maintain the basic human rights. ⑨The Company has established an information security risk management framework, including the "Network Security Policy", which has detailed specifications for information security, information security operations and protection, network security management, system access control management and irregular training of relevant personnel. The Company has not yet insured Information Security Insurance, but the Company regularly backups data, establishes firewall, access restrictions and other network security management, and updates the virus code at any time to ensure that the Company's information risk is minimized. As the issue of information security risk management becomes more and more important, the need for insurance security will be carefully evaluated in the future. Please refer to the Company's website for details. ⑩The Company's compensation system includes employee performance appraisal methods, the year-end bonus is issued based on the company's business performance and employee performance.	
9.Improvement was described from the evaluation results of corporate governance that was released by the corporate governance center of Taiwan Stock Exchange in recent fiscal years and strengthening or improving the affairs and measures was prior to promote to the companies without improvement. (Not applicable if it is not a listed company) Improvement for 2019 corporate governance of the company as below: (1) Based on the mutually beneficial cooperative relationship with partners or suppliers, we are committed to fulfilling our corporate social responsibilities and promoting sustainable development of the environment. The Company has formulated the "Supplier Code of Conduct" to pay attention to labor rights and safety and health and protect basic human rights. As of December 26, 2019, 99% suppliers signed the "Supplier Code of Conduct" and the Company reported the implementation to the board of directors. (2) The Company has set up the contact windows on the corporate website for all related parties in order to understand and response to all the corporate social responsibility issues they cared and improve in time for problems. (3) The Company has disclosed the reporting system with the contact windows under the corporation website that is to eradicate any illegal (including corruption) or unethical actions in order to prevent any illegal (including corruption) or unethical actions from the internal and external staff. The accepted reports report to the board of directors at least once a year.				

(Note) Accountant Evaluation and Performance Assessment Table（ 2019）

Item	Specific Index	Evaluation criteria
Independent Index (60 points)		
1	CPA and the client have no direct or no significant direct financial interest .	Get 5 points if no interest and 0 point if with interest
2	CPA and the client has no any inappropriate interest	Get 5 points if no inappropriate interest and 0 point if with inappropriate interest
3	No auditing and certification on the financial statements that is within 2 years of service institutes before practice.	Get 5 points if no violation and 0 point if with the violation
4	The name of CPA is not allowed others to use	Get 5 points if no others use the name and 0 point if others use it.
5	CPA and the members of auditing service are not allow to hold the shares of the client	Get 5 points if no shares and 0 point if with shares
6	No money is involved with the client	Get 5 points if no money is involved and 0 point if involving with the money
7	No relations with the client for common investment or sharing benefit.	Get 5 points if it is negative and 0 point if it is positive
8	No part-time job working with the client with the fixed salary.	Get 5 points if it is negative and 0 point if it is positive
9	No commission from any relevant business	Get 5 points if it is negative and 0 point if it is positive
10	Is CPA's term of office is more than 7 years	Get 5 points if it is negative and 0 point if it is positive
11	Provide the Company with non-audit services that may affect the independence of the audit.	Get 5 points if it is negative and 0 point if it is positive
12	Does the CPA issue a detached independent declaration.	Get 5 points if it is positive and 0 point if it is negative
Performance Indicators (40 Points)		
1	Official financial report is completed within 45 days before the season ends for the first 3 quarters or annual financial report is completed with 3months before the end of year.	Get 4 points if it is 3 days advance , 2 points if on time and 0 point if a delay
2	CPA completes the first 3 quarters account auditing of the Company and complete the first draft	Get 4 points if the audit report is within 30 days, 2 points if it is within 40 days and 0 point if it is more than 40 days

Item	Specific Index	Evaluation criteria
3	CPA completes the annual account auditing of the Company and complete the first draft of audit information.	Get 4 points if the audit report is within 60 days after the end of year, 2 points if it is within 70 days and 0 point if it is more than 70 days
4	CPA completes the annual account auditing of subsidiary and complete the first draft of audit information.	Get 4 points if the audit report is within 55 days after the end of year, 2 points if it is within 60 days and 0 point if it is more than 60 days
5	Does CPA interact frequently with the managers of the Company (internal auditing staff) and keep the record	Get 4 points if it is positive and 0 point if it is negative
6	Does CPA have the appropriate interaction with the directors and managers before the auditing plan and issuing the opinion of certification	Get 4 points if it is positive and 0 point if it is negative
7	Does CPA propose the proactive suggestion to Company policy and internal control and review and keep the record	Get 4 points if it is positive and 0 point if it is negative
8	Update the taxation and Securities and Exchange Commission and update revision of IFRS Accounting standards	Get 4 points if it is positive and 0 point if it is negative
9	Audit the personnel stability of service team	Get 4 points if it is positive and 0 point if it is negative
10	Assist for communication and coordination between the competent authorities	Get 4 points if it is positive and 0 point if it is negative
Total (Full points is 100)		

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

4.The Remuneration Committee

(1) Members of the Remuneration Committee

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

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

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

① Not an employee of the Company or its affiliates。

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

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

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

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

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

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

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

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

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

(2) The Operational Situation of the Remuneration Committee

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

II. The current term of committee is from June 12, 2019 to June 11, 2022. Total of 5(A) meetings of the Remuneration Committee were held in the previous period. The attendance of Committee member were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】(Note)	Remark
Convener	Wang, Zhi-Cheng	3	0	100.00%	Full re-election / newly elected on June 12, 2019
Committee	Shao, Yang-Wei	3	0	100.00%	Full re-election / newly elected on June 12, 2019
Committee	Cai, Cui-Juan	5	1	80.00%	Full re-election / re-elected on June 12, 2019
Convener	Chen, Yan	2	0	100.00%	Full re-election / resigned on June 12, 2019 . In attendance should attend 2 times.
Committee	Liu, Zhong-Wen	2	0	100.00%	Full re-election / resigned on June 12, 2019. In attendance should attend 2 times.

Remuneration Committee	Proposal content and Subsequent processing	resolution	The Company handles the opinions of Remuneration Committee
Third Session, 2019 First Meeting 2019.01.25	The Company's 2018 Year-end bonuses payment of managers	Approved resolution by all the members present at the meeting.	Proposed to Board of Directors and approved resolution by all Directors.
Third Session, 2019 Second Meeting 2019.04.02	Governance evaluation of Directors and Supervisors in 2018	Approved resolution by all the members present at the meeting.	Proposed to Board of Directors and approved resolution by all Directors.
Forth Session, 2019 Third Meeting 2019.06.12	To electe the convener	All committee member elected Mr. Wang, Zhi-Cheng as the convener.	-
Forth Session, 2019 Forth Meeting 2019.11.12	Amend the Company's "Director and Supervisor Performance Evaluation Regulations"	Approved resolution by all the members present at the meeting.	Proposed to Board of Directors and Approved resolution by all Directors.
Forth Session, 2019 Forth Meeting 2019.12.27	Case 1. Amend the Company's Remuneration Committee Charter Case 2. Approved the appointment of Mr. Chang, Ching-Tien as the new accounting manager	Approved resolution by all the members present at the meeting. Approved resolution by all the members present at the meeting.	Proposed to Board of Directors and Approved resolution by all Directors. Proposed to Board of Directors and Approved resolution by all Directors.

Other mentionable items:

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

Note：

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

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

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

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
1.Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?		✓	The Company has actively conducted risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the principle of materiality, and formulate relevant risk management policies according to the amendment of the "Corporate Social Responsibility Best Practice Principles". The policies will be implemented after the resolution approved by the board of directors.	The board of directors approved the amendment of the "Corporate Social Responsibility Best Practice Principles" on March 24, 2020. The Company will propose the risk management policies to the board of directors on May 12,2020, The policies will be implemented and disclosed on the Company's official website after the resolution approved by the board of directors. Due to the deadline for preparing the annual report and the schedule of the board of directors, it cannot be disclosed in this annual report.

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
2.Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	✓		The Company has established the part-time unit that is in charge by the Quality Assurance Center for promoting Corporate Social Responsibility. It executed relative operating in accordance with the Company's "Corporate Social Responsibility Best Practice Principles", please check the Company website for details. The implement status will be reported to Corporate Social Responsibility Committee and the board of directors at least one time yearly.	No difference.
3. Topic of Environment (1) Does the company establish proper environmental management systems based on the characteristics of their industries?	✓		(1)The Company has established the safety environment section and rules of the labor safety and health and exclusively dedicated staff authorized to be in charge of detection on air pollution and wastewater on a regular basis.	(1)No difference.
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		(2)Announcement of waste from other plants has been recycling in order to achieve the policy goals of sustainable resources development and more resources can be kept for next generation by reducing excessive exploitation of natural resources.	(2)No difference.
(3) Does the Company evaluate the potential risks and opportunities of climate change to the Company now and in the future, and take measures to deal with climate-related issues.	✓		(3) Climate change has potential and future flooding risks for Dongao plant production, the specific method is to dredge all the drainage in the plant regularly before the flood season.	(3)No difference.
(4) Does the Company count the greenhouse gas emissions, water consumption and total weight of waste in previous two years, and formulate policies for energy saving and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management.	✓		(4) Since 2014, the Company has participated in the voluntary greenhouse gas reduction report of the Industrial Development Bureau of the Ministry of Economic Affairs every year, and annually calculates and reports greenhouse gas emissions. The Company's greenhouse gas emissions have obtained ISO-14064 third-party verification. The Company has relevant energy-saving and carbon-reduction policies, including the policy of saving 1% electricity every year and the use of recycled water to wash vehicles to reduce water consumption.	(4)No difference.
4. Topic of Social (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(1) The Company has established relevant human resource management rules such as the "Employees' Work Rules" in accordance with the Labor Standards Act and relevant government laws and regulations, and recognizes and supports the United Nations Global Compact, the Universal Declaration of Human Rights, the ILO Declaration of Fundamental Principles and Rights at Work and other internationally recognized human rights standards, the specific management measures are as follows: ① Respect for human rights and implement gender equalit. ② Do not hire people under the 16 years old. ③ Give female employees the time to breastfeed, physiology, maternity leave, maternal leave, maternity leave, etc. ④ Give workers reasonable rest and not force labor in accordance with law. ⑤ Objects of employee hiring, promotion, exhortation, and rewards are prohibited from any type of discrimination. ⑥ Respect for employees are freedom of association, join labor unions, seek representation and participate in the labor committee according to the law. ⑦ Comply with the laws and regulations of labor health and occupational safety and health, reduce the dangers and potential hazards in the work environment, and	(1)No difference.

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			prevent occupational disasters. ⑧ The salary policy is in compliance with relevant laws and regulations. Employees' salaries must not be lower than the basic salary, and they enjoy statutory benefits, reasonable rest and overtime pay. ⑨ Prevention of sexual harassment and sexual assault policies.	
(2)Does the Company formulate and implement reasonable employee welfare measures (including salary, vacation and other benefits etc.), and appropriately reflect the corporate business performance or achievements in the employee remuneration policy?	✓		(2)The Company formulates and implements reasonable employee welfare measures, including salary, vacation and other benefits. For details, please refer to Chapter 5 Labor Relations and the Company's website (http://www.luckygrp.com.tw/tw/index.asp?au_id=7&sub_id=99)。 If the company makes a profit, it should allocate 3% to employees' compensation according to the Company's "Articles of Incorporation".	(2)No difference.
(3) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		(3)In order to ensure the safe and healthy working environment of the employees, the Company has formulated the "Safety and Health work rules " in accordance with the "Occupational Safety and Health Act" and the "Enforcement Rules of the Occupational Safety and Health Act". The announcement implements regulations on safety and health management matters, provides employees to follow, and regularly implements safety and health automatic inspections to protect the personal safety of workers. The Company has held the labors health checkup and health and safety seminar on a regular basis. Please refer to the Company website for the related information. (http://www.luckygrp.com.tw/tw/index.asp?au_id=7&sub_id=101)	(3)No difference.
(4)Does the Company provide its employees with career development and training sessions?	✓		(4)The Company reviews the employees' career development plans with the employees' performance appraisal yearly. The training coordinated by the heads of various departments to implement.	(4)No difference.
(5)Does the Company follow relevant laws and international standards for customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant consumer protection policies and appeal procedures?	✓		(5)Portland cement must meet the standards of CNS and has obtained the CNS Mark and ISO certification. All departments of the Company can accept the complaints, the Company's website also has contact windows for related parties to accept opinions and suggestions, relevant opinions and appeal cases will be forwarded to the releealvant department for processing as soon as possible. The Company discloses the number of related customer complaints and the resolution status in the corporate social responsibility report every year.	(5)No difference.
(6)Does the Company formulate supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor human rights and its implementation?	✓		(6)In the contract signed between the Company and the supplier, the supplier is required to comply with the relevant provisions of the "Labor Standards Act". In terms of environment, the "Air Pollution Control Act" and other relevant environmental protection laws and regulations should be followed, and appropriate preventive measures should be taken. In terms of labor safety, suppliers should abide by the provisions of the "Occupational Safety and Health Act", and must take necessary protective measures in advance for various possible disasters or accidents, and must insure labor insurance or accident insurance for employees. In terms of information security, it is not allowed to infringe on the intellectual property rights of others or the rights and interests of others. Since 2016, the Company has started to promote the "Supplier Code of Conduct", which includes major issues such as ethical corporate management, human rights and environmental protection. The Company	(6)No difference.

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			requires suppliers to comply together. If the supplier violates and damages the Company's goodwill or corporate image, the contract may be terminated at any time. The Company has set up "Supplier evaluation and assessment methods" to regularly conduct supplier evaluations to ensure that suppliers comply with relevant specifications. The Company disclosed the implementation of "Supplier Code of Conduct" in the corporate social responsibility report.	
5.Does the Company make reference to general international reporting standards or guidelines for preparing corporate social responsibility reports and other reports that disclose non-financial information? Has the aforementioned report obtained the confidence or assurance opinion of the third-party verification unit?	✓		The Company prepares its corporate social responsibility report based on Standards issued by Global Reporting Initiative (GRI).	No difference.

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

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

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

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

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

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

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

(5)The total relevant expense of NT$1,297,000 for the local in 2019 for the implement of corporate social responsibility.

(6)The goal of the Company for electricity saving: the goal of 1% electricity saving annually from 2015 to 2019, more than 1% each year.

(7)The specific results of the 2019 energy saving measures improvement plan and the 2020 energy saving measures and implementation plans are detailed as bellow:

2019 The specific results of the energy saving measures improvement plan	2020 energy saving measures and implementation plans
1.The constant frequency spiral air compressor in the packaging room was replaced with a frequency conversion spiral air compressor. 2.No. 2 cooling machine five-chamber windmill was changed to frequency conversion operation. 3.#2 Cooler EP windmill 2I72 DC motor is replaced with high efficiency motor, windmill shell and replaced with high efficiency impeller, the transmission is changed from belt drive to direct drive. 4.Non-hazardous sludge and waste oil blends are used as alternative fuels. 5.Organic sludge is used as an alternative fuel. 6.Management measures are in response to Government Demand Response(DR).	1.The constant frequency spiral air compressor in the packaging room was replaced with a frequency conversion spiral air compressor. (cross-year effect) 2.The pump of the humidifying tower of No. 2 preheater was changed into frequency conversion operation. 3.No. 2 coal mill liner replaced. 4.Clinker Roller Refurbishment. 5.Non-hazardous sludge and waste oil blends are used as alternative fuels. 6.Organic sludge is used as an alternative fuel. 7.Management measures are in response to Government Demand Response(DR).
463,157.33KW electricity savings in 2019. 3,772.45 tons of coal savings in 2019.	

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

A.Declaring the corporate social responsibility policy and systems.

B.Review annual plan and strategic direction of corporate social responsibility.

C.Review projects and activity plans of corporate social responsibility.

D.Approval of corporate social responsibility report.

E.Other board of directors entrusts the review of corporate social responsibility and public affairs participation.

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

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

CSR Committee Member Information：

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

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

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

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1.Establishment of ethical corporate management policies and programs (1)Does the Company formulate ethical corporate management policies that approved by the board of directors, and declare the policies and practices of operating in the regulations and external documents, as well as the commitment from its board and executives to implement the policies?	✓		(1)The Company formulated the " Ethical Corporate Management Best Practice Principles " which approved by the Board of Directors with reference to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies " on November 7, 2014. The Principles serve as the underlying basic premise to facilitate ethical corporate management and timely make amendments in accordance with the requirements of the competent authority. The Company promotes the policy of ethical corporate management through education and training and the signing of the "Supplier Code of Conduct". The implementation status is reported to the board of directors at least once a year. For related work plans and implementation status, please refer to our website (http://www.luckygrp.com.tw/tw/index.asp?au_id=7&sub_id=51). The Board of Directors approved the Company's " Regulations Governing for Reporting Case of Illegal and Unethical or Dishonest Conduct" on March 28, 2016. Actively implement the promises of business policies.	(1)No difference.
(2) Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, and the preventive measures cover at least the circumstances of Article 7 paragraph 2 of the " Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies "?	✓		(2) Through the establishment of good corporate governance, risk control and management mechanism, and consummated internal regulations, the Company actually implements the prevention of the circumstances of Article 7 paragraph 2 of the " Ethical Corporate Management Best Practice Principles" and prevents the occurrence of dishonesty to create a sustainable business environment.	(2)No difference.
(3) Does the Company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies and regularly review and revise the previous policies?	✓		(3) The Company has the working rules for employees, which stipulates that employees shall not use their power to seek illegal benefits, and accept entertainment, gifts, rebates, embezzlement of public funds, or other illegal interests, hoping to prevent dishonesty from affecting business relations or trading behavior. The Company has a report webpage and appeal system, and reports the implementation status to the board of directors at least once a year and as the basis for review and amendment.	(3)No difference.
2.Fulfill operations ethical policy (1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business	✓		(1) The Company has to ensure factuality via Department of Commerce, Ministry of Economic Affairs R.O.C. (MOEA) while trading and purchasing and check the transaction performance of	(1)No difference.

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
contracts?			vendors by all kinds of channels (such as credit investigation) in order to be sure the business ethics of the vendors who is trading with. The Company has to summarize and report the conditions of clients and suppliers at sales and operation meetings, the Company will immediately control credit transaction if trading partners are found to be involved with unethical conduct and the Company will seriously evaluate if it is necessary to terminate the contract with the clients after the knowledge of risk management for the Company.	
(2) Does the Company establish a dedicated unit that is under the board of directors and regularly (at least once a year) report the Ethical Corporate Management policy and the plan to prevent dishonesty, and supervise the implementation?	✓		(2) The Chairman Office is responsible for ethical corporate management policy and human resources department part-time promotes and implements in order for a sound ethical corporate management. It is reported to the board of directors at least one time yearly and released the results on the Company website.	(2)No difference.
(3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		(3) Base on the board of directors meetings regulations of the Company , any director or a juristic person represented by a director is an interested party with respect to the below agenda items, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the Company, the director may not participate in discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter. ① The relationship or the interested party relationship is likely to prejudice the interests of the company. ② Directors shall enter recusal voluntarily. ③ Recusal is determined by the board of directors. ◦	(3)No difference.
(4) Has the Company established effective systems for both accounting and internal control to facilitate ethical corporate management, based on the assessment results of the dishonesty risk, the internal audit unit prepares the relevant audit plan and checks the compliance with the plan to prevent dishonesty, or entrusts CPAs to perform an audit?	✓		(4) The Company has established the strict accounting system, all the financial statements with auditing and certification by Certified Public Accountants to ensure the fairness for each statement. The Company has an exclusively dedicated audit unit to conduct all kinds of internal auditing by the annual auditing plan on a regular basis, the audit manager reports the auditing status to Independent Director at least once a year.	(4)No difference.
(5) Does the Company regularly hold internal and external educational trainings on ethical corporate management?	✓		(5) The Company continued to hold ethical corporate management education training for new recruits from time to time and reported implementation situation to the board of directors.	(5)No difference.
3. Operation of the Company's whistleblowing system. (1)Does the Company establish specific whistleblowing and reward system, and establish a convenient reporting channel, and assign appropriate personnel to accept the complaint?	✓		(1) The Company has an evaluation and reward/punishment rules. If any employee violates the ethical corporate rules, the Company's authority and responsibility department mana`gers will jointly review the employee's rewards and penalties, and the relevant awards and penalties will be announced to relevant colleagues through personnel orders.	(1)No difference.
(2) Does the Company establish standard operating procedures for the investigation of the complaint, the follow-up measures to be taken after the investigation is completed, and the relevant confidentiality mechanism?	✓		(2) The Company's standard operating procedures for the investigation of accused matters are handled in accordance with the "Procedures for reporting cases of illegal and unethical or dishonest conduct". After investigation, the Company wil take corresponding measures and appropriate protective measures in accordance with the law to protect the personal information and privacy of the whistleblower.	(2)No difference.
(3) Does the Company provide proper whistleblower protection?	✓		(3) The company handles whistleblowing cases. We will keep the personal information of the whistleblower confidential, unless otherwise provided by law. Take appropriate protective measures in accordance with the law to protect the whistleblower's personal	(3)No difference.

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			information and privacy, and avoid improper punishment for the whistleblowing.	
4.Strengthening information disclosure (1)Does the Company disclose its "Ethical Corporate Management Best Practice Principles" and the implementation results on the Company's website and MOPS?	✓		The eEthical corporate management policies have been expressly disclosed on the Company website http://www.luckygrp.com.tw.	No difference.
5.If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation.：None				
6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies): None				

7. Corporate Governance Guidelines and Regulations：

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

8. Other Important Information Regarding Corporate Governance：

The Board of Directors of the Company has passed and developed the "Corporate Social Responsibility Best Practice Principles", "Ethical Corporate Management Best Practice Principles" and "Guidelines for the Adoption of Codes of Ethical Conduct" on November 7, 2014. The Board of Directors has also passed and developed the "Corporate Governance Best Practice Principles", and the amendments of "Corporate Social Responsibility Best Practice Principles" and "Ethical Corporate Management Best Practice Principles" on December 26, 2014. The Board of Directors has also passed the amendments of "Corporate Governance Best Practice Principles" and "Guidelines for the Adoption of Codes of Ethical Conduct" on March 24, 2015. The Board of Directors has also passed the amendments of "Ethical Corporate Management Best Practice Principles" on December 21, 2015.

In addition, the Board of Directors of the Company has passed and developed "Procedures for reporting cases of illegal and unethical or dishonest conduct" on March 28, 2016

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

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

9. Implementation of internal control system

(1) The Internal Control statement

Lucky Cement Corporation
The Internal Control statement

March 24, 2020

The Company’s 2019 internal control statement according to self-assessment is as bellow:

1. The Company is sure that establishing, implementing and maintaining the internal control system is the responsibility of the board of directors and managers of the Company. The Company has established this system. its purpose is to provide reasonable assurance of the achievement of performance and efficiency on operations (including profitability, performance and security of assets, etc.), reliability, timeliness, transparency, compliance with relevant regulations, and compliance with relevant laws and regulations.
2. The internal control system has its inherent limitations. Regardless of how well the design is completed, an effective internal control system can only provide reasonable assurance on the achievement of the above three goals. Moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may vary change. However, the Company’s internal control system has a self-monitoring mechanism. Once the lack is identified, the Company will take corrective action.
3. The company determines the effectiveness of the design and implementation of the internal control system based on the judgment items of the effectiveness of the internal control system as stipulated in the " Regulations Governing Establishment of Internal Control Systems by Public Companies " (hereinafter referred to as the "Processing Guidelines"). The judgment items of the internal control system adopted by the “Processing Guidelines” are based on the process of management control. The internal control system is divided into five components: 1. Control environment, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Supervision of operations. Each component includes several items. For the aforementioned items, please refer to the provisions of the "Processing Guidelines"
4. The Company has adopted the above-mentioned judgment items of the internal control system to assess the effectiveness of the design and implementation of the internal control system.
5. Based on the above assessment results, the Company believes that the Company's internal control system (including the supervision and management of its subsidiaries) as of December 31, 2019 is effective in its design and execution, and can reasonably ensure the achievement of the target. Which is Including the understanding of the achievement of operational effectiveness and efficiency, the report is reliable, timely, transparent and in compliance with relevant regulations

and compliance with relevant laws and regulations.

6. This statement will become the main content of the Company's annual report and public statement, and will be made public. If any of the above disclosed content is false or hidden, it will involve the legal obligations of Article 20, Article 32, Article 171, and Article 174 of the Securities Exchange Act.
7. This statement was approved by the board of directors of the Company on March 24, 2020. Among seven directors, no one held any objection. All of them agreed with the contents of this statement and made this statement.

Lucky Cement Corporation

Chairman：Chen, Liang-Chuan

General Manager：Chen, Liang-Chuan

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

10. In the most recent year and as of the printing date of the annual report, the company and its internal personnel were punished according to law, and the company internal personnel violated the internal control system regulations for penalties, major defects, and improvements： Please refer to Environmental Protection Expenditure Information on page 62 (5.4) for the details.

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

(1) Contents and Implementation of Important Resolutions of the 2019 Shareholders' Meeting:

Date	Important Resolutions
2019/06/12	1. Admitted 2018 Business Report and Financial Statements. 2. Admitted the proposal to offset deficits of 2018 3. Approved the amendments of the “Articles of Incorporation” of the Company 4. Approved to amend some Articles of “Rules of Procedure for Shareholders Meetings” of the Company. 5. Approved to amend some Articles of “Procedures for Acquisition or Disposal of Assets” of the Company 6. Approved to amend some Articles of “Procedures for Engaging in Derivatives Trading” of the Company 7. Approved to amend some Articles of “Procedures for Lending Funds to Others” of the Company 8. Approved to amend some Articles of “Procedures for Endorsement & Guarantee” of the Company 9. Re-elected seven Directors (including 3 Independent Director) 10.Approve to Release the Prohibition on Directors from Participation in Competitive Business

Date	Important Resolutions
Implementation	1. The Company's Business Report, Financial Statements and the proposal to offset deficits of 2018, the loss after tax was NT$176,973,356, the resolution was not to allocate dividends to shareholders. 2. Approved the amendments of the "Articles of Incorporation" of the Company according to the letter of Jing-Shou-Shang-Zi No.10801075370 which issued by the Minister of Economy in June 28, 2019. 3. The amendments of"Articles of Incorporation", "Rules of Procedure for Shareholders Meetings", "Procedures for Acquisition or Disposal of Assets", "Procedures for Engaging in Derivatives Trading", "Procedures for Lending Funds to Others", and "Procedures for Endorsement & Guarantee" were approved and announced in the Company website. 4. The list of elected directors (including independent directors) of the shareholders' meeting is as below:

Title	Account Number/ID	Name	Voting Rights
Director	52748	Shiyi Cement Co., Ltd. Representative: Chen, Liang-Chuan	316,748,359
Director	52748	Shiyi Cement Co., Ltd. Representative: Chen, Yun-Ju	335,205,148
Director	15	Zhang, Xiang-Lin	299,161,906
Director	47250	Cheng, Shang-Kai	296,527,194
Independent Director	A2230XXXXX	Chen, Yan	287,554,128
Independent Director	R1217XXXXX	Wang, Zhi-Cheng	288,350,337
Independent Director	F1203XXXXX	Shao, Yang-Wei	287,514,329

5. The approved list of Releasing the Prohibition on Directors from Participation in Competitive Business

Name of Newly elected directors (independent directors)	Explanation
Shiyi Cement Co., Ltd. Representative: Chen, Liang-Chuan	Chairman of Phuc Son Cement Company (Vietnam) Chairman of He Duong Cement Joint Stock Company (Vietnam)
Shiyi Cement Co., Ltd. Representative: Chen, Yun-Ju	Chairman of Shiyi Cement Co., Ltd. Chairman of Fu I Industrial Company Limited (Vietnam) Director of Phuc Son Cement Company (Vietnam) Director of He Duong Cement Joint Stock Company (Vietnam)
Shao, Yang-Wei	General Manager of Jabes Construction Company Limited

(2)The important resolutions of the meeting of the board of directors in 2019 and as of the publication of the annual report

Times	Date	Important Resolutions	Listed items in the Article 14-3 of the Securities Exchange Act.
1st	2019/01/29	1. Approved to recognize an endorsement guarantee case of the subsidiary Dasheng Enterprise Co., Ltd. to provide the loan commitments NT$60,000,000 for commercial papers issued by Ta Ching Bills Finance corporation.	V
		2. Approved the case of Lucky Cement Corp., Japan to apply to the Company for loan commitments at NT$ 30,000,000 due to business turnover needs.	V
		3. Approved the Company's performance evaluation case of "Self-Evaluation or Peer Evaluation of the Board of Directors".	
		4. Approved to amend some Articles of "Articles of Incorporation" of the Company.	
		5. Approved to amend some Articles of "Rules of Procedure for Shareholders Meetings" of the Company.	
		6. Approved to amend some Articles of "Procedures for Acquisition or Disposal of Assets" of the Company.	V
		7. Approved to amend some Articles of "Procedures for Engaging in Derivatives Trading" of the Company.	V
		8. Approved to amend some Articles of "Procedures for Lending Funds to Others" of the Company.	V
		9. Approved to amend some Articles of "Procedures for Endorsement & Guarantee" of the Company.	V
		10. Approved to amend some Articles of "Ethical Corporate Management Best Practice Principles" of the Company.	
		11. Approved to amend some Articles of "The Code of Ethical Conduct" of the Company.	
		12. Approved the 2018 year-end bonuses distribution of the Company's managers that was proposed and audited by the remuneration committee.	V
2nd	2019/03/22	1. Approved the Business report and financial statements in 2018.	V
		2. Approved the Company's deficit offset in 2018.	V
		3. Approved to issue the 2018 Internal Control statement.	V
		4. Approved to elect 7 Directors (including 3 independent Directors)	
		5. Approved to release the prohibition on Directors from participation in competitive business.	
		6. Approved the date of the Company's 2018 regular shareholders meeting and related issues.	
		7. Approved the case of Shareholders' proposal and nomination rights.	
		8. Approved the candidate list for directors (including independent directors) which nominated by Board of Directors.	
		9. Approved to amend some Articles of "Self-Evaluation or Peer Evaluation of the Board of Directors".	
		10. Approved to amend some Articles of "Rules Governing the Scope of Powers of Independent Directors" of the Company.	
		11. Approved to adopt "Regulations Governing the Exercise of Powers by Audit Committees" of the Company.	
		12. Approved to amend some Articles of "Accountant assessment and performance appraisal" of the Company.	
		13. Approved to adopt "The standard operating procedures for the handling of requests made by Directors"of the Company.	
3rd	2019/05/10	1. Approved to recognize an endorsement guarantee case of the subsidiary Luckicon Ready-mixed Concrete Factory Co., Ltd. provided a short-term turnover guarantee amount of NT$70,000,000 for Mega International commercial Bank Tianmu Branch	V
		2. Approved to recognize an endorsement guarantee case of the subsidiary Dasheng Enterprise Co., Ltd. to provide the loan commitments at NT$ 60,000,000 for commercial papers issued by Grand Bills Finance Corp.	V
		3. Approved the case of subsidiary, Dasheng Enterprise Co., Ltd. to apply to the Company for loan commitments at NT$ 200,000,000 due to business turnover needs.	V
		4. Approved to insure directors' and important staffs' liability insurance of the Company's directors and supervisors.	
		5. Approved the governance score of the Company's directors and supervisors were audited by the remuneration committee.	
		6. Approved to amend some Articles of the "Operational Procedures for Applications for Halt and Resumption of Trading".	
		7. Approved to amend some Articles of the " Procedures for Handling Material Inside Information".	
		8. Approved to amend some Articles of the "Finance cycle". 。	
		9. Approved to amend some Articles of the "Other Management Regulations- the Management of related party transactions".	
		10.Approved to amend some Articles of the "Procedures for the Management of the prevention of insider trading".	
		11.Approved to amend some Articles of the " The Implementation Rules for Internal Audits".	
		12.Approved to amend some Articles of the "Corporate Governance Best Practice Principles".	
		13. Approved to revitalize the Company's assets: Regarding the land of Taoyuan Puxin Factory, it is planned to consult two appraisal companies for valuation, and report to the board of directors for resolution after the valuation report is submitted.	
4th	2019/06/12	1. Approved to recommend that Mr. Chen, Liang-Chuan was re-elected as Chairman of the Company.	

Times	Date	Important Resolutions	Listed items in the Article 14-3 of the Securities Exchange Act.
		2. Approved to appoint three independent directors, Mr. Wang, Zhi-Cheng, Mr. Shao, Yang-Wei, and Ms. Cai Cuijuan, as the members of the Company's 4th Remuneration Committee.	
		3. Approved to appoint Chen, Yun-Ju director, Chen Yan independent director and Wang, Zhi-Cheng independent director as the members of the company's corporate social responsibility committee by the chairman.	
5th	2019/08/12	1. Approved an endorsement guarantee case of the subsidiary Lucky Cement Corp., Japan to provide short-term loan commitments at JPY ￥50,000,000 for Mega International commercial Bank Osaka Branch.	V
		2. Approved to continuing to insure directors', supervisors' and important staffs' liability insurance of the Company's directors.	
		3. The Company's Taoyuan Puxin factory land assets activation case has also established a special project to discuss related supporting measures based on the recommendations of the Audit Committee.	
		4. Approved to amend some Articles of the "Ethical Corporate Management Best Practice Principles".	
		5. Approved to amend some Articles of the "Rules of Procedure for Board of Directors Meetings".	
6th	2019/11/12	1. Approved to the Company's cash dividends in first half of 2019 be not distributed.	V
		2. Approved to amend some Articles of the "Performance Evaluation Regulations of Director and Supervisor" which proposed by the Remuneration Committee.	
7th	2019/12/27	1. Approved the Company's operating budget and capital expenditure budget in 2020.	V
		2. Approved to authorize Chairman of the Board of Directors to fully handle the Company's credit line with financial institutions in 2020.	V
		3. Approved that within the amount of the foreign currency loan balance of the Company, foreign exchange forward contract can be pre-ordered.	V
		4. Approved to authorize Chairman of the Board of Directors to provide an endorsement guarantee for the Company's subsidiary, and to execute the case within a certain amount.	V
		5. Approved the case of subsidiary, Luckyship Marine Co., Ltd., continues to apply to the Company for loan commitments at NT$ 30,000,000 due to business turnover needs.	V
		6. Approved the case of Lucky Cement Corp., Japan to apply to the Company for loan commitments at NT$ 30,000,000 due to business turnover needs.	V
		7. Approved to close the subsidiary Just Bright Ltd..	V
		8. Approved the proposal of internal audit plans of 2020.	
		9. Evaluated the independence and suitability of the Company's certificated accountants on a regular basis (once a year).	
		10. Approved accountant appointment remuneration of the Company in 2020.	V
		11. Approved the appointment of Mr. Chang, Ching-Tien as the new accounting manager.	V
		12. Approved to amend some Articles of the "Remuneration Committee Charter" which proposed by the Remuneration Committee.	

Times	Date	Important Resolutions	Listed items in the Article 14-3 of the Securities Exchange Act.
1st	2020/01/20	1. Approved the 2019 year-end bonuses distribution of the Company's managers that was proposed and audited by the remuneration committee.	V
2nd	2020/03/24	1. Approved to recognize an endorsement guarantee case of the subsidiary Dasheng Enterprise Co., Ltd. to provide the loan commitments NT$60,000,000 for commercial papers issued by Ta Ching Bills Finance corporation.	V
		2. Approved the Business report and financial statements in 2019.	V
		3. Approved to distribute the remuneration of the Company's employees and directors and supervisors in 2019.	
		4. Approved the company's 2019 earnings distribution proposal.	V
		5. Approved to issue the 2019 Internal Control statement.	V
		6. Approved the Company's performance evaluation case of "Self-Evaluation or Peer Evaluation of the Board of Directors".	
		7. Approved to amend some Articles of the " Regulations for Accountant assessment and Performance Evaluation ".	
		8. Approved to amend some Articles of the "Rules of Procedure for Board of Directors Meetings".	
		9. Approved to amend some Articles of the "Corporate Governance Best Practice Principles".	
		10. Approved to amend some Articles of the "Ethical Corporate Management Best Practice Principles".	
		11. Approved to establish the "Regulations Governing Appointment of Independent Directors and Compliance Matters".	
		12. Approved to amend some Articles of the "Corporate Social Responsibility Best Practice Principles".	
		13. Approved to establish the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee".	

Times	Date	Important Resolutions	Listed items in the Article 14-3 of the Securities Exchange Act.
		14. Approved to establish the "Regulations Governing the Exercise of Powers by Audit Committees".	
		15. Approved to amend some Articles of the "Rules of Procedure for Shareholders Meetings".	
		16. Approved the date of the Company's 2020 regular shareholders meeting and related issues	
		17. Approved the Shareholders' proposal right.	
		18. Approve to increase the investment amount of NT$ 250,000,000 to the subsidiary Luckicon Ready-mixed Concrete Factory Co., Ltd..	V
		19. Approve to increase the investment to Jonfeng Mining Co., Ltd..	V

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

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

April 30, 2020

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
Accounting Manager	Weng Xiu-Chu	2016/06/30	2019/12/27	Job adjustment

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

3.4 Information Regarding the Company's Audit Fee and Independence

1. Audit Fee

Accounting Firm	Name of CPA		Period Covered by CPA's Audit	Remark
Deloitte & Touche	Huang, Hai-Yue	Liu, Yong-Fu	2019/01/01~2019/12/31	

Unit：NT$1,000

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

Unit：NT$1,000

Accounting Firm	Name of CPA	Audit Fee	Non-Audit Fee					Period Covered by CPA's Audit	Remark
			System of Design	Company Registration	Human Resource	Others	Subtotal		
Deloitte & Touche	Huang, Hai-Yue Liu, Yong-Fu	3,394	-	-	60	-	-	2019/01/01 ~ 2019/12/31	

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

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

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

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

3.5 Other matters to be clarified

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

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

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

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

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

Title （Note）	Name	2019		As of April 30, 2020	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman (2019/6/12 Re-elected)	Shiyi Cement Co., Ltd.	4,244,000	(2,388,000)	0	0
	Representative：Chen, Liang-Chuan	(305,130)	(310,000)	(291,000)	(2,000,000)
Director (2019/6/12 Newly-elceted)	Shiyi Cement Co., Ltd.	4,244,000	(2,388,000)	0	0
	Representative：Chen, Yun-Ju	0	310,000	0	2,000,000
Director (Predecessor)	Jinli Investment Co., Ltd.	0	(13,231,000)	0	0
	Representative：Chen, Yun-Ju	0	310,000	0	2,000,000
Director (2019/6/12 Re-elected)	Zhang, Xiang-Lin	0	0	0	0
Director (2019/6/12 Newly-elceted)	Cheng, Shang-Kai	0	0	0	0
Independent Director (2019/6/12 Re-elected)	Chen, Yan	0	0	0	0
Independent Director (2019/6/12 Re-elected)	Wang, Zhi-Cheng	0	0	0	0
Independent Director (2019/6/12 Newly-elceted)	Shao, Yang-Wei	0	0	0	0
Supervisor (2019/6/12 Stepped Down)	Kuo Chuan Development Co., Ltd.	0	0	0	0
	Representative：Chen, Ming-Hsien	0	0	0	0
Supervisor (2019/6/12 Stepped Down)	Cheng, Shang-Kai	0	0	0	0
General manager	Chen, Liang-Chuan	(305,130)	(310,000)	0	0
Executive Deputy General M	Chen, Yun-Ju	0	310,000	0	0
Assistant Vice President	Huang, Zhen-Ku	0	0	0	0
Assistant Vice President	Fu, Yao-Ying	0	0	0	0
Manager	Weng Xiu-Chu	0	0	0	0
Manager	Wang, Wei-Ren	0	0	0	0
Manager	Chang, Ching-Tien	1,000	0	15,000	0
Major Shareholders	Changheng Investment Co.,	0	(1,621,000)	0	0

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

(2) Shares Trading with Related Parties:

April 30, 2020

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

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

(3) Shares Trading with Related Parties: None

April 30, 2020

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

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

4. Relationship among the Top Ten Shareholders

Name (Note 1)	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees (Note 3)		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Changheng Investment Co.,	52,631,034	13.00%	0	0%	0	0%	—	—	—
Changheng Investment Co., Responsible person：Li Ji	855	0.00%	0	0%	0	0%	—	—	—
Changrun Water Resources Technology Co., Ltd.	27,648,008	6.83%	0	0%	0	0%	Chen, Yun-Ju	Major Shareholders	—
Changrun Water Resources Technology Co., Ltd. Responsible person： Liu Jun-Lin	0	0.00%	0	0%	0	0%	—	—	—
Jinli Investment Co., Ltd.	25,230,451	6.23%	0	0%	0	0%	Chen, Liang-Chuan	Major Shareholders	—
Jinli Investment Co., Ltd. Responsible person： Lin Zheng-Liang	69,228	0.02%	0	0%	0	0%	—	—	—
Liguang Construction Co. (Note4)	22,658,066	5.60%	0	0%	0	0%	Yungsheng Development Industrial Co., Ltd. Takming University	Responsible person's relatives within one degree	—
							Lucky construction Co., Ltd	The same person as the responsible person	
Yungsheng Development Industrial Co., Ltd.	22,514,509	5.56%	0	0%	0	0%	Takming University	The same person as the responsible person	—
Yungsheng Development Industrial Co., Ltd. Responsible person： Chen, Liang-Chuan	6,158,497	1.52%	0	0%	0	0%	Chen, Yun-Ju	Relatives within one degree	—
							Lucky construction Co., Ltd Liguang Construction Co.	Responsible persons of these two companies are relatives within one degree	
Lucky construction Co., Ltd (Note4)	22,091,152	5.46%	0	0%	0	0%	Yungsheng Development Industrial Co., Ltd. Takming University	Responsible person's relatives within one degree	—
							Liguang Construction Co.	The same person as the responsible person	
Takming university of Science and Technology ("Takming University")	11,794,250	2.91%	0	0%	0	0%	Yungsheng Development Industrial Co., Ltd.	The same person as the responsible person	—
Takming University Responsible person： Chen, Liang-Chuan	6,158,497	1.52%	0	0%	0	0%	Chen, Yun-Ju	Relatives within one degree	—
							Lucky construction Co., Ltd Liguang Construction Co.	Responsible persons of these two companies are relatives within one degree	
Dazhong Investment Co.	10,868,294	2.69%	0	0%	0	0%	—	—	—
Dazhong Investment Co. Responsible person: Cheng Hai-Bin	7,203,724	1.78%	5,307,053	1.31%	0	0%	—	—	—
Lin Zhi-Sheng.	8,071,000	1.99%	0	0%	0	0%	—	—	—
Chen, Yun-Ju	7,951,298	1.96%	2,266,891	0.56%	0	0%	Yungsheng Development Industrial Co., Ltd. Takming University	Responsible person's relatives within one degree	—
							Lucky construction Co., Ltd Liguang Construction Co.	Responsible person	

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

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

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

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

5. Ownership of Shares in Affiliated Enterprises

Unit: Shares; %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Dasheng Enterprise Co., Ltd.	157,295,283	99.99%	2,359	0.00%	157,297,642	99.99%
Luckicon Ready-mixed Concrete Factory Co., Ltd	21,999,868	99.99%	44	0.00%	21,999,912	99.99%
Luckyship Marine Co., Ltd	8,499,994	99.99%	2	0.00%	8,499,996	99.99%
Lucky Cement Corp., Japan	6,800	100.00%	0	0.00%	6,800	100 .00%
Just Bright Ltd.	50,000	100.00%	0	0.00%	50,000	100 .00%

IV Fund Raising

Capital and shares

4.1 Source of Capital

1.Source of Capital

April 30, 2020

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

Note1：7/21/1999(88) Tai-Cai-Zheng(1) No. 67585 Official Letter

Note2：7/19/2000(89) Tai-Cai-Zheng (1)No. 62554 Official Letter

2.Type of Stock

April 30, 2020

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

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

3.Information for Shelf Registration

April 30, 2020

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

Note：This table is not applicable to the Company.

4.2 Composition of Shareholders

April 30, 2020

Status of Shareholders / Amount	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	4	31	14,954	31	15,020
Shareholding (shares)	—	13,003	213,531,462	185,409,014	5,784,570	404,738,049
Percentage	0%	0.%	52.76%	45.81%	1.43%	100.00%

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

4.3 Shareholding Distribution Status

April 30, 2020

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	7,693	1,197,758	0.30%
1,000 ~ 5,000	5,013	11,620,976	2.87%
5,001 ~ 10,000	1,147	9,778,833	2.42%
10,001 ~ 15,000	263	3,334,081	0.82%
15,001 ~ 20,000	274	5,208,510	1.29%
20,001 ~ 30,000	193	5,139,638	1.27%
30,001 ~ 50,000	167	6,937,653	1.71%
50,001 ~ 100,000	127	9,443,139	2.33%
100,001 ~ 200,000	55	7,750,558	1.91%
200,001 ~ 400,000	21	5,744,689	1.42%
400,001 ~ 600,000	7	3,502,619	0.87%
600,001 ~ 800,000	8	5,475,268	1.35%
800,001 ~ 1,000,000	2	1,906,041	0.47%
1,000,001 or over	50	327,698,286	80.97%
Total	15,020	404,738,049	100.00%

4.4 List of Major Shareholders

April 30, 2020

Shares / Major Shareholders	Shareholding (Shares)	Percentage
Changheng Investment Co.,	52,631,034	13.00%
Changrun Water Resources Technology Co., Ltd	27,648,008	6.83%
Jinli Investment Co., Ltd.	25,230,451	6.23%
Liguang Construction Co.	22,658,066	5.60%
Yungsheng Development Industrial Co., Ltd.	22,514,509	5.56%
Lucky construction Co., Ltd	22,091,152	5.46%
Takming university of Science and Technology	11,794,250	2.91%
Dazhong Investment Co.	10,868,294	2.69%
Lin Zhi-Sheng.	8,071,000	1.99%
Chen, Yun-Ju	7,951,298	1.96%

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

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

Item		Year	2018	2019	As of March 2020 (Note8)
Market Price per Share (Note1)	Highest Market Price		8.82	8.81	8.45
	Lowest Market Price		6.82	6.67	5.31
	Average Market Price		7.84	7.27	7.25
Net Worth per Share (Note2)	Before Distribution		10.44	10.68	—
	After Distribution		10.44	10.53	—
Earnings per Share	Weighted Average Shares		404,738	404,738	404,738
	Earnings per Share (Note3)		(0.44)	0.11	—
Dividends per Share	Cash Dividends (Note9)		0.00	0.15	—
	Issuance of Bonus Shares	—	—	—	—
		—	—	—	—
	Accumulated Undistributed Dividends (Note4)		—	—	—
Return on Investment	Price / Earnings Ratio (Note 5)		(17.82)	66.09	—
	Price / Dividend Ratio (Note 6)		0.00	48.47	—
	Cash Dividend Yield Rate (Note 7)		0.00%	2.06%	—

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

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

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

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

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

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

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

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

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

Note 9： The distribution of cash dividends in 2019 was approved by the board of directors on March 24, 2020.

4.6 Dividend Policy and Implementation Status

1. **Dividend Policy：**

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

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

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

2. **Proposed Dividend Distribution of the Shareholders' Meeting:** Proposed to distribute cash dividend NT$ 0.15 per share.

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

4.8 Employee Bonus and Directors' and Supervisors' Remuneration：

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

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

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

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

3. **The board of directors adopted the proposed distribution of employees' compensation:**
   (1) In this year (2020), The board of directors decided to distribute the employee compensation of NT$ 1,541,843 and the director compensation of NT$ 2,569,738 in 2019.
   (2) The proposed distribution of stock compensation and the ratio of net profit after tax and the total amount of employee compensation: Not applicable.

4. **The actual distribution of the compensation of the directors and supervisors for the previous year:**
   In 2019, according to the Company's Articles of incorporation , the compensation of employees, directors and supervisors is not distributed in 2018.

4.9 Buyback of Shares of the Company：None

4.10 Bonds and Preferred Stock Issued：None

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

4.12 Implementation of Capital Allocation Plans：

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

V Operational Highlights

5.1 Business Activities

1. Business Scope

（1）The main contents of the business:

① C901050 cement and concrete products manufacturing industry.

② C901990 other non-metallic mineral products manufacturing industry.

③ B202010 non-metallic mining industry.

④ J101030 Waste removal industry.

⑤ J101040 Waste disposal industry.

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

（2）Main business and its proportion

Items	Product Proportion in 2019
Cement and Clinker	53.68%
Cement Product	16.11%
Other	30.21%

（3）The current commodity projects and new products development

A. Existing products:：

① Portland Type I Cement

② Portland Type II Cement

③ Slag powder

④ Cement Product（Ready Mixed Concrete）

⑤ Stone（Limestone, Specification stone, Gravel）

B. New products Development：None

2. Industry Overview

(1) Industry Status and Development

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

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

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

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

Looking forward to 2020, the U.S.-China trade war and Taiwanese firms leave China and bring their investments home, it was originally expected to increase Taiwan's domestic demand, but the emergence of COVID-19 in Mainland China has also disrupted economic and the prosperity of the civil construction industry may be affected. The cement industry is a lagging indicator and is expected to maintain a small growth in the first half of the year, but the cement market for the whole year is viewed conservatively.

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

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

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

(3) Product Trends and Competition

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

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

3. Overview of Technology and R&D

（1） The Company has no technical and R&D expenses incurred during the year of 2019.

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

4. Long-term and Short-term Development

（1） Short-term development：

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

（2）Long-term Development：

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

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

5.2 Market and Sales Overview

1. Market Analysis

(1) Sales Region

Region	The proportion of major commodity sales regions in 2019
Northern	71.76%
Central	14.75%
Hualien & Taitung	11.87%
Others	1.62%

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

(2) Market Share

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

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

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

(4) Advantages and disadvantages of development prospects

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

① Favorable factors：

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

② Unfavorable factors：

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

2. Important Application and Production Procedures of Main Products

（1） Important Application

① Product：Portland Type I Cement

Application：For general civil and construction works.

② Product：Portland Type II Cement

Application：

➢Underground infrastructure works such as sewers, underground roads, tunnels, underground MRT and etc.

➢Mass concrete works: bridges, water tyrants, reservoirs and etc.

➢Works which may be eroded by sea water and sea breeze: wharfs, breakwater, caissons, harbor works and etc.

③ Product：Slag Powder

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

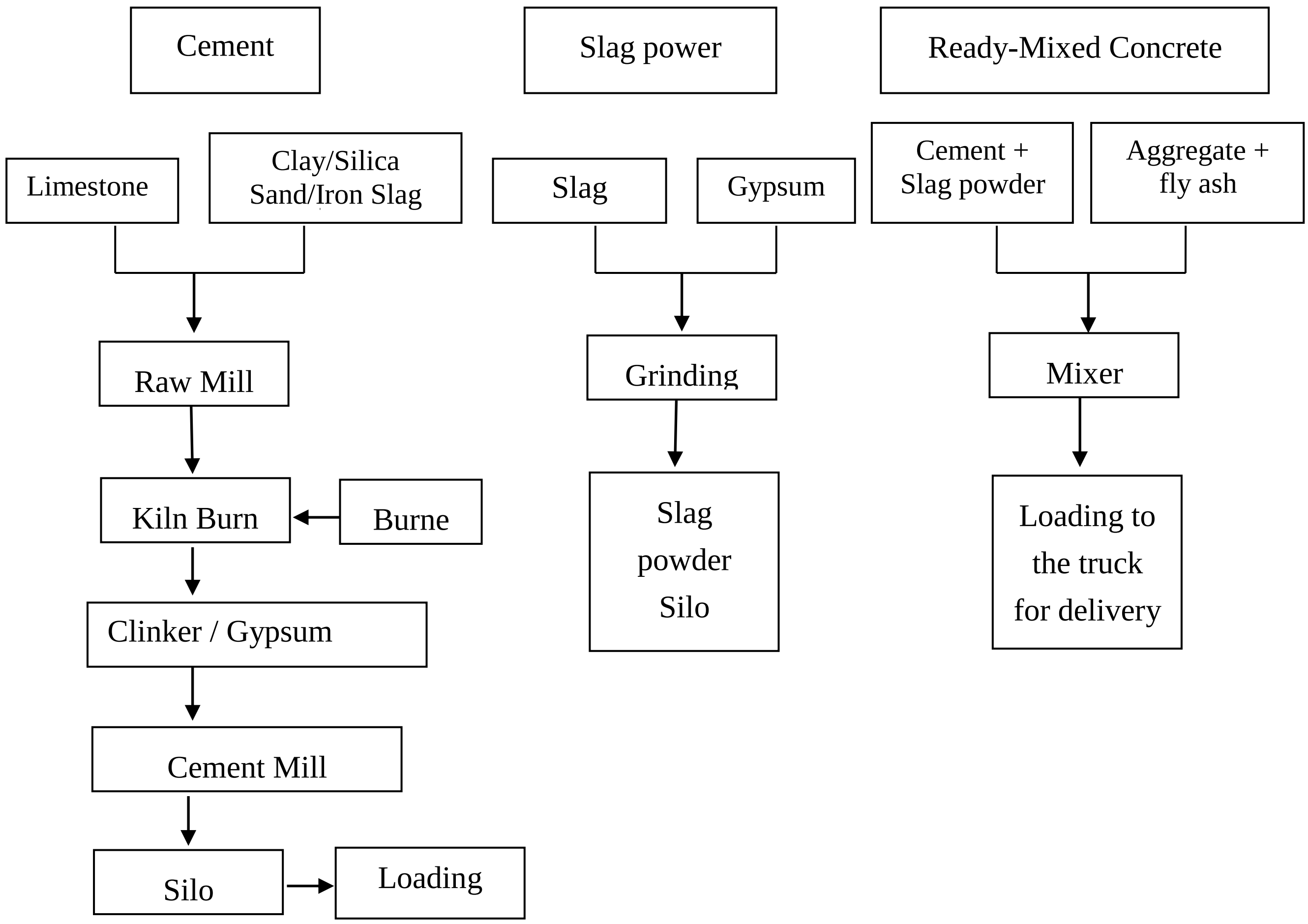
④ Product：Cement product （Ready Mixed Concrete）

Application：For a variety of construction

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

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

（2） Process



3. Supply Status of Main Materials

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

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

4. Major Suppliers and Clients in the last Two Years

（1）Major Suppliers in the Last Two Calendar Years

Unit: NT$1,000,000

	2018				2019 (Note1)				As of March 31, 2020 (Note3)			
Item	Company Name (Note2)	Amount	Percent	Relation with Issuer	Company Name (Note2)	Amount	Percent	Relation with Issuer	Company Name (Note2)	Amount	Percent	Relation with Issuer
1	D Company	229	16.7	Raw Material Supplier	M Company	254	16.3	Raw Material Supplier				
2	M Company	225	16.4	Raw Material Supplier	D Company	190	12.2	Raw Material Supplier				
3												
4												
5												
6												
7	Other	921	66.9		Other	1,112	71.5					
	Net purchase	1,375	100.0		Net purchase	1,556	100.0					

Note 1： Cause of change：None.

Note 2： The procurement contract stipulates that the name of the supplier cannot be disclosed.

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

（2） Major Clients in the Last Two Calendar Years

Unit: NT$1,000,000

	2018				2019 (Note1)				As of March 31, 2020 (Note3)			
Item	Company Name (Note2)	Amount	Percent	Relation with Issuer	Company Name (Note2)	Amount	Percent	Relation with Issuer	Company Name (Note2)	Amount	Percent	Relation with Issuer
1	H Company	332	10.0	Customer	H Company	256	6.9	Customer				
2												
3												
4												
5	Other	2,999	90.0		Other	3,476	93.1					
	Net Sales	3,331	100.0		Net Sales	3,732	100.0					

Note 1: Cause of change：None.

Note 2: The sales contract stipulates that the customer name cannot be disclosed.

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

5. The Most Recent Biennial Production

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

Production Quantity Value / Year / Main Products	2018			2019		
	Capacity	Quantity	Output Value	Capacity	Quantity	Output Value
Cement, Slag Powder	2,000	764	1,192,677	2,000	799	1,205,723
Cement Product	-	390	699,491	-	616	1,058,591
Other	-	1,646	493,197	-	1,934	478,422

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

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

6. Sales in the Last Two years

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

Sales / Year / Main Products	2018				2019			
	Domestic sales		Export		Domestic sales		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Cement, Slag Powder	984	2,042,328	—	—	994	2,103,093	—	—
Cement Product	—	341,988	—	—	—	601,178	—	—
Stone	1,187	491,363	—	—	1,346	629,557	—	—
Other	—	454,922	—	—	—	397,868	—	—
Total	—	3,330,601	—	—	—	3,731,696	—	—

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

April 30, 2020

Year		2018	2019	As of April 30, 2020
Number of Employees	Direct Labor in factory	247	256	253
	Indirect Labor in factory	112	112	111
	Administration Staff in the Company	127	126	126
	Total	486	494	490
Average Age		49.18	49.62	49.67
Average Years of service		13.20	12.69	12.74
Education	Ph.D.	0.41	0.61	0.61
	Masters	2.67	2.63	2.45
	Bachelor's degree	31.48	30.77	31.63
	Senior High School	40.95	42.31	41.64
	Below Senior High School	24.49	23.68	23.67

5.4 Environmental Protection Expenditure

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

	2018	2019	As of April 30, 2020
Pollution status (Category, Condition)	1..Failed to obtain a set permission in accordance with the law. 2.There is no automatic monitoring facility for the discharge pipeline.	1.Stacking and conveying fugitive Particulate Matter Pollution.	None
Object of compensation or competent authority	Environmental Protection Bureau	Environmental Protection Bureau	-
Compensation amount or punishment	NT$1,694,000	NT$100,000	-
Other Losses	None	None	None

2. Countermeasures：

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

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

3. Improvement plan:

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

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

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

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

4. Future Environmental Key Works：

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

（2）Strengthen the study of waste recycling technology.

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

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

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

（6）The total amount of environmental protection expenditure in 2019 was NT$25,593,000.

5.5 Labor Relations

1. Employee benefits policy：

(1) Employee benefits measures:：

① The Company has set a staff welfare committee, and allocates the welfare fund for the welfare activities based on the laws. The annual staff welfare fund allocated of the year of 2019 is NT$4,535,000.

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

③ Issue three Chinese festival bonus and education grant.

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

⑤ Conduct employee group insurance and employee health check. The related expenditure for the year of 2019 was NT$965,000.

（2） Implementation of improvement and training system：

The Company has a staff training program that provides staff training and implementation. The company's on-the-job training includes organizing various workshops, training courses and the cooperative appointment training with other training institutions or schools, or the Company may hold short-term work exercises based on job needs. The training fees for various types of training were NT$ 301,000.

（3） Retirement system：

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

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

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

In the current year, 9 people retired and the pensions totaled NT$ 19,664,000.

2. Protection measures of employee rights :

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

3. Labor dispute situation:

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

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

4. Social Responsibility Implementation:

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

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

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

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

Service Line：03-9986110 #103 or #109
02-25092188 #2517
Service Fax:：03-9986066
02-25093033
Service dedicated mailbox or e-mail：yu@luckygrp.com.tw
kevinlee@luckygrp.com.tw

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

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

(7) Safety and hygiene of labors：

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

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

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

④ The total expenditure on labor safety in 2019 amounted to approximately NT$3,711,000.

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

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

5.6 Important Contracts

April 30, 2020

Agreement	Counterparty	Period	Major Contents	Restrictions
Loan Agreement	Taiwan Cooperative Bank Ximen Branch	4/12/2018-4/12/2023	Mid-term land building mortgage loan	—
Loan Agreement	O-Bank Sales Department	11/21/2017-11/21/2022	Mid-term land mortgage loan	—
Loan Agreement	Bank of Taiwan, Zhongshan Branch	11/12/2019-11/12/2022	Mid-term land mortgage loan	
Sale and Purchase Agreement	Shi-Jia Industrial Ltd.	9/28/2018-12/31/2020	Self-provided trucks' renewal parts	—
Construction Contract	Shi-Jia Industrial Ltd.	9/28/2018-12/31/2020	Self-provided trucks' renewal project	—
Sale and Purchase Agreement	Shi-Jia Industrial Ltd.	1/1/2019-12/31/2022	Self-provided trucks' third-level maintenance material fee	—
Construction Contract	Hao Hong Construction Company	02/01/2018-12/31/2021	The second phase of Keelung's Self-hosted city re-division project	—

VI Financial Information

6.1 Five Year Financial Summary

1. Condensed Balance Sheet & the statements of Comprehensive Income

(1) Consolidated Condensed Balance Sheet

Unit：NT$1,000

Item \ Year		Financial Summary for the last Five Year （Note1） 2015	2016	2017	2018	2019	As of March 31, 2020 (Note 3)
Current assets		5,212,763	5,360,762	5,121,071	4,938,529	5,087,148	
Property, Plant and Equipment （Note 2）		2,157,348	1,899,736	1,648,561	1,877,077	1,711,806	
Intangible assets		—	—	—	—	—	
Other assets (Note2)		485,391	492,146	467,220	477,891	529,923	
Total assets		7,855,502	7,752,644	7,236,852	7,293,497	7,328,877	
Current liabilities	Before distribution	1,824,743	2,604,897	1,925,148	1,736,069	1,617,131	
	After distribution (Note 4)	2,168,770	2,847,740	—	—	—	
Non-current liabilities		1,185,095	345,911	883,162	1,330,430	1,390,809	
Total liabilities	Before distribution	3,009,838	2,950,808	2,808,310	3,066,499	3,007,940	
	After distribution (Note 4)	3,353,865	3,193,651	—	—	—	
Equity attributable to owners of parent		4,811,850	4,771,695	4,402,119	4,226,920	4,320,860	
Share capital		4,047,380	4,047,380	4,047,380	4,047,380	4,047,380	
Capital surplus		8	8	8	8	8	
Retained earnings	Before distribution	728,106	696,907	357,972	182,653	269,466	
	After distribution (Note 4)	384,079	454,064	—	—	—	
Other equity interest		36,356	27,400	(3,241)	(3,121)	4,006	
Treasury shares		—	—	—	—	—	
Non-controlling interest		33,814	30,141	26,423	78	77	
Total equity	Before distribution	4,845,664	4,801,836	4,428,542	4,226,998	4,320,937	
	After distribution (Note 4)	4,501,637	4,558,993	—	—	—	

Note 1 : All financial statements have been audited by a certified public accountant from 2015 to 2019.

Note 2 : Asset revaluation has not been handled in 2019.

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

Note 4 : The proposal to earning distribution in 2019 is still waiting for shareholders' resolution, so the number of “after distribution” is missing.

(2) Consolidated Condensed Statement of Comprehensive Income

Unit : NT$1,000

Item \ Year	Financial Summary for The Last Five Years (Note 1)					As of March 31, 2020 (Note 2)
	2015	2016	2017	2018	2019	
Operating revenue	5,021,353	4,251,061	3,434,454	3,330,601	3,731,696	
Gross profit from operations	906,266	662,493	128,501	46,767	298,881	
Net operating income (loss)	624,343	426,326	(100,344)	(155,142)	77,882	
Non-operating income and expenses	(8,019)	(24,996)	(18,667)	(36,520)	(23,968)	
Profit (loss) before tax	616,324	401,330	(119,011)	(191,662)	53,914	
Profit (loss) from continuing operations	503,435	324,202	(102,303)	(200,942)	45,904	
Loss from discontinued operations	(40,672)	(9,125)	(775)	(672)	—	
Profit (loss)	462,763	315,077	(103,078)	(201,614)	45,904	
Other comprehensive income [abstract]	114	(11,471)	(25,623)	4,965	48,035	
Comprehensive income	462,877	303,606	(128,701)	(196,649)	93,939	
Profit (loss), attributable to owners of parent	470,161	315,334	(101,111)	(176,971)	45,905	
Profit (loss), attributable to non-controlling interests	(7,398)	(257)	(1,967)	(24,643)	(1)	
Comprehensive income, attributable to owners of parent	470,063	303,872	(126,733)	(172,004)	93,940	
Comprehensive income, attributable to non-controlling interests	(7,186)	(266)	(1,968)	(24,645)	(1)	
Earnings per share(Note 3)	1.16	0.78	(0.25)	(0.44)	0.11	

Note 1 : All financial statements have been audited by a certified public accountant from 2015 to 2019.

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

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

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(3) Parent Company Only Consolidated Condensed Balance Sheet

Unit：NT$1,000

Item \ Year		Financial Summary for The Last Five Years (Note 1) 2015	2016	2017	2018	2019	As of March 31, 2020 (Note 2)
Current assets		1,733,130	2,022,199	1,845,673	1,492,830	1,579,785	
Property, Plant and Equipment (Note 2)		2,031,801	1,787,670	1,557,708	1,786,763	1,628,604	
Intangible assets		—	—	—	—	—	
Other assets (Note2)		3,441,568	3,333,405	3,054,914	3,268,057	3,257,170	
Total assets		7,206,499	7,143,274	6,458,295	6,547,650	6,465,559	
Current liabilities	Before distribution	1,550,013	2,087,743	1,717,161	1,548,661	1,319,757	
	After distribution (Note 3)	1,894,040	2,330,586	—	—	—	
Non-current liabilities		844,636	283,836	339,015	772,069	824,942	
Total liabilities	Before distribution	2,394,649	2,371,579	2,056,176	2,320,730	2,144,699	
	After distribution (Note 3)	2,738,676	2,614,422	—	—	—	
Equity attributable to owners of parent		4,811,850	4,771,695	4,402,119	4,226,920	4,320,860	
Share capital		4,047,380	4,047,380	4,047,380	4,047,380	4,047,380	
Capital surplus		8	8	8	8	8	
Retained earnings	Before distribution	728,106	696,907	357,972	182,653	269,466	
	After distribution (Note 3)	384,079	454,064	—	—	—	
Other equity interest		36,356	27,400	(3,241)	(3,121)	4,006	
Treasury shares		—	—	—	—	—	
Non-controlling interest		—	—	—	—	—	
Total equity	Before distribution	4,811,850	4,771,695	4,402,119	4,226,920	4,320,860	
	After distribution (Note 3)	4,467,823	4,528,852	—	—	—	

Note 1 : All financial statements have been audited by a certified public accountant from 2015 to 2019

Note 2 : Asset revaluation has not been handled in 2019.

Note 3 : The proposal to earning distribution in 2019 is still waiting for shareholders' resolution, so the number of "after distribution" is missing.

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

Unit ： NT$1,000

Item \ Year	Financial Summary for The Last Five Years（Note1）					As of March 31, 2020
	2015	2016	2017	2018	2019	
Operating revenue	4,152,424	3,507,773	2,957,370	2,810,497	2,931,247	
Gross profit from operations	887,284	603,150	244,893	150,288	244,861	
Net operating income (loss)	684,415	416,288	70,426	(22,019)	72,054	
Non-operating income and expenses	(112,913)	(34,586)	(186,473)	(138,161)	(24,771)	
Profit (loss) before tax	571,502	381,702	(116,047)	(160,180)	47,283	
Profit (loss) from continuing operations	470,161	315,334	(101,111)	(176,971)	45,905	
Loss from discontinued operations	—	—	—	—	—	
Profit (loss)	470,161	315,334	(101,111)	(176,971)	45,905	
Other comprehensive income [abstract]	(98)	(11,462)	(25,622)	4,967	48,035	
Comprehensive income	470,063	303,872	(126,733)	(172,004)	93,940	
Profit (loss), attributable to owners of parent	470,063	303,872	(126,733)	(172,004)	93,940	
Profit (loss), attributable to non-controlling interests	—	—	—	—	—	
Comprehensive income, attributable to owners of parent	470,063	303,872	(126,733)	(172,004)	93,940	
Comprehensive income, attributable to non-controlling interests	—	—	—	—	—	
Earnings per share(Note 2)	1.16	0.78	(0.25)	(0.44)	0.11	

Note 1 : All financial statements have been audited by a certified public accountant from 2015 to 2019.

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

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

Year	CPA		Audit Opinion
2015	Huang, Hai-Yue	Wu, En-Ming	Unreserved opinions
2016 (Note1)	Huang, Hai-Yue	Liu, Yong-Fu	Unreserved opinions
2017	Huang, Hai-Yue	Liu, Yong-Fu	Unreserved opinions
2018	Huang, Hai-Yue	Liu, Yong-Fu	Unreserved opinions
2019	Huang, Hai-Yue	Liu, Yong-Fu	Unreserved opinions

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

6.2 Five Year Financial Analysis

(1-1) Consolidated Financial Analysis

Item (Note 3)	Year (Note1)	Financial Summary for The Last Five Years					As of March 31, 2020 (Note2)
		2015	2016	2017	2018	2019	
Financial structure (%)	Debt Ratio	38.32	38.06	38.81	42.04	41.04	
	Ratio of long-term capital to property, plant and equipment	279.55	270.97	322.20	296.07	333.67	
Solvency %	Current ratio	285.67	205.80	266.01	284.47	314.58	
	Quick ratio	81.91	60.17	61.47	66.03	86.96	
	Times Interest Earned	15.46	13.85	(2.87)	(4.91)	2.36	
Operating performance	Accounts receivable turnover (times)	4.91	5.05	4.98	5.57	4.94	
	Average collection period	74.34	72.27	73.29	65.52	73.88	
	Inventory turnover (times)	1.16	1.01	0.89	0.89	0.96	
	Accounts payable turnover (times)	8.66	7.84	7.21	8.91	9.45	
	Average days in sales	314.66	361.38	410.11	410.11	380.20	
	Property, plant and equipment turnover (times)	2.33	2.24	2.08	1.77	2.18	
	Total assets turnover (times)	0.64	0.55	0.47	0.46	0.51	
Profitability	Return on asset (%)	6.14	4.37	(1.03)	(2.40)	1.06	
	Return on equity (%)	9.78	6.53	(2.23)	(4.66)	1.07	
	Pre-tax income to paid-in capital (%)	15.23	9.92	(2.94)	(4.74)	1.33	
	Profit ratio (%)	9.22	7.41	(3.00)	(6.05)	1.23	
	Earnings per share (NTD)	1.16	0.78	(0.25)	(0.44)	0.11	
Cash flow	Cash flow ratio (%)	55.80	9.46	4.21	2.99	16.25	
	Cash flow adequacy ratio (%)	221.19	180.69	152.00	100.18	88.69	
	Cash reinvestment ratio (%)	4.35	(0.58)	(0.95)	0.29	1.64	
Leverage	Operating leverage	3.81	4.30	(11.65)	(7.14)	18.63	
	Financial leverage	1.07	1.08	0.77	0.83	2.04	

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

This year, due to increased market demand and cost control, both revenue and gross profit have increased compared with last year and there was a surplus, and cash inflows from operating activities have also increased compared with last year. Compared with the loss in last year, the turnover rate, return rate, earnings per share and so on of the relevant indicators of operating capacity and profitability, the interest protection multiple of the solvency and the index of leverage are all better than last year. Changes in cash flow ratio and cash reinvestment ratio are larger due to the increase in net cash inflow from operating activities compared to last year. The current and quick ratio is also better than last year, because the short-term and one-year borrowings decreased compared with last year, which made the overall current liabilities decline

Note 1 : All financial statements have been audited by a certified public accountant from 2015 to 2019.

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

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

(1-2) Parent Company Only Financial Analysis

Item (Note 3)	Year (Note 1)	2015	2016	2017	2018	2019	As of March 31, 2020 (Note2)
		Financial Summary for The Last Five Years					
Financial structure (%)	Debt Ratio	33.23	33.20	31.84	35.44	33.17	
	Ratio of long-term capital to property, plant and equipment	278.40	282.80	304.37	279.78	315.96	
Solvency %	Current ratio	111.81	96.86	107.48	96.39	119.70	
	Quick ratio	79.93	68.50	62.38	55.48	80.88	
	Times Interest Earned	20.19	18.04	(5.09)	(6.71)	2.66	
Operating performance	Accounts receivable turnover (times)	6.36	6.04	5.88	6.39	5.60	
	Average collection period	57.39	60.43	62.07	57.12	65.17	
	Inventory turnover (times)	10.62	8.10	5.20	4.93	6.46	
	Accounts payable turnover (times)	9.20	7.66	7.25	9.44	10.57	
	Average days in sales	34.37	45.06	70.19	74.03	56.50	
	Property, plant and equipment turnover (times)	2.04	1.96	1.90	1.57	1.80	
	Total assets turnover (times)	0.58	0.49	0.46	0.43	0.45	
Profitability	Return on asset (%)	6.75	4.65	(1.25)	(2.46)	1.06	
	Return on equity (%)	10.01	6.58	(2.20)	(4.10)	1.07	
	Pre-tax income to paid-in capital (%)	14.12	9.43	(2.87)	(3.96)	1.17	
	Profit ratio (%)	11.32	8.99	(3.42)	(6.30)	1.57	
	Earnings per share (NTD)	1.16	0.78	(0.25)	(0.44)	0.11	
Cash flow	Cash flow ratio (%)	70.86	10.76	17.83	24.47	21.23	
	Cash flow adequacy ratio (%)	164.24	145.18	136.63	110.51	106.15	
	Cash reinvestment ratio (%)	4.32	(0.63)	0.34	1.96	1.85	
Leverage	Operating leverage	2.21	2.62	9.83	(26.70)	9.03	
	Financial leverage	1.05	1.06	1.37	0.51	1.66	

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

This year, due to increased market demand and cost control, both revenue and gross profit have increased compared with last year and there was a surplus, and cash inflows from operating activities have also increased compared with last year. Compared with the loss in last year, the turnover rate, return rate, earnings per share and so on of the relevant indicators of operating capacity and profitability, the interest protection multiple of the solvency and the index of leverage are all better than last year. Changes in cash flow ratio and cash reinvestment ratio are larger due to the increase in net cash inflow from operating activities compared to last year. The current and quick ratio is also better than last year, because the short-term and one-year borrowings decreased compared with last year.

Note 1 : All financial statements have been audited by a certified public accountant from 2015 to 2019.

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

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

Calculation Formula

1. Financial structure

(1) Debt ratio＝ Total liabilities／Total assets

(2) Ratio of long-term capital to property, plant and equipment＝（Total equity＋Non-current liabilities）／

property, plant and equipment, Net.

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

Note 5：The formula for above earnings per share should pay special attention to the following matters when measuring:

（1）It is based on the weighted average number of ordinary shares, not based on the number of issued shares at the end of the year.

（2）Where there is a capital increased by cash or a treasury share transaction , the weighted average number of shares shall be calculated during the period of circulation.

（3）Where there are an earnings transferred to capital or a capital surplus transferred to capital, when calculating the earnings per share for previous years and semi-annual earnings per share, it should be adjusted retrospectively according to the proportion of capital increase, and there is no need to consider the issuance period of such capital increase.

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

Note 6：When measuring cash flow, special attention should be paid to the following items:

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

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

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

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

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

Note 7：The issuer should classify the various operating costs and operating expenses into fixed and variable categories. If there is an estimate or subjective judgment, the issuer should pay attention to its reasonableness and maintain consistency.

Note 8：If the company’s shares are no par value stocks or if the denomination of each share is not NT$10, the previous calculation of the ratio of Pre-tax income to paid-in capital was calculated based on the ratio of equity attributable to owners of parent in the balance sheet.

6.3 Audit Committee's Review Report on the 2019 Financial Statements

Audit Committee's Review Report

The Board of Directors has perepared the Company's 2019 Business Report, Financial Statements and the proposal for allocation of earnings. The CPA firm of Deloitte & Touche was retained to the audit the Company's Financial Statement and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements and earnings allocation proposal have been reviewed and determined to be correct and accurated by the Audit Committee of the Company. Therefore, this report is presented in accordance with Article 14-4 of the "Securities and Exchange Act "and the Article 219 of the "Company Act", please proceed to approve.

With kind regards

2020 The Shareholders' Meeting of the Company

Lucky Cement Corporation
Convener of the Audit Committee: Chin-Cheng, Wang

March 24, 2020

6.4 2019 Parent Company Only Financial Statements

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Lucky Cement Co.

Opinion

We have audited the accompanying financial statements of Lucky Cement Co. (the "Company"), which comprise the balance sheets as of December 31, 2019 and 2018 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, 2019 and 2018, 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, 2019. 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, 2019 are as follows:

<u>The Existence of Sales Revenue from Key Customers</u>

The Company's sales revenue mainly comes from merchandise sales of cement, stone materials and other cement subsidiary products. The amount of the sales revenue in 2019 arising from the new key customers or customers whose sales revenue increased over Performance Materiality is NT$541,734,000, as 18% of the total sales revenue. Since the sales revenue from key customers fluctuates and whether the revenue has truly occurred is the presumed significant risk of the ISA, the key audit matters are listed.

Please refer to Note 4 (10) of the financial statement for accounting policies of the revenue recognition; Note 22 (1) for the disclosure related to the operating revenue.

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

1. Understood the internal control system of the sale of goods and assessed the design and effectiveness of the implementation of the internal control.

2. Gained the summary of sales transactions of the key customers across the year, adjusted and ensured the completeness of related transactions. In addition, selecting the samples from the summary, and reviewing the evidence and vouchers to verify the existence of sales revenue.

3. Obtained the post-period general ledger of sales revenue, inspecting whether significant sales return and allowance incurred, to ensure the accuracy of the revenue recognition.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hai-Yueh Huang and Yung-Fu Liu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 27, 2020

<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, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019		2018	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Note 6)	$ 165,724	3	$ 142,537	2
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 28)	980	-	856	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 28)	15,962	-	105,718	2
Notes receivable (Notes 4 and 9)	413,731	6	252,051	4
Notes receivable from related parties (Notes 4, 9 and 29)	59,119	1	39,352	1
Accounts receivable (Notes 4 and 9)	92,559	2	87,740	1
Accounts receivable from related parties (Notes 4, 9 and 29)	64,786	1	36,969	1
Other receivables (Notes 4 and 9)	87,240	1	970	-
Other receivables from related parties (Notes 9 and 29)	59,595	1	70,307	1
Current income tax assets (Note 24)	17,519	-	17,517	-
Inventories (Notes 4 and 10)	365,885	6	465,967	7
Prepayments (Note 11)	146,520	2	167,615	2
Other financial assets (Note 12)	90,165	1	105,231	2
Total current assets	1,579,785	24	1,492,830	23
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 28)	19,465	-	18,702	-
Investments accounted for using the equity method (Notes 4 and 13)	2,649,638	41	2,703,503	41
Property, plant and equipment (Notes 4 and 14)	1,628,604	25	1,785,767	27
Right-of-use assets (Notes 4 and 15)	115,920	2	-	-
Deferred income tax assets (Notes 4 and 24)	102,042	2	112,141	2
Refundable deposits (Notes 29 and 31)	174,728	3	240,766	4
Other non-current assets (Note 16)	195,377	3	193,941	3
Total non-current assets	4,885,774	76	5,054,820	77
TOTAL	$ 6,465,559	100	$ 6,547,650	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	$ 226,700	3	$ 848,200	13
Short-term bills payable (Note 17)	99,820	2	159,912	2
Contract liabilities (Note 22)	267,633	4	199,333	3
Notes payable (Note 18)	128,089	2	98,248	2
Notes payable to related parties (Notes 18 and 29)	30,823	-	43,697	1
Accounts payable (Note 18)	70,584	1	81,089	1
Accounts payable to related parties (Notes 18 and 29)	32,138	-	23,657	-
Other payables (Note 19)	105,252	2	92,467	1
Other payables to related parties (Note 29)	4,060	-	1,547	-
Current income tax liabilities (Note 24)	1,201	-	-	-
Lease liabilities - current (Notes 4 and 15)	42,993	1	-	-
Current portion of long-term borrowings (Note 17)	310,000	5	-	-
Other current liabilities	464	-	511	-
Total current liabilities	1,319,757	20	1,548,661	23
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 17)	670,000	10	660,000	10
Deferred tax liabilities (Notes 4 and 24)	23,792	-	33,891	1
Lease liabilities - non-current (Notes 4 and 15)	74,069	1	-	-
Net defined benefit liabilities (Notes 4 and 20)	26,481	1	48,946	1
Guarantee deposits received	30,600	1	29,232	-
Total non-current liabilities	824,942	13	772,069	12
Total liabilities	2,144,699	33	2,320,730	35
EQUITY (Note 21)				
Share capital				
Common stock	4,047,380	63	4,047,380	62
Capital surplus	8	-	8	-
Retained earnings				
Legal reserve	166,309	3	166,309	3
Special reserve	17,256	-	17,376	-
Unappropriated earnings	85,901	1	(1,032)	-
Total retained earnings	269,466	4	182,653	3
Other equity	4,006	-	(3,121)	-
Total equity	4,320,860	67	4,226,920	65
TOTAL	$ 6,465,559	100	$ 6,547,650	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, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUES (Notes 4 and 22)				
Sales	$ 2,931,465	100	$ 2,811,247	100
Less: Discounts and allowances	(218)	-	(750)	-
Total operating revenues	2,931,247	100	2,810,497	100
OPERATING COSTS (Notes 10, 23 and 29)	2,686,386	92	2,660,209	95
GROSS PROFIT	244,861	8	150,288	5
OPERATING EXPENSES (Notes 23 and 29)				
Selling and marketing expenses	99,093	3	94,078	3
General and administrative expenses	78,048	3	82,976	3
Expected credit gain	(214)	-	(30)	-
Total operating expenses	176,927	6	177,024	6
OTHER OPERATING INCOME AND EXPENSES (Note 23)	4,120	-	4,717	-
PROFIT/(LOSS) FROM OPERATIONS	72,054	2	(22,019)	(1)
NON-OPERATING INCOME AND EXPENSES (Notes 4, 8, 23 and 29)				
Interest income	2,932	-	4,925	-
Rental income	18,886	1	24,797	1
Other gains	9,437	-	8,523	-
Foreign exchange gain (loss)	1,896	-	(65)	-
Fair value changes of financial assets	124	-	(144)	-
Other losses	(9,209)	-	(13,918)	-
Interest expense	(28,524)	(1)	(20,789)	(1)
Share of loss of subsidiaries and associates	(20,313)	(1)	(141,490)	(5)
Total non-operating income and expenses	(24,771)	(1)	(138,161)	(5)
PROFIT/(LOSS) BEFORE INCOME TAX	47,283	1	(160,180)	(6)
INCOME TAX EXPENSE (Notes 4 and 24)	(1,378)	-	(16,791)	-
NET PROFIT/(LOSS)	45,905	1	(176,971)	(6)

(Continued)

LUCKY CEMENT CO.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	$ 18,855	1	$ 745	-
Remeasurement of a defined benefit plan (Note 20)	8,232	-	2,464	-
Share of the other comprehensive income/(loss) of subsidiaries and associates accounted for using the equity method	20,350	1	(13,342)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(210)	-	15,849	-
Share of the other comprehensive income/(loss) of subsidiaries and associates accounted for using the equity method	808	-	(749)	-
Other comprehensive income, net of income tax	48,035	2	4,967	-
TOTAL COMPREHENSIVE INCOME	$ 93,940	3	$ (172,004)	(6)
EARNINGS PER SHARE (Note 25)				
Basic	$ 0.11		$ (0.44)	
Diluted	$ 0.11		$ (0.44)	

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, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity			
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain on Financial Assets at Fair Value through Other Comprehensive Income	Total Equity
BALANCE, JANUARY 1, 2018	$ 4,047,380	$ 8	$ 166,309	$ 14,135	$ 177,528	$ (8,187)	$ 4,946	$ -	$ 4,402,119
Effect of retrospective application	-	-	-	-	(2,887)	-	(4,946)	5,716	(2,117)
BALANCE AT JANUARY 1, 2018 AS RESTATED	4,047,380	8	166,309	14,135	174,641	(8,187)	-	5,716	4,400,002
Appropriation of 2017 earnings Special reserve	-	-	-	3,241	(3,241)	-	-	-	-
Net loss for the year ended December 31, 2018	-	-	-	-	(176,971)	-	-	-	(176,971)
Other comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	2,825	15,847	-	(13,705)	4,967
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	(174,146)	15,847	-	(13,705)	(172,004)
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	(1,078)	-	-	-	(1,078)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	2,792	-	-	(2,792)	-
BALANCE AT DECEMBER 31, 2018	4,047,380	8	166,309	17,376	(1,032)	7,660	-	(10,781)	4,226,920
Appropriation of 2018 earnings Special reserve	-	-	-	(120)	120	-	-	-	-
Net profit for the year ended December 31, 2019	-	-	-	-	45,905	-	-	-	45,905
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	5,442	(210)	-	42,803	48,035
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	51,347	(210)	-	42,803	93,940
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	35,466	-	-	(35,466)	-
BALANCE AT DECEMBER 31, 2019	$ 4,047,380	$ 8	$ 166,309	$ 17,256	$ 85,901	$ 7,450	$ -	$ (3,444)	$ 4,320,860

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

LUCKY CEMENT CO.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before income tax	$ 47,283	$ (160,180)
Adjustments for:		
Depreciation expense	218,882	228,255
Amortization expense	11,750	11,508
Expected credit loss recognized on trade receivables	(214)	(30)
Net (gain)/loss on fair value changes of financial assets at fair value through profit or loss	(124)	144
Interest expense	28,524	20,789
Interest income	(2,932)	(4,925)
Dividend income	(5,169)	(1,545)
Gain on disposal of property, plant and equipment	(4,120)	(4,717)
Share of profit or loss of subsidiaries accounted for using the equity method	20,313	141,490
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	-	5
Notes receivable	(161,680)	88,997
Notes receivable from related parties	(19,767)	(27,954)
Accounts receivable	(4,605)	10,783
Accounts receivable from related parties	(27,817)	(24,565)
Other receivables	170	(725)
Other receivables from related parties	62	279
Inventories	100,082	148,205
Prepayments	21,095	(7,262)
Other financial assets	-	(80,118)
Contract liabilities	68,300	(37,358)
Notes payable	29,841	(31,527)
Notes payable to related parties	(12,874)	16,942
Accounts payable	(10,505)	(13,267)
Accounts payable to related parties	8,481	(42,572)
Other payables	12,668	(4,039)
Other payables to related parties	2,513	(1,328)
Other current liabilities	(47)	(80)
Net defined benefit liabilities	(14,233)	1,072
Cash generated from operations	305,877	226,277
Interest received	2,947	5,341
Interest paid	(28,499)	(20,162)
Income tax paid	(179)	(18,124)
Net cash generated from operating activities	280,146	193,332

(Continued)

LUCKY CEMENT CO.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	$ (56,924)	$ (105,295)
Proceeds from sale of financial assets at fair value through other comprehensive income	143,479	36,403
Proceeds from capital reduction of financial assets at fair value through profit or loss	-	2,890
Acquisition of associates	-	(375,505)
Payments for property, plant and equipment	(17,968)	(456,314)
Proceeds from disposal of property, plant and equipment	4,120	4,717
Decrease in other receivables from related parties	10,650	186,550
Decrease (increase) in refundable deposits	876	(2,882)
Decrease in financial assets	15,066	105,231
Increase in other non-current assets	(13,186)	(52,134)
Dividends received from subsidiaries associates	58,076	2,469
Proceeds from capital reduction of subsidiaries	1,593	-
Net cash generated from/(used in) investing activities	145,782	(653,870)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(621,500)	(22,800)
(Decrease) increase in short-term bills payable	(60,000)	80,000
Proceeds from long-term borrowings	320,000	580,000
Repayments of long-term borrowings	-	(200,000)
Increase (decrease) in guarantee deposits received	1,368	(4,387)
Repayment of the principal portion of lease liabilities	(42,609)	-
Net cash (used in)/generated from financing activities	(402,741)	432,813
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	23,187	(27,725)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	142,537	170,262
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 165,724	$ 142,537

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

1. GENERAL INFORMATION

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

The accompanying parent company only financial statements the New Taiwan dollars (NT$) are presented in Company's functional currency.

2. APPROVAL OF FINANCIAL STATEMENTS

The accompanying financial statements were approved by the Company's board of directors on March 24, 2020.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the FSC

   Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Company's accounting policies:

   - IFRS 16 "Leases"

     IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

     Definition of a lease

     The Company elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases on the balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the statements of comprehensive income, the Company presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts, including property interest qualified as investment properties, were recognized as expenses on a straight-line basis. Cash flows for operating leases were classified within operating activities on the statements of cash flows. Leased assets and finance lease payables were recognized on the balance sheets for contracts classified as finance leases.

The Company elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. Comparative information is not restated.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments but discounted using the aforementioned incremental borrowing rate. The Company applies IAS 36 to all right-of-use assets.

The Company also applies the following practical expedients:

1) The Company applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

2) The Company adjusts the right-of-use assets January 1, 2019 by the amount of any provisions for onerous lease recognized on December 31, 2018, instead of assessing the impairment under IAS 36.

3) The Company accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

4) The Company excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.

5) The Company uses hindsight, such as in determining lease terms, to measure lease liabilities.

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 are 1.55%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	$ 161,790
Less: Recognition exemption for short-term leases and leases of low value assets	(462)
Undiscounted amounts on January 1, 2019	$ 161,328
Discounted amounts using the incremental borrowing rate on January 1, 2019	$ 156,999

The Company as lessor

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

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Right-of-use assets	$ -	$ 156,999	$ 156,999
Total effect on assets	$ -	$ 156,999	$ 156,999
Lease liabilities - current	$ -	$ 44,619	$ 44,619
Lease liabilities - non-current	-	112,380	112,380
Total effect on liabilities	$ -	$ 156,999	$ 156,999

b. The IFRSs endorsed by the FSC for application starting from 2020

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)

Note 1: The Company shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Company shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

Note 3: The Company shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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

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

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

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

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 income 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 owners of the Company in its consolidated financial statements, adjustments arising from the differences of the accounting treatment between the 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 and cash equivalents 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 twelve months after the reporting period; 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. Such 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.

When preparing the financial statements, the functional currencies of the Company's foreign operations (including subsidiaries, associates, joint ventures and branches in other countries that use 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, 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 Company 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 received. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

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

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

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 stated at cost less accumulated depreciation and accumulated impairment loss.

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

On 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 tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible 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 asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

i. 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 the financial asset is mandatorily classified or it is 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 and cash equivalents, trade receivables at amortized cost, other financial assets and refundable deposits, 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 has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

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 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, they 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 Loss (i.e. ECL) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the 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 ECL.

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

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):

- Internal or external information show that the debtor is unlikely to pay its creditors.

The Company recognizes an impairment gain or 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 Company can only derecognize the financial liabilities when the obligation is resolved, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

j. 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.

<u>Revenue from sale of goods</u>

Revenue from sale of goods comes from sales of cement, stone. Sales of materials and other cement subsidiary 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, and bears the risks of obsolescence. Trade receivables are recognized concurrently.

k. Leasing

2019

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

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Company as lessee

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

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, 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 consolidated balance sheets.

2018

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1) The Company as lessor

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

2) The Company as lessee

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

l. 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 service.

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 net interest on the net defined benefit liability (asset) 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 (asset) represents the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reduction in future contributions to the plans.

m. Taxation

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

1) Current tax

According to the Income Tax Law, 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, unused loss carryforwards, and development expenditures and personnel training expenditures, 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 and associates, 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 deferred tax asset to be recovered. The deferred tax assets which originally were not recognized are also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is 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 and deferred tax for the year

Current 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 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.

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

6. CASH

	December 31	
	2019	**2018**
Cash on hand and revolving funds	$ 1,139	$ 1,139
Checking accounts and demand deposits	163,644	113,360
Foreign currency demand deposits	941	28,038
	$ 165,724	$ 142,537

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

	December 31	
	2019	**2018**
Bank balance	0.001%-0.33%	0.05%-0.48%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2019	2018
Current		
Mutual funds	$ 980	$ 856

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2019	2018
Current		
Domestic investments-Common Stocks		
Far Eastern New Century Corporation	$ 5,970	$ 22,320
U-Ming Marine Transport Corporation	4,301	4,128
Winbond Electronics Corp.	2,545	1,764
Medigen Biotechnology Corp.	1,778	1,289
United Microelectronics Corp.	1,190	814
China Development Financial	131	131
First Financial Holding Co., Ltd.	21	18
Capital Securities Corp.	10	8
Hua Nan Financial Holdings Co., Ltd.	10	7
Taiwan Cement Corp	6	15,664
Formosa Plastics Corporation	-	40,400
Asia Cement Corporation	-	16,975
Excelsior Medical Co., Ltd.	-	1,840
Highwealth Construction	-	360
	$ 15,962	$ 105,718
Non-current		
Domestic investments-Common Stocks		
Jonfeng Mining Co., Ltd.	$ 8,175	$ 9,536
Global Securities Finance Corp.	6,433	4,583
WK Technology Fund	4,857	4,583
	$ 19,465	$ 18,702

For the above investment information, please refer to the “State of Securities held at the end of the period” please refer to Note 34 Schedule 3.

For other relevant information on financial assets measured at FVOCI, please refer to Note 21(5).

The Company invests in the above ordinary shares for the purpose of long-term strategies and expects to profit from long-term investments. The management of the Company considers that if the short-term fair value fluctuations of these investments are recognized in profit or loss, they are not consistent with the aforementioned long-term investment plan, and therefore the designated investment is selected to FVOCI.

Dividends of $5,169 thousand and $1,545 thousand were recognized during 2019 and 2018, respectively.

9. NOTES RECEIVABLES, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2019	**2018**
Notes receivables		
At amortized cost		
Gross carrying amount	$ 413,731	$ 252,051
Notes receivables from related parties		
At amortized cost		
Gross carrying amount	$ 59,119	$ 39,352
Trade receivables		
At amortized cost		
Gross carrying amount	$ 92,828	$ 88,223
Less: Allowance for impairment loss	(269)	(483)
	$ 92,559	$ 87,740
Trade receivables from related parties		
At amortized cost		
Gross carrying amount	$ 64,786	$ 36,969
Other receivables		
Non-related parties		
Deposits	$ 65,162	$ -
Sale of securities	21,393	-
Other	685	970
	$ 87,240	$ 970
Other receivables from related parties	$ 59,595	$ 70,307

The guarantee fund receivable above is the deposit that the Company makes for mining. The guarantee fund receivable will be transferred to the related party-Fuan Mining Co., Ltd in March 2020, and the Company will receive payment of $20,000 thousand in March 2020 and $45,000 thousand note due in April 2020.

a. Note receivable

The average credit period of sales of goods was 90-150 days from invoice date. No interest was charged on trade receivables. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the 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. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company adopts the simplified approach of IFRS 9 to recognize the loss allowance of notes receivable according to lifetime expected credit losses. The lifetime expected credit losses are calculated using the preparation matrix, which takes into account the customer's past default records, current financial status, and industrial economic conditions, and also considers GDP forecast and industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for losses based on the past due status of receivables is not further distinguished according to different segments of the Company's customer base. The expected credit loss rate is based on the overdue days of the note receivable. However, the expected credit loss rate of the Company based on the provision matrix at the end of reporting period was zero because it did not recognize the expected credit losses of the notes receivable. Information on the pledge of notes receivables, please refer to Note 30.

b. Trade receivable

The average credit period of sales of goods was 90-150 days from invoice date. No interest was charged on trade receivables. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the 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. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company adopts the simplified approach of IFRS 9 to recognize the loss allowance of notes receivable according to lifetime expected credit losses. The lifetime expected credit losses are calculated using the preparation matrix, which takes into account the customer's past default records, current financial status, and industrial economic conditions, and also considers GDP forecast and industry outlook. The of preparation matrix of the Company is distinguished by the segment of the Company's customer base whether who has financial difficulty or not. Once the customer is indicated that it is facing financial difficulty, the Company will recognized 100% loss allowance. For those who is not in the financial difficulty, as the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status without further distinguished according to the Company's different customer base. The expected credit loss rate is based on the overdue days of the trade receivables.

The Company 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 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 (related parties included) based on the Company's provision matrix.

December 31, 2019

	Customers without Financial Difficulty					
	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**	**Total**
Expected credit loss rate	-	-	-	-	100%	-
Gross carrying amount	$ 630,195	$ -	$ -	$ -	$ 269	$ 630,464
Loss allowance (Lifetime ECLs)	-	-	-	-	(269)	(269)
Amortized cost	$ 630,195	$ -	$ -	$ -	$ -	$ 630,195

December 31, 2018

	Customers without Financial Difficulty					
	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	Total
Expected credit loss rate	0%-0.24%	-	-	-	100%	-
Gross carrying amount	$ 416,236	$ -	$ -	$ -	$ 269	$ 416,595
Loss allowance (Lifetime ECLs)	(214)	-	-	-	(269)	(483)
Amortized cost	$ 416,112	$ -	$ -	$ -	$ -	$ 416,112

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 483	$ 513
Less: Net remeasurement of loss allowance	(214)	(30)
Balance at December 31	$ 269	$ 483

10. INVENTORIES

	December 31	
	2019	2018
Raw materials	$ 134,698	$ 204,678
Work in progress	91,310	112,815
Finished goods	107,472	115,806
Supplies and spare parts	32,045	32,668
	$ 365,885	$ 465,967

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2019 and 2018 was $2,686,386 thousand and $2,660,209 thousand, respectively. The cost of goods sold included losses on inventory write-downs of $0 thousand and $3,856 thousand, respectively.

11. PREPAYMENTS

	December 31	
	2019	2018
Office supplies	$ 103,704	$ 98,523
Prepaid expenses	37,871	66,716
Prepaid purchase materials	4,837	937
Other	108	1,439
	$ 146,520	$ 167,615

12. OTHER FINANCIAL ASSETS

	December 31	
	2019	2018
Restricted assets	$ 90,165	$ 105,231

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

	December 31	
	2019	2018
Restricted assets	0.04-2.65%	0.13-3.5%

For information on pledge of other financial assets, please refer to Note 30.

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2019	2018
Investment in subsidiary		
Domestic unlisted companies		
Dasheng Enterprise Co., Ltd. (Dasheng Enterprise)	$ 2,294,648	$ 2,334,592
Luckicon Ready-mixed Concrete Factory Co., Ltd. (Luckicon Ready-mixed Co.)	286,548	260,907
Just Bright Ltd	-	31,154
Lucky Cement Corp., Japan (Lucky Cement Japan)	24,578	24,059
Luckyship Marine Co., Ltd. (Luckyship Co.)	43,864	52,791
ELUMINA Technology Inc. (ELUMINA Inc.)	-	-
	$ 2,649,638	$ 2,703,503

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

	December 31	
	2019	2018
Dasheng Enterprise	99.99%	99.99%
Luckicon Ready-mixed Co.	99.99%	99.99%
Just Bright Ltd	100.00%	100.00%
Lucky Cement Japan	100.00%	100.00%
Luckyship Co.	99.99%	99.99%
ELUMINA Inc.	-	-

The major business of Dasheng Development is the sale and lease of real estate. The cost of its construction and development accounts is listed as "developing property and property to be developed". The amounts recognized $3,133,578 thousand and $3,132,049 thousand respectively on December 31, 2019 and 2018. Dasheng Development evaluates the developing property and property to be developed based on the real estate appraisal report issued by external experts on each the end of reporting period in balance sheet.

In the years 2019 and 2018, the share of profit (loss) of subsidiaries and the share of other comprehensive income of subsidiaries for using equity method were recognized based on the financial statements audited by the accountants in the same period.

On July 3, 2015, the board of directors of Elumina Technology Inc. decided to dissolve Elumina Technology Inc. and its subsidiaries. The dissolution process completed in November 2018.

In August 2018, the Company subscribed the cash capital increase of $290,000 thousand, $80,000 thousand and $5,507 thousand for Dasheng Development Company, Luckyship Co., Aviation Company and Dongrui ELUMIMA Inc., Ltd. in proportion to their shareholding.

In 2019 and 2018, the Company received cash dividends of the aforementioned subsidiaries of $52,907 thousand and $924 thousand respectively.

On the date of December 27, 2019, the board of directors decided, by resolution, to discontinue the operation of the subsidiary Just Bright Ltd., and to close its securities account and bank account. The estimated complete date of the cancellation procedure is May 1, 2021.

Please refer to the "State of Securities held at the end of the period" in Schedule 6 Note 34 for the disclosure of reinvestment information dated December 31, 2019.

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Electrical Equipment	Transportation Equipment	Other Equipment	Total
Cost							
Balance at January 1, 2018	$ 698,918	$ 2,101,667	$ 6,039,270	$ 1,193,958	$ 794,250	$ 483,327	$ 11,311,390
Additions	359,427	86,785	5,233	2,364	-	2,505	456,314
Disposals	-	-	-	-	(94,006)	-	(94,006)
Balance at December 31, 2018	$ 1,058,345	$ 2,188,452	$ 6,044,503	$ 1,196,322	$ 700,244	$ 485,832	$ 11,673,698
Accumulated depreciation and impairment							
Balance at January 1, 2018	$ -	$ 1,695,133	$ 5,743,227	$ 1,162,322	$ 680,648	$ 472,352	$ 9,753,682
Depreciation expenses	-	60,010	109,509	8,070	42,635	8,031	228,255
Disposals	-	-	-	-	(94,006)	-	(94,006)
Balance at December 31, 2018	$ -	$ 1,755,143	$ 5,852,736	$ 1,170,392	$ 629,277	$ 480,383	$ 9,887,931
Carrying amounts at December 31, 2018	$ 1,058,345	$ 433,309	$ 191,767	$ 25,930	$ 70,967	$ 5,449	$ 1,785,767
Cost							
Balance at January 1, 2019	$ 1,058,345	$ 2,188,452	$ 6,044,503	$ 1,196,322	$ 700,244	$ 485,832	$ 11,673,698
Additions	-	-	11,180	-	2,465	4,323	17,968
Disposals	-	-	-	-	(39,700)	(783)	(40,483)
Balance at December 31, 2019	$ 1,058,345	$ 2,188,452	$ 6,055,683	$ 1,196,322	$ 663,009	$ 489,372	$ 11,651,183
Accumulated depreciation and impairment							
Balance at January 1, 2019	$ -	$ 1,755,143	$ 5,852,736	$ 1,170,392	$ 629,277	$ 480,383	$ 9,887,931
Depreciation expenses	-	60,538	77,660	7,913	26,157	2,863	175,131
Disposals	-	-	-	-	(39,700)	(783)	(40,483)
Balance at December 31, 2019	$ -	$ 1,815,681	$ 5,930,396	$ 1,178,305	$ 615,734	$ 482,463	$ 10,022,579
Carrying amounts at December 31, 2019	$ 1,058,345	$ 372,771	$ 125,287	$ 18,017	$ 47,275	$ 6,909	$ 1,628,604

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

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

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

Buildings	
Main building of plant	30-50 years
Electrical power equipment	10-15 years
Engineering system	3-5 years
Machinery and equipment	2-10 years
Electrical equipment	5-15 years
Transportation equipment	3-10 years
Office equipment	3-10 years

For the years ended December 31, 2019 and 2018, the Company evaluated Property, Plant and Equipment and no impairment loss recognized. The mortgage information of Property, Plant and Equipment, please refer to Note 30.

15. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
Carrying amounts	
Land	$ 32,702
Buildings	81,159
Transportation equipment	2,059
	$ 115,920

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

b. Lease liabilities - 2019

	December 31, 2019
Carrying amounts	
Current	$ 42,993
Non-current	$ 74,069

Range of discount rate for lease liabilities was as follows:

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

c. Other lease information

2019

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	$ 476
Expenses relating to low-value asset leases	341
Interest relating to leases liabilities	1,999
Principal repayment to leases	42,609
Total cash outflow for leases	$ 45,425

2018

The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	December 31, 2018
Not later than 1 year	$ 44,478
Later than 1 year and not later than 5 years	117,009
	$ 161,790

The lease payments recognized in profit or loss were as follows:

	For the Year Ended December 31, 2018
Minimum lease payments	$ 37,813

16. OTHER NON-CURRENT ASSETS

	December 31	
	2019	2018
Long-term prepaid expenses	$ 69,690	$ 66,373
Restricted assets	106,908	108,787
Net limestone mining rights	18,779	18,781
	$ 195,377	$ 193,941

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

	December 31	
	2019	2018
Restricted assets	0.13%-1.065%	0.13%-1.065%

Other informant ion regarding to non-current asset col laterals, please refer to Note 30.

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2019	2018
Secured borrowings (Note 30)		
Bank loans	$ 200,000	$ 748,200
Unsecured borrowings		
Line of credit borrowings	26,700	100,000
	$ 226,700	$ 848,200

The interest rate of the bank loan is as follows:

	December 31	
	2019	2018
Secured borrowings	1.6%	1.45%-1.55%
Unsecured borrowings	1.465%	1.30%-1.45%

b. Short-term bills payable

	December 31	
	2019	2018
Commercial paper	$ 100,000	$ 160,000
Less: Unamortized discounts on bills payable	(180)	(88)
	$ 99,820	$ 159,912

Outstanding short-term bills payable were as follows:

December 31, 2019

Guarantee/Promissory Institution	Par Value	Discount Amount	Carrying Amount	Interest Rate
Commercial paper				
Ta Ching Bills Finance Corporation	$ 50,000	$ 124	$ 49,874	1.458%
Grand Bills Finance Corporation	50,000	54	49,946	1.640%
	$ 100,000	$ 180	$ 99,820	

December 31, 2018

Guarantee/Promissory Institution	Par Value	Discount Amount	Carrying Amount	Interest Rate
Commercial paper				
Ta Ching Bills Finance Corporation	$ 50,000	$ 32	$ 49,968	1.438%
Mega Bills Finance Corporation	60,000	39	59,961	1.438%
Grand Bills Finance Corporation	50,000	17	49,983	1.228%
	$ 160,000	$ 88	$ 159,912	

c. Long-term borrowings

	December 31	
	2019	2018
Secured borrowings (Note 30)		
Bank loans	$ 750,000	$ 500,000
Unsecured borrowings		
Loans from bank	230,000	160,000
Less: Current portions	(310,000)	-
	$ 670,000	$ 660,000

	Details	December 31 2019	December 31 2018
Secured borrowings			
Taiwan Cooperative Bank	The period is from April 12, 2018 to April 12, 2023, the grace period is 2 years, every 3 months was served as an installment, pay by 12 installments for the principle after the grace period.	$ 500,000	$ 500,000
Bank of Taiwan	The period is from November 12, 2019 to November 12, 2022. The principal will be repaid by $40 million in February 2021. The remaining balance is divided into 7 quarters (2,5,8,11) and $3,000 each. Ten thousand.	250,000	-
Unsecured borrowings			
The Export-Import Bank of the Republic of China	The period is from June 14, 2019 to July 14, 2020, the principle will be repaid at once in maturity date.	70,000	-
O-Bank	The period is from April 23, 2018 to April 23, 2020, the principle will be repaid at once in maturity date.	80,000	80,000
KGI Bank	The period is from March 9, 2018 to March 9, 2020, the principle will be repaid at once in maturity date.	80,000	80,000
		980,000	660,000
Less: Current portions		(310,000)	-
Long-term borrowings		$ 670,000	$ 660,000

The annual interest rates of long-term borrowings were 1.3957%-1.9186% and 1.3894%-1.9100% respectively for December 31, 2019 and 2018.

18. NOTES PAYABLE AND TRADE PAYABLES

	December 31 2019	December 31 2018
Notes payable		
From operating activities		
Non-related parties	$ 128,089	$ 98,248
Related parties	$ 30,823	$ 43,697
Trade payables		
From operating activities		
Non-related parties	$ 70,584	$ 81,089
Related parties	$ 32,138	$ 23,657

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

19. OTHER PAYABLES

	December 31	
	2019	**2018**
Payables for salaries and bonuses	$ 36,300	$ 33,850
Payables for taxes	40,996	22,571
Payables for utilities expense	15,050	18,676
Payables for maintenance fee	264	372
Others	12,642	16,998
	$ 105,252	$ 92,467

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The plan under the Labor Pension Act (the "Act") is deemed a defined contribution plan. Pursuant to the Act, the Company has made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts.

b. Defined benefit plans

The defined benefit plans adopted by the Company and in accordance with the Labor Standards Law 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 contribute amounts equal to X% 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 in the balance sheet of the Company's defined benefit plan is as follows:

	December 31	
	2019	**2018**
Present value of funded defined benefit obligation	$ 235,945	$ 247,654
Fair value of plan assets	(209,464)	(198,708)
Net defined benefit liabilities	$ 26,481	$ 48,946

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2018	$ 273,613	$ (223,275)	$ 50,338
Service costs			
Current service costs	2,446	-	2,446
Net interest expense (income)	2,733	(2,240)	493
Recognized in profit or loss	5,179	(2,240)	2,939
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,210)	(7,210)
Actuarial loss			
Changes in financial assumptions	2,282	-	2,282
Experience adjustments	2,464	-	2,464
Recognized in other comprehensive income	4,746	(7,210)	2,464
Contributions from the employer	-	(1,867)	(1,867)
Benefit paid	(35,884)	35,884	-
Balance at December 31, 2018	$ 247,654	$ (198,708)	$ 48,946
Balance at January 1, 2019	$ 247,654	$ (198,708)	$ 48,946
Service costs			
Current service costs	1,641	-	1,641
Net interest expense (income)	2,167	(1,746)	421
Recognized in profit or loss	3,808	(1,746)	2,062
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(8,055)	(8,055)
Actuarial (gain) loss			
Changes in financial assumptions	4,330	-	4,330
Experience adjustments	(4,507)	-	(4,507)
Recognized in other comprehensive income	(177)	(8,055)	(8,232)
Contributions from the employer	-	(16,295)	(16,295)
Benefit paid	(15,340)	15,340	-
Balance at December 31, 2019	$ 235,945	$ (209,464)	$ 26,481

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	
	2019	2018
Operating costs	$ 1,500	$ 2,064
Selling and marketing expenses	240	360
General and administrative expenses	322	515
	$ 2,062	$ 2,939

Through the defined benefit plans under the Labor Standards Law, 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	
	2019	**2018**
Discount rate	0.625%	0.875%
Expected rate of salary increase	1.25%	1.25%

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	
	2019	**2018**
Discount rate		
0.25% increase	$ (4,330)	$ (4,889)
0.25% decrease	$ 4,455	$ 5,036
Expected rate of salary increase		
0.25% increase	$ 4,345	$ 4,925
0.25% decrease	$ (4,245)	$ (4,804)

The sensitivity analysis previously presented 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	
	2019	**2018**
Expected contributions to the plans for the next year	$ 1,712	$ 1,777
Average duration of the defined benefit obligation	7.6 years	8.1 years

21. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2019	2018
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 shares with a par value of $10 is entitled to voting rights and to the receipt of distributed dividends.

b. Capital surplus

	December 31	
	2019	2018
May be used to offset a deficit only*		
Changes in percentage of ownership interests in subsidiaries	$ 8	$ 8

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

c. Retained earnings and dividend policy

The Company has passed an amendment to the Articles of Association on June 12, 2019, which stipulates that the Company's surplus distribution or loss allowance shall be obtained after each half of the fiscal year or the end of the fiscal year., Together with the business report and financial statements should be submitted to the Audit Committee for review, and the Board of Directors shall make a 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, this shall not apply when the legal reserve amounts reach the authorized capital. The Company should also follow the Article 240 under the Company Act in the case of distributing the surplus profits in the form of issuing new shares; in the case of distributing in cash, the board of directors is authorized to resolve adopted by a majority vote of a meeting of the board of directors attended by two thirds of all the directors, and then report to the shareholders' meeting.

The earning allocation policy in the Articles of Incorporation states that in case of earning upon settled annually, the Company shall appropriate its 10% as legal surplus reserve first and account equity deduction occurred in the current year as special surplus reserve, addition to legal payment of business tax and compensation of historical annual loss, wherein if the dividend per share from the sum of balance thereafter and 40%-80% of aggregated surplus yet allocated in the previous year has not reached NT$0.1 with calculation of the upper limit, 80%, it shall be reserved, not for allocation and allocation case shall be proposed in the Board of Directors, further presented for acknowledgement in the Meeting of Shareholders. Please refer to (7) of Note 23, Employee Benefits for the revised remuneration allocation policy of employee and directors, supervisors before/after the versions of the Articles of Association. The appropriation and allocation ratio of the preceding surplus and stock to cash ratio shall be paid in cash dividend or stock dividend subject to real profit and situation of fund in the current year, with consideration of fund for investment and diluted level of surplus per share in the Meeting of Board of Directors. However, the allocated stock dividend shall be limited to 20% of the issued stock; in case that the aggregated equity deduction or equity deduction that is insufficient to account as surplus w/tax in the current year, it shall account equivalent amount of special surplus reserve from the aggregated surplus yet be allocated in the previous year and deduct it prior to the appropriation and allocation earlier. Thereafter, whenever equity deduction is turned, the turned amount shall be allocated as surplus. The allocation of related surplus shall be passed and acknowledged in the General Meeting of Shareholders held in the next year and shall be accounted in the current year.

The Company shall account and turn special surplus reserve pursuant to the provisions set forth in the Letter, Letter No. Jin-Kuang-Fa-Tzi No. 1010012865, Letter No. Jin-Kuang-Fa-Tzi No. 1010047490 and "Following the adoption of the International Financial Reporting Standards (IFRSs), the question and answer of the applicable special surplus reserve". Thereafter, whenever equity deduction is turned, the turned amount shall be allocated as surplus.

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

On November 12, 2019, the Company's board of directors decided that the first half of 2019 loss appropriation plan and decided not to distribute dividends.

The Company's shareholders' meeting on June 12, 2019 resolved the 2018 loss appropriation plan and decided not to distribute dividends.

The appropriations of 2019 earnings have been approved by shareholders meeting held on March 24, 2020. The resolution of dividends per share was as follows:

	Appropriation of Earnings	**Dividend Per Share (NT$1.00)**
Legal reserve	$ 4,590	
Special reserve	(3,121)	
Cash dividends	60,711	$0.15

In addition to the cash dividend business in the above-mentioned 2019 earnings distribution plan, in accordance with the Company's amendment to the Articles of Association, more than two-thirds of the directors of the board of directors attended the meeting, with more than half of the directors attended the resolution and voted, is expected to for report to the shareholders' meeting to be held on June 18, 2020, the rest is waiting for the approval of the shareholders' meeting.

d Special reserve

	For the Year Ended December 31	
	2019	2018
Beginning at January 1	$ 17,376	$ 14,135
Appropriations in respect of		
Mention (turn) special surplus reserve number of other equity items deducted (turned)	(120)	3,241
Balance at December 31	$ 17,256	$ 17,376

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

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

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

e. Other equity items

Exchange differences on translating the financial statements of foreign operations:

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 7,660	$ (8,187)
Exchange differences on translating the financial statements of foreign operations	(210)	15,849
Share of conversion differences of subsidiaries using equity method	-	(2)
Balance at December 31	$ 7,450	$ 7,660

Unrealized gains (losses) on financial assets at FVTOCI

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ (130,389)	$ 5,716
Unrealized gains (losses) on financial assets at FVTOCI	18,855	745
Share of conversion differences of subsidiaries using equity method	23,948	(14,450)
Disposal is transferred to retained earnings through other comprehensive profit and loss based on fair value of equity instruments measured at fair value	(35,466)	(2,792)
Balance at December 31	$ (3,444)	$ (10,781)

22. REVENUE

a. Segmentation of customer contract revenue

	For the Year Ended December 31	
	2019	2018
Cement	$ 1,941,630	$ 1,893,491
Stone	559,145	491,371
Cement products	99,825	89,910
Other	330,647	335,725
	$ 2,931,247	$ 2,810,497

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

	December 31	
	2019	2018
Notes receivables (Note 9)	$ 413,731	$ 251,051
Notes receivables from related parties (Note 9)	59,119	39,352
Trade receivables (Note 9)	92,559	87,740
Trade receivables from related parties (Note 9)	64,786	36,969
Receivables	$ 630,195	$ 416,112
Contract liability		
Receivables	$ 267,633	$ 199,333

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

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

	December 31	
	2019	2018
Contract liability from the beginning of the year		
Sales of goods	$ 199,333	$ 236,692

c. Customer contracts were not yet fully complete

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

	For the Year Ended December 31	
	2019	2018
Sales of goods		
Fulfill in 2019	$ -	$ 199,333
Fulfill in 2020	$ 267,633	$ -

23. NET LOSS FROM CONTINUING OPERATIONS

Net loss from continuing operations are as follows:

a. Other operating expenses

	December 31	
	2019	2018
Gains on disposals of property, plant and equipment	$ 4,120	$ 4,717

b. Other income

	December 31	
	2019	2018
Revenue from dividends	$ 5,169	$ 1,545
Other	4,268	6,978
	$ 9,437	$ 8,523

c. Other expenses

	December 31	
	2019	2018
Depreciation of rental assets	$ 6,207	$ 6,915
Other	3,002	7,003
	$ 9,209	$ 13,918

d. Interest expense

	December 31	
	2019	2018
Bank loan	$ 26,525	$ 20,789
Interest to lease liabilities	1,999	-
	$ 28,524	$ 20,789

e. Depreciation, depletion and amortization

	December 31	
	2019	2018
Property, plant and equipment	$ 175,131	$ 228,255
Right-of-use assets	43,751	-
Long-term prepaid expenses	11,748	11,506
Limestone mining rights	2	2
	$ 230,632	$ 239,763

(Continued)

	December 31	
	2019	**2018**
Depreciations summary by functions		
Operating costs	$ 168,142	$ 212,134
Operating expenses	44,533	9,206
Non-operating expenses	6,207	6,915
	$ 218,882	$ 228,255
Amortization summary by functions		
Operating costs	$ 5,240	$ 7,845
Operating expenses	6,508	3,661
	$ 11,748	$ 11,506
Depletion summary by functions		
Operating costs	$ 2	$ 2

(Concluded)

f. Employee benefits expense

	December 31	
	2019	**2018**
Post-employment benefits		
Defined contribution plan	$ 7,766	$ 7,835
Defined benefit plan	2,062	2,939
	9,828	10,774
Salary expenses	216,107	217,629
Labor and health insurance costs	22,973	23,251
Other employee benefits	14,177	15,699
Total employee benefits expense	$ 263,085	$ 267,353
An analysis of employee benefits expense by function		
Operating costs	$ 182,123	$ 187,720
Operating expenses	80,962	79,633
	$ 263,085	$ 267,353

g. Employees' compensation and remuneration of directors and supervisors

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

Accrual rate

	December 31, 2019
Employees' compensation	3%
Remuneration of directors and supervisors	5%

Amount

	December 31, 2019
	Cash
Employees' compensation	$ 1,542
Remuneration of directors and supervisors	2,570

The Company's pre-tax net loss for 2018 was not estimated for employees, directors and supervisors.

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 employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on employees' compensation, and remuneration of directors and supervisors resolved by the Company's board of directors in 2019 and 2018 is available on the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	December 31	
	2019	2018
Foreign exchange gains	$ 3,665	$ 660
Foreign exchange losses	(1,769)	(725)
	$ 1,896	$ (65)

24. INCOME TAXES RELATING TO CONTINUING OPERATIONS

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

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

	December 31	
	2019	2018
Current tax		
In respect of the current year	$ 1,380	$ -
Adjustments for prior year	(2)	1,545
	1,378	1,545
Deferred tax		
In respect of the current year	-	31,746
Adjustments to deferred tax attributable to changes in tax rates and laws	-	(16,500)
	-	15,246
Income tax expense recognized in profit or loss	$ 1,378	$ 16,791

A reconciliation of accounting profit and income tax expenses was as follows:

	December 31	
	2019	2018
Profit (loss) before tax from continuing operations	$ 47,283	$ (160,180)
Income tax profit calculated at the statutory rate	$ 9,457	$ (32,036)
Nondeductible expenses in determining taxable income	2,240	4,024
Unrecognized deductible temporary differences and loss carryforwards	(8,262)	60,070
Tax-exempt income	(3,435)	(312)
Basic tax payable difference	1,380	-
Adjustments for prior years' tax	(2)	1,545
Effect of tax rate changes	-	(16,500)
Income tax expense recognized in profit or loss	$ 1,378	$ 16,791

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings was reduced from 10% to 5%.

b. Current tax assets and liabilities

	December 31	
	2019	2018
Current tax assets		
Tax refund receivable	$ 17,519	$ 17,517
Current tax liabilities		
Income tax payables	$ 1,201	$ -

c. Current tax assets and liabilities

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

December 31, 2019

Current tax assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Pension limit exceeded	$ 16,050	$ (2,876)	$ 13,174
Loss deduction	32,384	(21,550)	10,834
Investment losses for using equity method	43,100	14,195	57,295
Unrealized inventory valuation losses	15,547	(1,612)	13,935
Impairment loss on financial assets at FVOCI	4,700	-	4,700
Gross profit from advance receipts with an issued bill of lading	387	1,715	2,102
Unrealized foreign exchange losses	(27)	29	2
	$ 112,141	$ (10,099)	$ 102,042

(Continued)

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Current tax liabilities			
Temporary differences			
Accelerated depreciation of Fixed assets	$ 33,847	$ (10,055)	$ 23,792
Unrealized foreign exchange gains	44	(44)	-
	$ 33,891	$ (10,099)	$ 23,792

(Concluded)

December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Current tax assets			
Temporary differences			
Pension limit exceeded	$ 13,455	$ 2,595	$ 16,050
Loss deduction	-	32,384	32,384
Investment losses for using equity method	104,148	(61,048)	43,100
Unrealized inventory valuation losses	12,560	2,987	15,547
Impairment loss on financial assets at FVOCI	3,995	705	4,700
Gross profit from advance receipts with an issued bill of lading	1,109	(722)	387
Unrealized foreign exchange losses	-	(27)	(27)
	$ 135,267	$ (23,126)	$ 112,141
Current tax liabilities			
Temporary differences			
Accelerated depreciation of Fixed assets	$ 41,766	$ (7,919)	$ 33,847
Unrealized foreign exchange gains	5	39	44
	$ 41,771	$ (7,880)	$ 33,891

d. Deductible temporary differences and unused loss deductions for deferred income tax assets not recognized in the individual’s balance sheet

	December 31	
	2019	2018
Loss deduction		
Expires in 2028	$ 82,876	$ 123,967

e. Information on unused loss deductions

Loss carryforwards as of December 31, 2019 comprised:

Unused Amount	Expiry Year
$ 137,047	2028

f. Income tax assessments

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

25. EARNINGS (LOSS) PER SHARE

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

Net Profit (Loss)

	For the Year Ended December 31	
	2019	**2018**
Net profit loss for the year	$ 45,905	$ (176,971)

Earnings Per Share

(In Thousands of Shares)

	For the Year Ended December 31	
	2019	**2018**
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		
Employees' compensation	184	-
Weighted average number of ordinary shares used in the computation of diluted earnings per share	404,922	404,738

If the Company has the option to distribute employee compensation in stocks or cash, when calculating diluted earnings per share, it is assumed that employee compensation will be in the form of stock issuance and the weighted average number of outstanding shares will be included in the weighted average number of outstanding shares when the potential ordinary shares have dilution Diluted earnings per share. When calculating the diluted earnings per share before deciding the number of shares for employee compensation in the following year, we also continue to consider the dilution effect of these potential ordinary shares.

26. CASH FLOW INFORMATION

The Company's disposal of financial assets measured at fair value through other comprehensive profit and loss as of December 31, 2019, there were still $21,393 thousand unrecovered, and other receivables were recorded.

Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2019

	Balance at January 1, 2019	Cash Flows	Non-cash Changes: New Leases	Non-cash Changes: Discount Amortization	Balance at December 31, 2019
Short-term bills payable	$ 159,912	$ (60,000)	$ -	$ (92)	$ 99,820
Lease liabilities	156,999	(42,609)	2,672	-	117,062
	$ 316,911	$ (102,609)	$ 2,672	$ (92)	$ 216,882

For the year ended December 31, 2018

	Balance at January 1, 2019	Cash Flows	Non-cash Changes: Discount Amortization	Balance at December 31, 2019
Lease liabilities	$ 79,768	$ 80,000	$ 144	$ 159,912

27. FINANCIAL RISK MANAGEMENT

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

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 among the financial asset and financial liability which are not measured at fair value.

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

1) Fair value hierarchy

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets				
Fund benefit certificate	$ 980	$ -	$ -	$ 980
Financial assets at FVTOCI				
Investments in equity instruments				
Equity instrument investments				
Listed shares and emerging market shares	$ 15,962	$ -	$ -	$ 15,962
Unlisted shares	-	-	19,465	19,465
	$ 15,962	$ -	$ 19,465	$ 35,427

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets				
Fund benefit certificate	$ 856	$ -	$ -	$ 856
Financial assets at FVTOCI				
Investments in equity instruments				
Equity instrument investments				
Listed shares and emerging market shares	$ 105,718	$ -	$ -	$ 105,718
Unlisted shares	-	-	18,702	18,702
	$ 105,718	$ -	$ 18,702	$ 124,420

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	
	December 31	
	2019	2018
Balance at January 1, 2019 (IFRS 9)	$ 18,702	$ 21,829
Return of shares after capital reduction	-	(2,890)
Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI)	763	(237)
Balance at December 31, 2019	$ 19,465	$ 18,702

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

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

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

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

c. Categories of financial instruments

	December 31	
	2019	**2018**
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ 980	$ 856
Financial assets at amortized cost (1)	1,314,555	1,084,710
Financial assets at FVTOCI		
Equity instruments	35,427	124,420
Financial liabilities		
FVTPL		
Amortized cost (2)	1,633,340	1,983,565

1) The balances include financial assets at amortized cost, which comprise cash, and notes receivable and trade receivables, other receivables, and restricted assets. (recognized other financial assets and other non-current assets) and refundable deposits.

2) The balance includes financial liabilities measured at amortised cost such as short-term borrowings, short-term notes and bills payable, notes payable, accounts payable, partial other payables and long-term borrowings.

d. Financial risk management objectives and policies

The Company's major financial instruments include trade receivables, trade payables, borrowings. 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 of related market risk of financial instrument of the Company and the management and measurement of the exposure do not change.

a) including foreign currency risk

For the carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies on the balance sheet date, please refer to Note 33.

Sensitivity analysis

The Company is mainly exposed to the Currency USD, Currency RMB and JPY.

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

	Currency USD Impact		**Currency RMB Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2019	**2018**	**2019**	**2018**
Profit or loss	$ (46)	$ (11)	$ (347)	$ (350)

	Currency JPY Impact	
	For the Year Ended December 31	
	2019	**2018**
Profit or loss	$ -	$ (1,382)

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

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	
	2019	**2018**
Fair value interest rate risk		
Financial liabilities	$ -	$ 268,200
Cash flow interest rate risk		
Financial assets	342,062	327,970
Financial liabilities	1,306,520	1,399,912

Sensitivity analysis

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

If interest rate decreases/increases 25 basic points, the profit before tax in 2019 decreases/increases $2,411 thousand and the loss before tax in 2018 increases/decreases $2,680 thousand separately with all other variables held constant; the main reasons are floating rate loan, demand deposit and exposure in restricted asset interest rate risk of the Company.

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 of the following:

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

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

	December 31			
	2019		2018	
	Carrying Amount	**Largest Credit Risk Exposed Amount**	**Carrying Amount**	**Largest Credit Risk Exposed Amount**
Off-balance sheet commitments and guarantee				
Endorsement for subsidiary	$ -	$ 703,800	$ -	$ 748,910

The credit risk of the Company is mainly concentered on the key account (KA) of the Company; as the end of December 31, 2019 and 2018, the receivables should exceed 5% of total receivables, which are separately 45.95% and 51.25% of total receivables.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents 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.

Bank loan is an important source of liquidity for the Company. As the end of December 31, 2018 and 2017, the unused long-term and short-term bank loan commitments of the Company are separately $1,448,996 thousand and $1,329,915 thousand.

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

December 31, 2019

	Weighted-average Valid Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	-	$ 142,446	$ 148,765	$ 14,582	$ 257	$ 18,200
Lease liabilities	1.55	8,233	3,036	33,065	75,246	-
Variable interest rate liabilities	1.79	-	-	636,520	670,000	-
Fixed interest rate liabilities	-	-	-	-	-	-
		$ 150,679	$ 151,801	$ 684,167	$ 745,503	$ 18,200

December 31, 2018

	Weighted-average Valid Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	-	$ 158,071	$ 175,720	$ 13,208	$ 2,874	$ 17,892
Variable interest rate liabilities	1.59	-	104,411	635,501	480,000	180,000
Fixed interest rate liabilities	1.29	131,000	-	137,200	-	-
		$ 289,071	$ 280,131	$ 785,909	$ 482,874	$ 197,892

29. TRANSACTIONS WITH RELATED PARTIES

a. Related parties

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.	Grandson of the Company
Other related party	
Yungsheng Development Industrial Co., Ltd. (Yungsheng Development Co.)	The chairman of the Company is the same as the chairman of the parent company
LIANG-CHUAN Cultural and Educational Foundation (LIANG-CHUAN Foundation)	The chairman of the Company is the same as the chairman of the parent company
Fudong Freight Co., Ltd. (Fudong Freight Co.)	The chairman of the Company is one of the parent company chairman’s first-degree relatives
Changjun Water Resources biotechnology Co., Ltd. (Changjun Water Resources Co.)	The chairman of the Company is the same as the chairman of the parent company
Jia Fu Entertainment Co., Ltd. (Jia Fu Entertainment Co.)	The chairman of the Company is one of the parent company chairman’s first-degree relatives

(Continued)

Related Party Name	Related Party Category
Wantong Product Insurance Brokerage Co., Ltd. (Wantong Product Insurance Co.)	The chairman of the Company is one of the parent company chairman's first-degree relatives
Lucky Construction Co., Ltd. (Lucky construction Co.)	The chairman of the Company is one of the parent company chairman's first-degree relatives
Kuochuan Development Co., Ltd. (Kuochuan Development Co.)	The chairman of the Company is one of the parent company chairman's first-degree relatives
Changheng Investment Co. (Changheng Investment Co.)	The major shareholder of the parent company
Jinli Investment Co., Ltd. (Jinli Co.)	The major shareholder of the parent company
Fuan Mining Co., Ltd. (Fuan Mining Co.)	The manger is the spouse of the parent company chairman's first-degree relatives

(Concluded)

b. Business transact ion

Line Items	Related Party Name	For the Year Ended December 31 2019	2018
Sale of goods	Subsidiary	$ 641,814	$ 347,320
	Other related parties	7	813
		$ 641,821	$ 348,133
Purchases of goods	Fuan Mining Co.	$ 253,837	$ 224,915
	Subsidiary	2,861	2,595
	Other related parties	39,682	24,118
		$ 296,380	$ 251,628
Operating costs - transportation expenses	Subsidiary	$ 7,523	$ -
	Other related parties	15,713	12,323
		$ 23,236	$ 12,323
Operating expenses	Other related parties	$ 2,599	$ 3,370
Non-operating income - rent revenue	Fuyu Development Co.	$ 8,060	$ 13,928
	Subsidiary	1,861	1,861
	Other related parties	2,406	2,406
		$ 12,327	$ 18,195
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.

The rental income between the Company and the related parties, the determination of the rent and the method of collection are comparable to the general lease transactions.

c. Receivables from related parties

Line Items	Related Party Name	For the Year Ended December 31 2019	2018
Notes receivable	Subsidiary	$ 58,920	$ 39,153
	Other related parties	199	199
		$ 59,119	$ 39,352
Trade receivables	Subsidiary	$ 64,786	$ 36,623
	Other related parties	-	346
		$ 64,786	$ 36,969
Other receivables	Subsidiary	$ 130	$ 102
	Other related parties	16	103
		$ 146	$ 205

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2019 and 2018, no impairment losses were recognized for trade receivables from related parties.

d. Payables to related parties

Line Items	Related Party Name	For the Year Ended December 31 2019	2018
Notes payables	Fuan Mining Co.	$ 28,810	$ 41,678
	Subsidiary	13	196
	Other related parties	2,000	1,823
		$ 30,823	$ 43,697
Trade payables	Fuan Mining Co.	$ 26,000	$ 21,195
	Subsidiary	-	189
	Other related parties	6,138	2,273
		$ 32,138	$ 23,657
Other payables	Subsidiary	$ 2,781	$ 389
	Other related parties	1,280	1,158
		$ 4,061	$ 1,547

The outstanding trade payables to related parties are unsecured.

e. Contract liabilities

Related Party Name	December 31 2019	2018
Subsidiary	$ 8,201	$ 4,542

f. Refundable deposits

Related Party Name	December 31 2019	December 31 2018
Dasheng Enterprise	$ 159,000	$ 159,000

For information on refundable deposits, please refer to Note 31.

g. Loans from related parties

Line Items	Related Party Name	For the Year Ended December 31 2019	For the Year Ended December 31 2018
Other receivables related parties	Dasheng Enterprise	$ 47,433	$ 67,097
	Luckyship Co.	12,016	3,005
		$ 59,449	$ 70,102
Interest revenue	Subsidiary	$ 1,449	$ 3,621

The Company provides loans to its subsidiaries. The interest rate ranges for 2019 and 2018 are 1.7875% - 1.8763% and 1.8763% - 1.95%, respectively.

h. Endorsement guarantee

	Related Party Name	For the Year Ended December 31 2019	For the Year Ended December 31 2018
Endorsement guarantee for others	Subsidiary	$ 703,800	$ 748,910

i. Remunerations of key management personnel

Related Party Name	For the Year Ended December 31 2019	For the Year Ended December 31 2018
Short-term employee benefits	$ 16,752	$ 12,947
Benefit after retirement	386	222
	$ 17,138	$ 13,169

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

30. ASSETS PLEDGED AS COLLATERAL

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

	December 31	
	2019	2018
Notes receivable	$ -	$ 7,200
Property, plant and equipment	745,000	748,704
Restricted assets (recognized other financial assets) - short-term guarantee	90,165	105,231
Restricted assets (recognized other non-current assets) Right-of-use assets - mining rights guarantee	106,908	108,787
	$ 942,074	$ 969,922

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

The Company and Dasheng Development Company signed a joint construction and sale contract on May 8, 2014. Dasheng Development Company provided 154 lands including land serial no.433, Daitianfu land lot Anle Dist., Keelung, Taiwan (R.O.C.). The Company provides Fees for capital, technology, re-planning projects and use licenses. After the completion of the contractual construction, the Company will sell the building. Dasheng Development Co., Ltd. will cooperate with the sale of the relevant land. In May 2014, the Company provided a joint construction deposit of $159,000 thousand to Dasheng Development Company. Such deposit was agreed by both parties in the form of loans which the Company lend to Dasheng Development. Dasheng would return the deposit without interest according to the agreed conditions. As of December 31, 2019, this joint construction sub-sale was still in the stage of land preparation and has not yet obtained a construction license.

32. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

a. On the date of March 24, 2020, the Company reported to the board of directors the plan to sell the Company’s vacant land in the Puxin factory. The estimated total price is $20,964 thousand.

b. On the date of March 24, 2020, the board of directors decided, by resolution, to pass the proposal that to increase the investment amount of $250,000 thousand on Luckicon Ready-mixed Concrete Factory Co., Ltd., in use to acquire the land located near Shulin District New Taipei City Shulin Dist., New Taipei, Taiwan (R.O.C.). The total value of the land is $590,129 thousand.

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 functional currencies of the entities in the Company and the related exchange rates between foreign currencies and respective functional currencies were as follows:

(In Thousands of New Taiwan Dollars and Foreign Currencies)

December 31, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 31	29.98 (USD:NTD)	$ 925
RMB	1,610	4.305 (RMB:NTD)	6,930
JPY	26	0.276 (JPY:NTD)	7
Non-monetary items			
JPY	89,051	0.276 (JPY:NTD)	24,578

December 31, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 7	30.715 (USD:NTD)	$ 208
RMB	1,566	4.472 (RMB:NTD)	6,930
JPY	100,008	0.2782 (JPY:NTD)	27,642
Non-monetary items			
JPY	86,480	0.2782 (JPY:NTD)	24,059

Foreign exchange gains or losses (realized or unrealized) of the Company in 2019 and 2018 are respect lively losses $1,896 thousand and gains $65 thousand. Because there is variety of foreign currency transact ions, it cannot disclose exchange gains and losses in accordance with foreign currency of each important impact.

34. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the FSC for the Company and Investees:

a. Financings provided: Please see Table 1 attached;

b. Endorsement/guarantee provided: Please see Table 2 attached;

c. Marketable securities held (excluding investments in subsidiaries and associates): Please see Table 3 attached;

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

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

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

g. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: Please see Table 4 attached;

h. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please see Table 5 attached;

i. Information about the derivative financial instruments transaction: None;

j. Names, locations, and related information of investees over which the Company exercises significant influence (excluding information on investment in mainland China): Please see Table 6 attached;

k. Information on investment in mainland China

   1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: None;

   2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: None.

LUCKY CEMENT CORPORATION

FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

No.	Financing Company	Counter-party	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 Corp.	Dasheng Enterprise	Other receivables from related parties	$ 200,000	Yes	$ 200,000	$ 47,350	1.7875%	b.	$ -	Operating turnover	$ -	-	-	$ 432,086	$ 1,728,344
		Luckyship Marine Co.	Other receivables from related parties	30,000	Yes	30,000	12,000	1.7875%	b.	-	Operating turnover	-	-	-	432,086	1,728,344
		Lucky Cement Corp., Japan	Other receivables from related parties	30,000	Yes	30,000	-	1.7875%	b.	-	Operating turnover	-	-	-	432,086	1,728,344
						$ 260,000										
1	Luckicon Ready-mixed Co.,	Dasheng Enterprise	Other receivables from related parties	20,000	Yes	20,000	20,000	1.31%	b.	-	Operating turnover	-	-	-	57,305	114,611

Note 1: The expressions of nature for Financing is as follows:

a. Party with business.
b. Party with short-term financing need.

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

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

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

LUCKY CEMENT CORPORATION

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Otherwise Noted)

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 Corp.	Dasheng Enterprise	Subsidiary	$ 1,728,344	$ 620,000	$ 620,000	$ 620,000	$ 120,000 (Note 3)	14.35%	$ 2,160,430	Y	-	-	
		Luckicon Ready-mixed Co.	Subsidiary	1,728,344	70,000	70,000	50,000	-	1.62%	2,160,430	Y	-	-	
		Luckyship Marine Co.	Subsidiary	1,728,344	45,000	-	-	-	-	2,160,430	Y	-	-	
		Lucky Cement Corp., Japan	Subsidiary	1,728,344	14,735	13,800	-	-	0.32%	2,160,430	Y	-	-	
						$ 703,800								

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

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

Note 3: The certificate of deposit NT$60,000,000 is provided as collateral which is recognized other finance asset-restricted asset.

TABLE 3

LUCKY CEMENT CORPORATION

MARKETABLE SECURITIES HELD
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Held Company Name	Marketable Securities Type and Nam	Relationship with the Company	Financial Statement Account	December 31, 2019				Note
				Shares/Units	Carrying Value	(%)	Fair Value (Notes 1 and 2)	
Lucky Cement Corp.	Fund							
	O-Bank No.1 Real Estate Investment Trust	-	Financial assets at FVTPL - current	100,000	$ 980	-	$ 980	
	Non-listed common stock							
	Jonfeng Mining Co., Ltd	-	Financial assets at FVOCI - noncurrent	1,071,428	8,175	10.58	8,175	
	WK Technology Fund	-	〃	1,156,000	6,433	2.22	6,433	
	Global Securities Finance Corp.	-	〃	700,837	4,857	0.18	4,857	
	Listed common stock							
	Far Eastern New Century Corporation	-	Financial assets at FVOCI - current	200,000	5,970	-	5,970	
	U-Ming Marine Transport Corporation	-	〃	128,000	4,301	-	4,301	
	Winbond Electronics Corp.	-	〃	130,181	2,545	-	2,545	
	Excelsior Medical Co., Ltd.	-	〃	28,628	1,778	-	1,778	
	United Microelectronics Corporation	-	〃	72,351	1,190	-	1,190	
	China Development Financial	-	〃	13,496	131	-	131	
	First Financial Holding Co., Ltd.	-	〃	891	21	-	21	
	Capital Securities Corp.	-	〃	875	10	-	10	
	Hua Nan Financial Holdings Co., Ltd.	-	〃	423	10	-	10	
	Taiwan Cement Corp	-	〃	141	6	-	6	
Luckyship Marine Co.	Non-listed common stock							
	Jonfeng Mining Co., Ltd.	-	Financial assets at FVOCI - noncurrent	35,129	268	0.35	268	
Luckyship Marine Co.	Listed common stock							
	Medigen Biotechnology Corporation	-	Financial assets at FVOCI - current	242	15	-	15	
Luckicon Ready-mixed Co.	Fund							
	Nomura Global Short Duration Bond Fund	-	Financial assets at FVTPL - current	474,325	5,126	-	5,126	
	Shin Kong Emerging ASEAN Bond Fund	-	〃	500,015	4,506	-	4,506	
	Mega Danish Covered Mortgage Bond Index Fund	-	〃	500,000	4,950	-	4,950	
	TSG Phnom Penh Real Estate Development Fund	-	Financial assets at FVTPL - noncurrent	500	9,598	-	9,598	
	Corporate bond							
	The Cathay United Jenai EMC USD Fixed Interest Allocation Bond	-	Financial assets at FVOCI - current	-	6,061	-	6,061	

(Continued)

Note 1: Financial assets at FVTPL: Fair value is based on the net asset value of funds on December 31, 2019.

Note 2: Financial assets at OCI: Listed stocks of financial assets measured at FVPL, its fair value is based on stock closing price on December 31, 2019. Corporate bond is based on market price on December 31, 2019. Non-listed stocks are estimated market value by the fair value evaluation method.

(Concluded)

TABLE 4

LUCKY CEMENT CORPORATION

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, 2019
(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 Corp.	Luckicon Ready-mixed Co.	Subsidiary	Sale	$ (641,814)	(21.90)	About 90 days	Quite	Quite	Accounts receivable $ 64,786	41.10	
									Notes receivable 58,913	12.46	
	Fuan Mining Co., Ltd.	Other related parties	Purchase	253,837	22.16	About 90 days	Agreed	Quite	Accounts payable (26,000)	(25.31)	
									Notes payable (28,810)	(18.13)	

LUCKY CEMENT CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Ending Balance	Turnover Days	Overdue		Amounts Received in Subsequent Period	Allowance for Amount Action Taken Bad Debts
					Amount	Action Taken		
Lucky Cement Corp.	Luckicon Ready-mixed Co.	Subsidiary	$ 123,699	6.43	$ -	-	$ 123,699	$ -

LUCKY CEMENT CORPORATION

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
For the Years Ended December 31, 2019
(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, 2019			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized	Note
				December 31, 2019	December 31, 2018	Number of Shares	Percentage of Ownership	Carrying Value			
Lucky Cement Corp.	Dasheng Enterprise	14F., No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Real estate sales and lease	$ 2,167,473	$ 2,167,473	157,295,283	99.99	$ 2,294,648	$ (40,085)	$ (40,084)	
	Luckicon Ready-mixed Co.	No. 191, Sec. 1, Meishi Rd., Yangmei Dist., Taoyuan City 326, Taiwan (R.O.C.)	Ready-mixed concrete manufacture and trades	99,998	99,998	21,999,868	99.99	286,548	27,739	27,763	
	Just Bright Ltd.	Tropic Isle Building, PO Box 438, Road Town, Tortola, British Virgin Islands	Investment business	-	1,566	50,000	100.00	-	166	166	Note 2
	Lucky Cement Corp., Japan	Aichi, Japan hekinan Yu Jin-Pu-cho 12 gu	Cement trading	82,300	82,300	6,800	100.00	24,578	729	729	
	Luckyship Marine Co.	13F., No. 237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Shipping agent	88,615	88,615	8,499,994	99.99	43,864	(8,889)	(8,887)	
Luckicon Ready-mixed Co.	Fuyu Development Company	13F., No. 237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Mine gravel	12,571	12,571	1,000,000	100.00	4,815	(4,806)	(4,806)	

Note 1: The amounts were based on audited financial statements.

Note 2: On the date of December 27, 2019, the board of directors decided, by resolution, to discontinue the operation of the subsidiary Just Bright Ltd., and closed its securities account and bank account. The estimated complete date of the cancellation of registration is May 1, 2021.

Note 3: The original investment amount includes the previous year's capital reduction to make up for the decrease in losses.

6.5 2019 The Consolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Lucky Cement Co.

Opinion

We have audited the accompanying consolidated financial statements of Lucky Cement Co. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, 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, 2019 and 2018, 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"), Interpretations of IFRS ("IFRIC"), and Interpretations of IAS ("SIC") endorsed and issued into effect by the Financial Supervisory Commission ("FSC") 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, 2019. 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, 2019 are as follows:

<u>The Existence of Sales Revenue from Key Customers</u>

The Group's sales revenue mainly comes from merchandise sales of cement, stone materials and other cement subsidiary products. The amount of the sales revenue in 2019 arising from the new key customers or customers whose sales revenue increased over Performance Materiality is NT$776,217,000, as 21% of the total sales revenue. Since the sales revenue from key customers fluctuates and whether the revenue has truly occurred is the presumed significant risk of the ISA, the key audit matters are listed.

Please refer to Note 4 (10) of the consolidated financial statement for accounting policies of the revenue recognition; Note 23 (1) for the disclosure related to the operating revenue.

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

1. Understood the internal control system of the sale of goods and assessed the design and effectiveness of the implementation of the internal control.

2. Gained the summary of sales transactions of the key customers across the year, adjusted and ensured the completeness of related transactions. In addition, selecting the samples from the summary, and reviewing the evidence and vouchers to verify the existence of sales revenue.

3. Obtained the post-period general ledger of sales revenue, inspecting whether significant sales return and allowance incurred, to ensure the accuracy of the revenue recognition.

Other Matter

We have also audited the parent company only financial statements of Lucky Cement Co. as of and for the years ended December 31, 2019 and 2018, 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, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2018 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hai-Yueh Huang and Yung-Fu Liu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 27, 2020

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to 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, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019		2018	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 233,426	3	$ 198,802	3
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	15,562	-	43,370	1
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	22,038	-	142,250	2
Notes receivable (Notes 4 and 9)	488,761	7	317,921	4
Notes receivable from related parties (Notes 9 and 31)	4,972	-	5,170	-
Accounts receivable (Notes 4 and 9)	412,120	6	262,504	4
Accounts receivable from related parties (Notes 9 and 31)	7,450	-	11,140	-
Other receivables (Notes 4, 9 and 31)	88,101	1	5,650	-
Current income tax assets (Note 25)	17,607	-	21,288	-
Inventories (Notes 4 and 10)	3,516,072	48	3,610,970	50
Prepayments (Note 12)	164,806	2	181,273	3
Other financial assets - current (Note 13)	93,165	1	108,232	1
Other current assets (Note 14)	23,068	1	29,959	-
Total current assets	5,087,148	69	4,938,529	68
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	9,598	-	6,535	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	19,733	-	19,015	-
Property, plant and equipment (Notes 4 and 15)	1,711,806	24	1,876,081	26
Right-of-use assets (Notes 4 and 16)	129,591	2	-	-
Deferred income tax assets (Notes 4 and 25)	127,645	2	143,366	2
Refundable deposits	20,908	-	90,351	1
Other non-current assets (Note 17)	222,448	3	219,620	3
Total non-current assets	2,241,729	31	2,354,968	32
TOTAL	$ 7,328,877	100	$ 7,293,497	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	$ 232,700	3	$ 852,651	12
Short-term bills payable (Note 18)	219,465	3	219,736	3
Contract liabilities (Note 23)	259,431	4	198,806	3
Notes payable (Note 19)	202,062	3	148,346	2
Notes payable to related parties (Notes 19 and 31)	34,656	-	43,594	1
Accounts payable (Note 19)	124,131	2	114,859	1
Accounts payable to related parties (Notes 19 and 31)	35,532	-	23,540	-
Other payables (Note 20)	142,714	2	118,173	2
Other payables to related parties (Note 31)	1,281	-	1,157	-
Current income tax liabilities (Note 25)	2,149	-	238	-
Lease liabilities - current (Notes 4 and 16)	50,494	1	-	-
Current portion of long-term borrowings (Note 18)	310,000	4	11,200	-
Other current liabilities	2,516	-	3,769	-
Total current liabilities	1,617,131	22	1,736,069	24
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 18)	1,170,000	16	1,160,438	16
Deferred tax liabilities (Notes 4 and 25)	23,792	-	33,935	-
Lease liabilities - non-current (Notes 4 and 16)	80,289	1	-	-
Other payables to related parties (Note 31)	45,800	1	45,800	1
Net defined benefit liabilities (Notes 4 and 21)	40,128	1	60,826	1
Guarantee deposits received	30,800	-	29,431	-
Total non-current liabilities	1,390,809	19	1,330,430	18
Total liabilities	3,007,940	41	3,066,499	42
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 22)				
Share capital				
Common stock	4,047,380	55	4,047,380	55
Capital surplus	8	-	8	-
Retained earnings				
Legal reserve	166,309	3	166,309	3
Special reserve	17,256	-	17,376	-
Unappropriated earnings	85,901	1	(1,032)	-
Total retained earnings	269,466	4	182,653	3
Other equity	4,006	-	(3,121)	-
Total equity attributable to owners of the Corporation	4,320,860	59	4,226,920	58
NON-CONTROLLING INTERESTS (Note 22)	77	-	78	-
Total equity	4,320,937	59	4,226,998	58
TOTAL	$ 7,328,877	100	$ 7,293,497	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, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUES (Notes 4, 23 and 31)				
Sales	$ 3,733,161	100	$ 3,332,514	100
Less: Discounts and allowances	(1,465)	-	(1,913)	-
Total operating revenues	3,731,696	100	3,330,601	100
OPERATING COSTS (Notes 10, 24 and 31)	3,432,815	92	3,283,834	99
GROSS PROFIT	298,881	8	46,767	1
OPERATING EXPENSES (Notes 24 and 31)				
Selling and marketing expenses	114,748	3	105,704	3
General and administrative expenses	105,438	3	110,714	4
Expected credit loss	4,933	-	1,594	-
Total operating expenses	225,119	6	218,012	7
OTHER OPERATING INCOME AND EXPENSES (Note 24)	4,120	-	16,103	1
PROFIT FROM OPERATIONS	77,882	2	(155,142)	(5)
NON-OPERATING INCOME AND EXPENSES (Notes 24 and 31)				
Interest income	2,072	-	2,170	-
Rental income	8,965	-	9,008	-
Other gains	8,930	-	17,928	1
Foreign exchange gain	1,742	-	172	-
Fair value changes of financial assets	3,685	-	(3,128)	-
Other losses (Note 11)	(9,584)	-	(30,253)	(1)
Interest expense	(39,778)	(1)	(32,417)	(1)
Total non-operating income and expenses	(23,968)	(1)	(36,520)	(1)
PROFIT/(LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	53,914	1	(191,662)	(6)
INCOME TAX EXPENSE (Notes 4 and 25)	(8,010)	-	(9,280)	-

(Continued)

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	**%**	**Amount**	**%**
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	$ 45,904	1	$ (200,942)	(6)
NET LOSS FROM DISCONTINUED OPERATIONS	-	-	(672)	-
NET PROFIT/(LOSS) FOR THE YEAR	45,904	1	(201,614)	(6)
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 21)	5,442	1	2,825	-
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	41,995	1	(12,958)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(210)	-	15,845	-
Unrealized gain/(loss) on investments in debt instruments at fair value through other comprehensive income	808	-	(747)	-
Other comprehensive income, net of income tax	48,035	2	4,965	-
TOTAL COMPREHENSIVE INCOME	$ 93,939	3	$ (196,649)	(6)
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Parent	$ 45,905	1	$ (176,971)	(5)
Non-controlling interests	(1)	-	(24,643)	(1)
	$ 45,904	1	$ (201,614)	(6)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Parent	$ 93,940	3	$ (172,004)	(5)
Non-controlling interests	(1)	-	(24,645)	(1)
	$ 93,939	3	$ (196,649)	(6)
EARNINGS PER SHARE (Note 27)				
Basic	$ 0.11		$ (0.44)	
Diluted	$ 0.11		$ (0.44)	

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, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Equity Attributable to Owners of the Corporation										
			Retained Earnings			Other Equity					
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain on Financial Assets at Fair Value through Other Comprehensive Income	Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2018	$ 4,047,380	$ 8	$ 166,309	$ 14,135	$ 177,528	$ (8,187)	$ 4,946	$ -	$ 4,402,119	$ 26,423	$ 4,428,542
Effect of retrospective application	-	-	-	-	(2,887)	-	(4,946)	5,716	(2,117)	-	(2,117)
BALANCE AT JANUARY 1, 2018 AS RESTATED	4,047,380	8	166,309	14,135	174,641	(8,187)	-	5,716	4,400,002	26,423	4,426,425
Appropriation of 2017 earnings											
Special reserve	-	-	-	3,241	(3,241)	-	-	-	-	-	-
Net loss for the year ended December 31, 2018	-	-	-	-	(176,971)	-	-	-	(176,971)	(24,643)	(201,614)
Other comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	2,825	15,847	-	(13,705)	4,967	(2)	4,965
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	(174,146)	15,847	-	(13,705)	(172,004)	(24,645)	(196,649)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	2,293	2,293
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	(1,078)	-	-	-	(1,078)	(3,993)	(5,071)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	2,792	-	-	(2,792)	-	-	-
BALANCE AT DECEMBER 31, 2018	4,047,380	8	166,309	17,376	(1,032)	7,660	-	(10,781)	4,226,920	78	4,226,998
Appropriation of 2018 earnings											
Special reserve	-	-	-	(120)	120	-	-	-	-	-	-
Net profit for the year ended December 31, 2019	-	-	-	-	45,905	-	-	-	45,905	(1)	45,904
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	5,442	(210)	-	42,803	48,035	-	48,035
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	51,347	(210)	-	42,803	93,940	(1)	93,939
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	35,466	-	-	(35,466)	-	-	-
BALANCE AT DECEMBER 31, 2019	$ 4,047,380	$ 8	$ 166,309	$ 17,256	$ 85,901	$ 7,450	$ -	$ (3,444)	$ 4,320,860	$ 77	$ 4,320,937

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, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before income tax from continuing operations	$ 53,914	$ (191,662)
Loss before income tax from discontinued operations	-	(672)
Profit/(loss) before income tax	53,914	(192,334)
Adjustments for:		
Expected credit loss recognized on trade receivables	4,933	1,594
Depreciation expense	238,636	239,367
Amortization expense	11,750	8,903
Net (gain)/loss on fair value changes of financial assets at fair value through profit or loss	(3,685)	3,128
Interest expense	39,778	32,417
Interest income	(2,072)	(2,170)
Dividend income	(5,393)	(2,537)
Gain on disposal of property, plant and equipment	(4,120)	(16,103)
Other losses (Note 11)	-	14,620
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	28,430	22,918
Notes receivable	(170,840)	74,342
Notes receivable from related parties	198	(5,170)
Accounts receivable	(154,549)	(66,017)
Accounts receivable from related parties	3,690	(2,279)
Other receivables	3,988	(2,034)
Inventories	94,898	162,876
Prepayments	16,467	(17,505)
Other current assets	6,891	(2,750)
Other non-current assets	(311)	-
Contract liabilities	60,625	(32,470)
Notes payable	53,716	(38,629)
Notes payable to related parties	(8,938)	16,848
Accounts payable	9,272	(11,874)
Accounts payable to related parties	11,992	(42,689)
Other payables	24,323	(2,238)
Other payables to related parties	124	(1,292)
Other current liabilities	(1,253)	(4,201)
Net defined benefit liabilities	(15,256)	(7,823)
Cash generated from operations	297,208	126,898
Interest received	2,210	1,697
Interest paid	(39,831)	(32,635)
Income tax paid (received)	3,160	(20,214)
Net cash generated from operating activities	262,747	75,746

(Continued)

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	$ (56,924)	$ (105,295)
Proceeds from sale of financial assets at fair value through other comprehensive income	197,806	36,403
Proceeds from capital reduction of financial assets at fair value through profit or loss	-	2,890
Payments for property, plant and equipment	(22,195)	(467,835)
Proceeds from disposal of property, plant and equipment	4,120	17,461
Decrease (increase) in refundable deposits	4,281	(2,220)
Decrease in other financial assets	15,067	25,116
Increase in other non-current assets	(14,267)	(39,510)
Other dividends received	5,393	2,537
Net cash generated from (used in) investing activities	133,281	(530,453)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(619,951)	(20,991)
Increase in short-term bills payable	-	80,000
Proceeds from long-term borrowings	320,000	580,000
Repayments of long-term borrowings	(11,638)	(211,200)
Increase (decrease) in guarantee deposits received	1,369	(5,873)
Decrease in other receivables from related parties	-	(18,328)
Repayment of the principal portion of lease liabilities	(51,014)	-
Acquisition of subsidiary	-	(5,071)
Increase in non-controlling interests	-	2,293
Net cash (used in) generated from financing activities	(361,234)	400,830
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(170)	786
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	34,624	(53,091)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	198,802	251,893
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 233,426	$ 198,802

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

1. GENERAL INFORMATION

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

The accompanying consolidated financial statements the New Taiwan dollars (NT$) are presented in Parent Company’s functional currency.

2. APPROVAL OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Parent Company’s board of directors on March 24, 2020.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the FSC

Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group’s accounting policies:

- IFRS 16 “Leases”

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

Definition of a lease

The Group elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts, including property interest qualified as investment properties, were recognized as expenses on a straight-line basis. Cash flows for operating leases were classified within operating activities on the consolidated statements of cash flows. Leased assets and finance lease payables were recognized on the consolidated balance sheets for contracts classified as finance leases.

The Group elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. Comparative information is not restated.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments but discounted using the aforementioned incremental borrowing rate. The Group applies IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

1) The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

2) The Group adjusts the right-of-use assets January 1, 2019 by the amount of any provisions for onerous lease recognized on December 31, 2018, instead of assessing the impairment under IAS 36.

3) The Group accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

4) The Group excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.

5) The Group uses hindsight, such as in determining lease terms, to measure lease liabilities.

The weighted average lessee’s incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 are 1.55%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	$ 181,825
Less: Recognition exemption for short-term leases	(5,492)
Less: Recognition exemption for low-value assets	(87)
Undiscounted amounts on January 1, 2019	$ 176,246
Discounted amounts using the incremental borrowing rate on January 1, 2019	$ 168,565

The Group as lessor

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

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Right-of-use assets	$ -	$ 168,565	$ 168,565
Total effect on assets	$ -	$ 168,565	$ 168,565
Lease liabilities - current	$ -	$ 52,224	$ 52,224
Lease liabilities - non-current	-	116,341	116,341
Total effect on liabilities	$ -	$ 168,565	$ 168,565

b. The IFRSs endorsed by the FSC for application starting from 2020

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)

Note 1: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Group shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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

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

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

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

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.

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 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 and cash equivalents 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 twelve months after the reporting period; 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 the Construction and Development section, its operating cycle is longer than one year. Its assets and liabilities related to the construction business will be based on the normal operating cycle as the standard for dividing the current or non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company and the entities controlled by the Parent Company (i.e. its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective 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 Parent Company.

Refer Note 11 and Note 35(6) for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such 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.

When preparing the financial statements, the functional currencies of the Group’s foreign operations (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Parent 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, 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.; The actual construction cost for property inventories is according to the proportion of building floor, in line with the principle of recognition of property sales revenue, the operating costs are recognized at the end of the reporting period.

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

g. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

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

On 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 tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible 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 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 asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

i. 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 equity instruments at FVTOCI.

i. Financial asset at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified or it is 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 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 and cash equivalents, trade receivables at amortized cost, other financial assets and refundable deposits, 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 has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

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

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).

The Group always recognizes lifetime Expected Credit Loss (i.e. ECL) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the 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 ECL.

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

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 show 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 an impairment gain or 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. 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 Group can only derecognize the financial liabilities when the obligation is resolved, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

j. 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. Sales of materials and other cement subsidiary 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, and bears the risks of obsolescence. Trade receivables are recognized concurrently.

k. Leasing

2019

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

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) 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, 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.

2018

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1) The Group as lessor

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

2) The Group as lessee

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

l. 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.

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 service.

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 net interest on the net defined benefit liability (asset) 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 (asset) represents 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 reduction in future contributions to the plans.

n. Taxation

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

1) Current tax

According to the Income Tax Law, 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, unused loss carryforwards, and development expenditures and personnel training expenditures, 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 and associates, 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 deferred tax asset to be recovered. The deferred tax assets which originally were not recognized are also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is 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 and deferred tax for the year

Current 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 and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

o. Closed business

If an enterprise component is about to be scrapped and ceases operation and represents a separate main business line or operating area, the recovery of its book value is not through continued use. It is expressed separately in the consolidated statement of profit or loss and should be re-expressed in the previous period in the consolidated financial report.

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.

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

6. CASH

	December 31	
	2019	**2018**
Cash on hand and revolving funds	$ 1,528	$ 1,507
Checking accounts and demand deposits	224,498	161,963
Foreign currency demand deposits	7,400	35,332
	$ 233,426	$ 198,802

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

	December 31	
	2019	**2018**
Bank balance	0.001%-0.48%	0.05%-0.48%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2019	**2018**
Current		
Mutual funds	$ 15,562	$ 43,370
Non-current		
Mutual funds	$ 9,598	$ 6,535

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2019	2018
Current		
Investments in equity instruments	$ 15,977	$ 136,875
Investments in debt instruments	6,016	5,375
	$ 22,038	$ 142,250
Non-current		
Investments in equity instruments	$ 19,733	$ 19,015

a. Investments in Equity instruments at FVTOCI

	December 31	
	2019	2018
Current		
Domestic investments-Common Stocks		
Far Eastern New Century Corporation	$ 5,970	$ 22,320
U-Ming Marine Transport Corporation	4,301	4,128
Winbond Electronics Corp.	2,545	1,764
Medigen Biotechnology Corp.	1,793	1,300
United Microelectronics Corp.	1,190	814
China Development Financial	131	131
First Financial Holding Co., Ltd.	21	18
Capital Securities Corp.	10	8
Hua Nan Financial Holdings Co., Ltd.	10	7
Taiwan Cement Corp	6	15,664
Formosa Plastics Corporation	-	40,400
Global Lighting Technologies Inc. (F-Maolin)	-	31,146
Asia Cement Corporation	-	16,975
Excelsior Medical Co., Ltd.	-	1,840
Highwealth Construction	-	360
	$ 15,977	$ 136,875
Non-current		
Domestic investments-Common Stocks		
Jonfeng Mining Co., Ltd.	$ 8,443	$ 9,849
Global Securities Finance Corp.	6,433	4,583
WK Technology Fund	4,857	4,583
	$ 19,733	$ 19,015

For the above investment information, please refer to the "State of Securities held at the end of the period" please refer to Note 35 Schedule 3.

For other relevant information on financial assets measured at FVOCI, please refer to Note 22(5).

The Group invests in the above ordinary shares for the purpose of long-term strategies and expects to profit from long-term investments. The management of the Group considers that if the short-term fair value fluctuations of these investments are recognized in profit or loss, they are not consistent with the aforementioned long-term investment plan, and therefore the designated investment is selected to FVOCI.

Dividends of $5,393 thousand and $2,537 thousand were recognized during 2019 and 2018.

b. Investments in debt instruments at FVTOCI

	December 31	
	2019	2018
Non-current		
Bond investment	$ 6,061	$ 5,375

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

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

	December 31	
	2019	2018
Notes receivables		
At amortized cost		
Gross carrying amount	$ 488,761	$ 317,921
Notes receivables from related parties		
At amortized cost		
Gross carrying amount	$ 4,972	$ 5,170
Trade receivables		
At amortized cost		
Gross carrying amount	$ 424,728	$ 277,114
Less: Allowance for impairment loss	(12,608)	(14,610)
	$ 412,120	$ 262,504
Trade receivables from related parties		
At amortized cost		
Gross carrying amount	$ 7,450	$ 11,140

(Continued)

	December 31	
	2019	2018
Other receivables		
Deposits	$ 65,162	$ -
Sale of securities	21,393	-
Other	1,391	5,099
	$ 87,946	$ 5,099
Other receivables from related parties	$ 155	$ 551
Overdue receivables		
Overdue	$ 32,096	$ 29,375
Less: Allowance for impairment loss-Overdue	(32,096)	(29,375)
	$ -	$ -

(Concluded)

The guarantee fund receivable above is the deposit that the Group makes for mining. The guarantee fund receivable will be transferred to the related party-Fuan Mining Co., Ltd in March 2020, and the Group will receive payment of $20,000 thousand in March 2020 and NT$45,000 thousand note due in April 2020.

a. Note receivable

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

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

Information on the pledge of notes receivables, please refer to Note 32.

b. Trade receivable

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

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

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

The following table details the loss allowance of trade receivables (related parties included) based on the Group's provision matrix.

December 31, 2019

1) Lucky Cement Co.

	Customers without Financial Difficulty					Customers with Financial Difficulty	Total
	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		
Expected credit loss rate	-	-	-	-	100%	100%	-
Gross carrying amount	$ 506,489	$ -	$ -	$ -	$ 269	$ -	$ 506,758
Loss allowance (Lifetime ECLs)	-	-	-	-	(269)	-	(269)
Amortized cost	$ 506,489	$ -	$ -	$ -	$ -	$ -	$ 506,489

2) Luckicon Ready-mixed Co.

	Customers without Financial Difficulty					Customers with Financial Difficulty	Total
	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		
Expected credit loss rate	0%-95%	2.77%	4.63%	9.95%-68.6%	100%	100%	-
Gross carrying amount	$ 362,105	$ 11,309	$ 8,979	$ 11,682	$ 17	$ 32,096	$ 426,188
Loss allowance (Lifetime ECLs)	(2,683)	(313)	(416)	(1,953)	(17)	(32,096)	(37,478)
Amortized cost	$ 359,422	$ 10,996	$ 8,563	$ 9,729	$ -	$ -	$ 388,710

3) Other

	Customers without Financial Difficulty					Customers with Financial Difficulty	Total
	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		
Expected credit loss rate	0%-0.14%	-	-	-	-	100%	-
Gross carrying amount	$ 18,105	$ -	$ -	$ -	$ -	$ 6,956	$ 25,061
Loss allowance (Lifetime ECLs)	(1)	-	-	-	-	(6,956)	(6,957)
Amortized cost	$ 18,104	$ -	$ -	$ -	$ -	$ -	$ 18,104

December 31, 2018

1) Lucky Cement Co.

	Customers without Financial Difficulty					Customers with Financial Difficulty	Total
	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		
Expected credit loss rate	0%-0.24%	-	-	-	100%	100%	-
Gross carrying amount	$ 340,550	$ -	$ -	$ -	$ 269	$ -	$ 340,819
Loss allowance (Lifetime ECLs)	(214)	-	-	-	(269)	-	(483)
Amortized cost	$340,336	$ -	$ -	$ -	$ -	$ -	$ 340,336

2) Luckicon Ready-mixed Co.

	Customers without Financial Difficulty					Customers with Financial Difficulty	Total
	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		
Expected credit loss rate	0%-4.13%	5.78%	7.18%	10.63%-100%	100%	100%	-
Gross carrying amount	$ 234,597	$ 4,986	$ 208	$ 73	$ -	$ 29,375	$ 269,239
Loss allowance (Lifetime ECLs)	(6,846)	(288)	(15)	(22)	-	(29,375)	(36,546)
Amortized cost	$ 227,751	$ 4,698	$ 193	$ 51	$ -	$ -	$ 232,693

3) Other

	Customers without Financial Difficulty					Customers with Financial Difficulty	Total
	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		
Expected credit loss rate	0%	3%-4%	6%-7%	11%-12%	100%	100%	-
Gross carrying amount	$ 23,706	$ -	$ -	$ -	$ -	$ 6,956	$ 30,662
Loss allowance (Lifetime ECLs)	-	-	-	-	-	(6,956)	(6,956)
Amortized cost	$ 23,706	$ -	$ -	$ -	$ -	$ -	$ 23,706

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	$ 43,985	$ 45,956
Increase: Net remeasurement of loss allowance	4,933	1,594
Less: Current write-offs	(4,214)	(3,578)
Foreign currency translation difference	-	(28)
Balance at December 31	$ 44,704	$ 43,985

10. INVENTORIES

	December 31	
	2019	2018
Real estate under development and real estate to be developed	$3,133,578	$3,132,048
Raw materials	141,493	216,522
Work in progress	107,472	110,088
Finished goods	91,310	111,610
Supplies and spare parts	33,218	34,922
Merchandise	9,001	5,780
	$3,516,072	$3,610,970

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2019 was $3,432,815 thousand, which includes losses on inventory write-downs of $3,283,834 thousand.
The cost of inventories recognized as cost of goods sold for the year ended December 31, 2019 and 2018 was $3,432,815 thousand and $3,283,834 thousand, respectively. The cost of goods sold included losses on inventory write-downs of $21,986 and $$101,799 thousand respectively.

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

As of December 31, 2019 and 2018, the inventories expected to be recovered after more than 12 months were $3,133,578 thousand and $3,132,048 thousand, which were mainly real estate under development.

11. SUBSIDIARY

The main entities of the preparation of this consolidated financial report is as follows:

Investment Company Name	Subsidiary Name	Nature of Business	Percentage of Equity Held 2019	Percentage of Equity Held 2018	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. and d.
	Luckicon Ready-mixed Concrete Factory Co., Ltd. (Luckicon Ready-mixed Co.)	Production and sales of concrete	99.99	99.99	a.
	Lucky Cement Corp., Japan (Lucky Cement Japan,)	Buy and sell cement	100.00	100.00	
	Luckyship Marine Co., Ltd (Luckyship Co.)	Shipping agent	99.99	99.99	e.
	Just Bright Ltd.	Investment Business	100.00	100.00	
	ELUMINA Technology Inc. (ELUMINA Inc.)	Manufacture and sale of LED products	-	-	b. and f.
Luckicon Ready-mixed Concrete Factory Co., Ltd. (Luckicon Ready-mixed Co.)	Fuyu Development Co., Ltd.	Earth and stone take	100.00	100.00	c.
ELUMINA Technology Inc. (ELUMINA Inc.)	Elumina Holding Limited	Holding company	-	-	b.
Elumina Holding Limited	ELUMINA Technology Inc. (ELUMINA Inc.)	Manufacture and sale of LED products	-	-	b.

Notes:

a. Significant subsidiaries include Dasheng Enterprise and Luckicon Ready-mixed Co.

b. Elumina Holding Limited and its subsidiaries were disbanded in November 2018. Please refer to Note 26. Closed Units. The amount of losses by this exchange was $14,620 thousand and recognized under other expenses in profit or loss.

c. Luckicon Ready-mixed Co.'s shares on Fuyu Development Company increased from 75% to 100% during 2018, mainly due to the acquisition of 25% equity interest in Fuyu Development Co., Ltd. from non-controlling interests in March 2018 for $5,071 thousand.

d. Dasheng Enterprise reduced its capital in August 2018 to make up for the loss of $300,000 thousand, and at the same time the cash capital increased by issuing new shares of $290,000 thousand.

e. Luckyship Co. In August 2018, the capital was reduced to make up for the loss of $50,000 thousand, and at the same time, the cash capital increased by issuing new shares of $80,000 thousand.

f. Elumina Holding Limited increased its capital by issuing new shares of $7,800 thousand in August 2018, and the Parent Company subscribed $5,507 thousand to the company in proportion to its shareholding.

g. Just Bright Ltd. distributed cash dividends in 2019, and the Parent Company received $52,907 thousand in proportion to the shareholding.

h. The Parent Company decided on December 27, 2019 that the board of directors decided to discontinue the operation of its subsidiary Just Bright Ltd. and to close its securities account and bank account. It is expected that the cancellation procedure will be completed on May 1, 2021.

12. PREPAYMENTS

	December 31	
	2019	**2018**
Office supplies	$ 105,474	$ 98,523
Prepaid expenses	54,366	80,336
Prepaid purchase materials	4,837	937
Other	129	1,477
	$ 164,806	$ 181,273

13. OTHER FINANCIAL ASSETS

	December 31	
	2019	**2018**
Restricted assets	$ 93,165	$ 108,232

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

	December 31 2019	December 31 2018
Restricted assets	0.04%-2.65%	0.13%-3.5%

For information on pledge of other financial assets, please refer to Note 32.

14. OTHER CURRENT ASSETS

	December 31 2019	December 31 2018
Offset against business tax payable	$ 23,067	$ 23,701
Other	1	6,258
	$ 23,068	$ 29,959

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Electrical Equipment	Transportation Equipment	Other Equipment	Total
Cost							
Balance at January 1, 2018	$ 724,675	$ 2,200,343	$ 6,086,797	$ 1,193,958	$ 1,041,962	$ 494,601	$ 11,742,336
Additions	359,427	86,870	16,669	2,364	-	2,505	467,835
Disposals	-	-	(8,123)	-	(123,350)	(710)	(132,183)
Net exchange difference	-	4,411	570	-	15	24	5,020
Balance at December 31, 2018	$ 1,084,102	$ 2,291,624	$ 6,095,913	$ 1,196,322	$ 918,627	$ 496,420	$ 12,083,008
Accumulated depreciation and impairment							
Balance at January 1, 2018	$ -	$ 1,787,841	$ 5,787,970	$ 1,162,322	$ 872,800	$ 482,842	$ 10,093,775
Depreciation expenses	-	60,799	110,734	8,070	51,254	8,510	239,367
Disposals	-	-	(6,765)	-	(123,350)	(710)	(130,825)
Net exchange difference	-	4,188	385	-	14	23	4,610
Balance at December 31, 2018	$ -	$ 1,852,828	$ 5,892,324	$ 1,170,392	$ 800,718	$ 490,665	$ 10,206,927
Carrying amounts at December 31, 2018	$ 1,084,102	$ 438,796	$ 203,589	$ 25,930	$ 117,909	$ 5,755	$ 1,876,081
Cost							
Balance at January 1, 2019	$ 1,084,102	$ 2,291,624	$ 6,095,913	$ 1,196,322	$ 918,627	$ 496,420	$ 12,083,008
Additions		3,503	11,731	-	2,641	4,320	22,195
Disposals	-	(85)	-	-	(62,881)	(783)	(63,749)
Net exchange difference	-	(693)	(93)	-	(2)	(3)	(791)
Balance at December 31, 2019	$ 1,084,102	$ 2,294,349	$ 6,107,551	$ 1,196,322	$ 858,385	$ 499,954	$ 12,040,663
Accumulated depreciation and impairment							
Balance at January 1, 2019	$ -	$ 1,852,828	$ 5,892,324	$ 1,170,392	$ 800,718	$ 490,665	$ 10,206,927
Depreciation expenses	-	61,377	79,386	7,913	34,595	3,159	186,430
Disposals	-	(85)	-	-	(62,881)	(783)	(63,749)
Net exchange difference	-	(669)	(77)	-	(2)	(3)	(751)
Balance at December 31, 2019	$ -	$ 1,913,451	$ 5,971,633	$ 1,178,305	$ 772,430	$ 493,038	$ 10,328,857
Carrying amounts at December 31, 2019	$ 1,084,102	$ 380,898	$ 135,918	$ 18,017	$ 85,955	$ 6,916	$ 1,711,806

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

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

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

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

For the years ended December 31, 2019 and 2018, the Group evaluated Property, Plant and Equipment and no impairment loss recognized. The mortgage information of Property, Plant and Equipment, please refer to Note 32.

16. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
Carrying amounts	
Land	$ 35,847
Buildings	91,684
Transportation equipment	2,060
	$ 129,591

	For the Year Ended December 31, 2019
Additions to right-of-use assets	$ 13,232
Depreciation charge for right-of-use assets	
Land	$ 15,979
Buildings	34,327
Transportation equipment	1,900
	$ 52,206

b. Lease liabilities - 2019

	December 31, 2019
Carrying amounts	
Current	$ 50,494
Non-current	$ 80,289

Range of discount rate for lease liabilities was as follows:

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

c. Other lease information

2019

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	$ 1,613
Expenses relating to low-value asset leases	2,958
Interest relating to leases liabilities	2,144
Principal repayment to leases	51,014
Total cash outflow for leases	$ 57,729

The Group chooses to apply the exemption for recognition of leases of buildings that meet short-term leases and office equipment that meets leases of low-value assets, and does not recognize related right-of-use assets and lease liabilities for those leases. The short-term lease commitment amount applicable to the recognition exemption on December 31, 2019 is $309 thousand.

2018

The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	December 31, 2018
Not later than 1 year	$ 56,963
Later than 1 year and not later than 5 years	124,862
	$ 181,825

The lease payments recognized in profit or loss were as follows:

	For the Year Ended December 31, 2018
Minimum lease payments	$ 58,927

17. OTHER NON-CURRENT ASSETS

	December 31	
	2019	2018
Long-term prepaid expenses	$ 132,588	$ 134,467
Restricted assets	70,770	66,372
Net limestone mining rights	18,779	18,781
Netly determined welfare assets (Note 21)	311	-
Overdue receivables (Note 9)	-	-
	$ 222,448	$ 219,620

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

	December 31	
	2019	2018
Restricted assets	0.13%-1.065%	0.13%-1.065%

Other information regarding to non-current asset col laterals, please refer to Note 32.

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2019	2018
Secured borrowings (Note 32)		
Bank loans	$ 200,000	$ 752,651
Unsecured borrowings		
Line of credit borrowings	32,700	100,000
	$ 232,700	$ 852,651

The interest rate of the bank loan is as follows:

	December 31	
	2019	2018
Secured borrowings	1.6%	1.30%-1.55%
Unsecured borrowings	1.47%-1.70%	1.45%

b. Short-term bills payable

	December 31	
	2019	2018
Commercial paper	$ 220,000	$ 220,000
Less: Unamortized discounts on bills payable	(535)	(264)
	$ 219,465	$ 219,736

Outstanding short-term bills payable were as follows:

December 31, 2019

Guarantee/Promissory Institution	Par Value	Discount Amount	Carrying Amount	Interest Rate
Commercial paper				
Ta Ching Bills Finance Corporation	$ 110,000	$ 302	$ 109,698	1.458%-1.70%
Grand Bills Finance Corporation	110,000	233	109,767	1.640%-1.73%
	$ 220,000	$ 535	$ 219,465	

December 31, 2018

Guarantee/Promissory Institution	Par Value	Discount Amount	Carrying Amount	Interest Rate
Commercial paper				
Ta Ching Bills Finance Corporation	$ 50,000	$ 32	$ 49,968	1.438%
Mega Bills Finance Corporation	60,000	39	59,961	1.438%
Grand Bills Finance Corporation	110,000	193	109,983	1.228%-1.73%
	$ 220,000	$ 264	$ 219,736	

It is a commercial promissory note guaranteed by the bank, and the duration of each ticket does not exceed 180 days.

c. Long-term borrowings

	December 31	
	2019	2018
Secured borrowings (Note 32)		
Bank loans	$ 1,250,000	$ 1,011,638
Unsecured borrowings		
Loans from bank	230,000	160,000
Less: Current portions	(310,000)	(11,200)
	$ 1,170,000	$ 1,160,438

	Details	December 31 2019	December 31 2018
Secured borrowings			
Taiwan Cooperative Bank	The period is from April 12, 2018 to April 12, 2023, the grace period is 2 years, every 3 months was served as an installment, pay by 12 installments for the principle after the grace period.	$ 500,000	$ 500,000
Bank of Taiwan	The period is from November 12, 2019 to November 12, 2022. The principal will be repaid by $40 million in February 2021. The remaining balance is divided into 7 quarters (2, 5, 8, 11) and $3,000 each. Ten thousand.	250,000	-
Dasheng Enterprise			
O-Bank	The period is from November 21, 2017 to November 21, 2022, the principle will be repaid at once in maturity date.	250,000	250,000
O-Bank	The period is from December 21, 2017 to December 21, 2022, the principle will be repaid at once in maturity date.	250,000	250,000
Unsecured borrowings			
The Export-Import Bank of the Republic of China	The period is from June 14, 2019 to July 14, 2020, the principle will be repaid at once in maturity date.	70,000	-
O-Bank	The period is from April 23, 2018 to April 23, 2020, the principle will be repaid at once in maturity date.	80,000	80,000
KGI Bank	The period is from March 9, 2018 to March 9, 2020, the principle will be repaid at once in maturity date.	80,000	80,000
		1,480,000	1,171,638
Less: Current portions		(310,000)	(11,200)
Long-term borrowings		$ 1,170,000	$ 1,160,438

The annual interest rates of long-term borrowings were 1.40%-1.92% and 1.73%-2.20% respectively for December 31, 2019 and 2018.

19. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2019	**2018**
Notes payable		
From operating activities		
Non-related parties	$ 202,062	$ 148,346
Related parties	$ 34,656	$ 43,594
Trade payables		
From operating activities		
Non-related parties	$ 124,131	$ 114,859
Related parties	$ 35,532	$ 23,540

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

20. OTHER PAYABLES

	December 31	
	2019	**2018**
Payables for salaries and bonuses	$ 48,604	$ 41,408
Payables for taxes	41,599	22,574
Payables for utilities expense	15,536	19,052
Payables for maintenance fee	9,759	1,619
Others	27,216	33,520
	$ 142,714	$ 118,173

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The plan under the Labor Pension Act (the "Act") is deemed a defined contribution plan. Pursuant to the Act, the Group has made monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts.

The employees of the combined Group in the mainland and Japan are members of the retirement benefits program operated by the government of mainland China and 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 Group in accordance with the Labor Standards Law 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 Group and contribute amounts equal to X% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amount in the balance sheet of the Group's defined benefit plan is as follows:

	December 31	
	2019	2018
Present value of funded defined benefit obligation	$ 255,484	$ 269,426
Fair value of plan assets	(215,667)	(208,600)
Net defined benefit liabilities	$ 39,817	$ 60,826

The above-mentioned net confirmed welfare liabilities are the net amount of net confirmed welfare assets (accounting for other non-current assets) of $311 thousand and $0 thousand and net fixed benefit liabilities of $40,128 thousand and $60,826 thousand respectively on December 31, 2019 and December 31, 2018.

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2018	$ 304,407	$ (235,758)	$ 68,649
Service costs			
Current service costs	2,808	-	2,808
Net interest expense (income)	2,981	(2,346)	635
Recognized in profit or loss	5,789	(2,346)	3,443
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,620)	(7,620)
Actuarial loss			
Changes in demographic assumptions	11	-	11
Changes in financial assumptions	2,167	-	2,167
Experience adjustments	2,617	-	2,617
Recognized in other comprehensive income	4,795	(7,620)	(2,825)
Contributions from the employer	-	(4,441)	(4,441)
Benefit paid	(45,565)	41,565	(4,000)
Balance at December 31, 2018	$ 269,426	$ (208,600)	$ 60,826

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2019	$ 269,426	$ (208,600)	$ 60,826
Service costs			
Current service costs	1,909	-	1,909
Net interest expense (income)	2,357	(1,833)	524
Recognized in profit or loss	4,266	(1,833)	2,433
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(8,440)	(8,440)
Actuarial (gain) loss			
Changes in financial assumptions	4,676	-	4,676
Experience adjustments	(1,678)	-	(1,678)
Recognized in other comprehensive income	2,998	(8,440)	(5,442)
Contributions from the employer	-	(18,000)	(18,000)
Benefit paid	(21,206)	21,206	-
Balance at December 31, 2019	$ 255,484	$ (215,667)	$ 39,817

(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	
	2019	2018
Operating costs	$ 1,695	$ 2,350
Selling and marketing expenses	275	415
General and administrative expenses	463	678
	$ 2,433	$ 3,443

Through the defined benefit plans under the Labor Standards Law, 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	
	2019	2018
Discount rate	0.625%	0.875%
Expected rate of salary increase	1.25%	1.25%

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	
	2019	2018
Discount rate		
0.25% increase	$ (4,667)	$ (5,211)
0.25% decrease	$ 4,814	$ 5,369
Expected rate of salary increase		
0.25% increase	$ 4,696	$ 5,170
0.25% decrease	$ (4,586)	$ (5,217)

The sensitivity analysis previously presented 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	
	2019	2018
Expected contributions to the plans for the next year	$ 1,995	$ 2,062
Average duration of the defined benefit obligation	4.6-7.6 years	3.1-8.1 years

22. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2019	2018
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 shares with a par value of $10 is entitled to voting rights and to the receipt of distributed dividends.

b. Capital surplus

	December 31	
	2019	2018
<u>May be used to offset a deficit only*</u>		
Changes in percentage of ownership interests in subsidiaries	$ 8	$ 8

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

c. Retained earnings and dividend policy

The Parent Company has passed an amendment to the Articles of Association on June 12, 2019, which stipulates that the Parent Company's surplus distribution or loss allowance shall be obtained after each half of the fiscal year or the end of the fiscal year., Together with the business report and financial statements should be submitted to the Audit Committee for review, and the Board of Directors shall make a resolution.

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

The earning allocation policy in the Articles of Incorporation states that in case of earning upon settled annually, the Group shall appropriate its 10% as legal surplus reserve first and account equity deduction occurred in the current year as special surplus reserve, addition to legal payment of business tax and compensation of historical annual loss, wherein if the dividend per share from the sum of balance thereafter and 40%-80% of aggregated surplus yet allocated in the previous year has not reached NT$0.1 with calculation of the upper limit, 80%, it shall be reserved, not for allocation and allocation case shall be proposed in the Board of Directors, further presented for acknowledgement in the Meeting of Shareholders. Please refer to (6) of Note 24, Employee Benefits for the revised remuneration allocation policy of employee and directors, supervisors before/after the versions of the Articles of Association. The appropriation and allocation ratio of the preceding surplus and stock to cash ratio shall be paid in cash dividend or stock dividend subject to real profit and situation of fund in the current year, with consideration of fund for investment and diluted level of surplus per share in the Meeting of Board of Directors. However, the allocated stock dividend shall be limited to 20% of the issued stock; in case that the aggregated equity deduction or equity deduction that is insufficient to account as surplus w/tax in the current year, it shall account equivalent amount of special surplus reserve from the aggregated surplus yet be allocated in the previous year and deduct it prior to the appropriation and allocation earlier. Thereafter, whenever equity deduction is turned, the turned amount shall be allocated as surplus. The allocation of related surplus shall be passed and acknowledged in the General Meeting of Shareholders held in the next year and shall be accounted in the current year.

The Group shall account and turn special surplus reserve pursuant to the provisions set forth in the Letter, Letter No. Jin-Kuang-Fa-Tzi No. 1010012865, Letter No. Jin-Kuang-Fa-Tzi No. 1010047490 and "Following the adoption of the International Financial Reporting Standards (IFRSs), the question and answer of the applicable special surplus reserve". Thereafter, whenever equity deduction is turned, the turned amount shall be allocated as surplus.

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

On November 12, 2019, the Group's board of directors decided that the first half of 2019 loss appropriation plan and decided not to distribute dividends.

The Group's shareholders' meeting on June 12, 2019 resolved the 2018 loss appropriation plan and decided not to distribute dividends.

The appropriations of 2019 earnings have been approved by shareholders meeting held on March 24, 2020. The resolution of dividends per share was as follows:

	Appropriation of Earnings	**Dividend Per Share (NT$1.00)**
Legal reserve	$ 4,590	
Special reserve	(3,121)	
Cash dividends	60,711	$0.15

In addition to the cash dividend business in the above-mentioned 2019 earnings distribution plan, in accordance with the Group's amendment to the Articles of Association, more than two-thirds of the directors of the board of directors attended the meeting, with more than half of the directors attended the resolution and voted, is expected to for report to the shareholders' meeting to be held on June 18, 2020, the rest is waiting for the approval of the shareholders' meeting.

d. Special reserve

	For the Year Ended December 31	
	2019	**2018**
Beginning at January 1	$ 17,376	$ 14,135
Appropriations in respect of		
Mention (turn) special surplus reserve number of other equity items deducted (turned)	(120)	3,241
Balance at December 31	$ 17,256	$ 17,376

Upon initial application of IFRS, the amount of the accumulated conversion of the Group is NT$14,135,000 transferred to the retained surplus, and the same amount of special reserve has been added.

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

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

e. Other equity items

Exchange differences on translating the financial statements of foreign operations:

	For the Year Ended December 31	
	2019	**2018**
Balance at January 1	$ 7,660	$ (8,187)
Exchange differences on translating the financial statements of foreign operations	(210)	15,849
Share of conversion differences of subsidiaries using equity method	-	(2)
Balance at December 31	$ 7,450	$ 7,660

Unrealized gains (losses) on financial assets at FVTOCI

	For the Year Ended December 31	
	2019	**2018**
Balance at January 1	$ (10,450)	$ 5,716
Unrealized gains (losses) on financial assets at FVTOCI	42,803	(13,705)
Disposal is transferred to retained earnings through other comprehensive profit and loss based on fair value of equity instruments measured at fair value	(35,466)	(2,792)
Balance at December 31	$ (3,444)	$ (10,781)

f. Non-controlling interest

	For the Year Ended December 31	
	2019	**2018**
Balance at January 1	$ 78	$ 26,423
Attributable to non-controlling interests		
Share of losses for the year	(1)	(24,643)
Exchange differences on translation of foreign financial statements	-	(2)
Changes in ownership interest in subsidiaries	-	(3,993)
Adjustments for compensation costs of subsidiary		
Non-controlling interest increase	-	2,293
Balance at December 31	$ 77	$ 78

23. REVENUE

a. Segmentation of customer contract revenue

	For the Year Ended December 31	
	2019	2018
Cement	$ 2,003,264	$ 1,952,417
Stone	629,558	491,363
Cement products	601,178	341,988
Other	497,696	544,833
	$ 3,731,696	$ 3,330,601

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

	December 31	
	2019	2018
Notes receivables (Note 9)	$ 488,761	$ 317,921
Notes receivables from related parties (Note 9)	4,972	5,170
Trade receivables (Note 9)	412,120	262,504
Trade receivables from related parties (Note 9)	7,450	11,140
Receivables	$ 913,303	$ 596,735
Contract liability		
Receivables	$ 259,431	$ 198,806

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

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

	December 31	
	2019	2018
Contract liability from the beginning of the year		
Sales of goods	$ 198,806	$ 231,276

c. Customer contracts were not yet fully complete

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

	For the Year Ended December 31	
	2019	2018
Sales of goods		
Fulfill in 2019	$ -	$ 198,806
Fulfill in 2020	$ 259,431	$ -

24. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

Net loss from continuing operations are as follows:

a. Other operating expenses

	December 31	
	2019	2018
Gains on disposals of property, plant and equipment	$ 4,120	$ 16,103

b. Other income

	December 31	
	2019	2018
Revenue from dividends	$ 5,393	$ 2,537
Other	3,537	15,391
	$ 8,930	$ 17,928

c. Interest expense

	December 31	
	2019	2018
Bank loan/related party loans	$ 37,634	$ 32,417
Interest to lease liabilities	2,144	-
	$ 39,778	$ 32,417

d. Depreciation, depletion and amortization

	December 31	
	2019	2018
Property, plant and equipment	$ 186,430	$ 239,367
Right-of-use assets	52,206	-
Long-term prepaid expenses	11,748	8,901
Limestone mining rights	2	2
	$ 250,386	$ 248,270
Depreciations summary by functions		
Operating costs	$ 187,071	$ 223,040
Operating expenses	45,358	9,412
Non-operating expenses	6,207	6,915
	$ 238,636	$ 239,367
Amortization summary by functions		
Operating costs	$ 5,240	$ 5,240
Operating expenses	6,508	3,661
	$ 11,748	$ 8,901

(Continued)

	December 31	
	2019	2018
Depletion summary by functions		
Operating costs	$ 2	$ 2

(Concluded)

e. Employee benefits expense

	December 31	
	2019	2018
Post-employment benefits		
Defined contribution plan	$ 12,493	$ 13,051
Defined benefit plan (Note 21)	2,433	3,443
	14,926	16,494
Other employee benefits	367,581	364,548
Total employee benefits expense	$ 382,507	$ 381,042
An analysis of employee benefits expense by function		
Operating costs	$ 273,565	$ 278,702
Operating expenses	108,942	102,340
	$ 382,507	$ 381,042

(Concluded)

f. Employees' compensation and remuneration of directors and supervisors

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

Accrual rate

	December 31, 2019
Employees' compensation	3%
Remuneration of directors and supervisors	5%

Amount

	December 31, 2019
	Cash
Employees' compensation	$ 1,542
Remuneration of directors and supervisors	2,570

The Group's pre-tax net loss for 2018 was not estimated for employees, directors and supervisors.

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 employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on employees' compensation, and remuneration of directors and supervisors resolved by the Group's board of directors in 2019 and 2018 is available on the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gains or losses on foreign currency exchange

	December 31	
	2019	**2018**
Foreign exchange gains	$ 3,553	$ 458
Foreign exchange losses	(1,811)	(286)
	$ 1,742	$ 172

25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

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

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

	December 31	
	2019	**2018**
Current tax		
In respect of the current year	$ 2,419	$ 111
Adjustments for prior year	13	2,406
	2,432	2,571
Deferred tax		
In respect of the current year	5,578	27,205
Adjustments to deferred tax attributable to changes in tax rates and laws	-	(20,496)
	5,578	6,709
Income tax expense recognized in profit or loss	$ 8,010	$ 9,280

A reconciliation of accounting profit and income tax expenses (benefit) was as follows:

	December 31	
	2019	2018
Profit (loss) before tax from continuing operations	$ 53,914	$ (191,662)
Income tax profit (loss) calculated at the statutory rate	$ 10,783	$ (38,332)
Nondeductible expenses in determining taxable income	2,680	6,188
Unrecognized deductible temporary differences and loss carryforwards	(3,411)	59,772
Tax-exempt income	(3,435)	(312)
Basic tax payable difference	1,380	-
Effect of tax rate changes	-	(20,496)
Adjustments for prior years' tax	13	2,460
Income tax expense recognized in profit or loss	$ 8,010	$ 9,280

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings was reduced from 10% to 5%.

b. Current tax assets and liabilities

	December 31	
	2019	2018
Current tax assets		
Tax refund receivable	$ 17,607	$ 21,888
Current tax liabilities		
Income tax payables	$ 2,149	$ 238

c. Current tax assets and liabilities

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

December 31, 2019

Current tax assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Pension limit exceeded	$ 22,004	$ (3,546)	$ 18,458
Loss deduction	48,647	(24,188)	24,459
Investment losses for using equity method	43,100	14,195	57,295
Unrealized inventory valuation losses	15,603	(1,642)	13,961
Unrealized foreign exchange losses	27	3	30
Doubtful debts overrun	7,751	(1,111)	6,640
Impairment loss on financial assets at FVOCI	5,847	(1,147)	4,700
Gross profit from advance receipts with an issued bill of lading	387	1,715	2,102
	$ 143,366	$ (15,721)	$ 127,645

(Continued)

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Current tax liabilities			
Temporary differences			
Accelerated depreciation of fixed assets	$ 33,847	$ (10,055)	$ 23,792
Unrealized foreign exchange gains	88	(88)	-
	$ 33,935	$ (10,143)	$ 23,792

(Concluded)

December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Current tax assets			
Temporary differences			
Pension limit exceeded	$ 18,525	$ 3,479	$ 22,004
Loss deduction	12,010	36,637	48,647
Investment losses for using equity method	104,148	(61,048)	43,100
Unrealized inventory valuation losses	12,605	2,998	15,603
Unrealized foreign exchange losses	79	(52)	27
Doubtful debts overrun	5,440	2,311	7,751
Impairment loss on financial assets at FVOCI	3,995	1,852	5,847
Gross profit from advance receipts with an issued bill of lading	1,109	(722)	387
	$ 157,911	$ (14,545)	$ 143,366
Current tax liabilities			
Temporary differences			
Accelerated depreciation of fixed assets	$ 41,766	$ (7,919)	$ 33,847
Unrealized foreign exchange gains	5	83	88
	$ 41,771	$ (7,836)	$ 33,935

d. Income tax assessments

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

26. DISCONTINUING OPERATIONS

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

The profit (loss) of discontinuing operations in current period was as bellow:

	2018
Current loss	$ (672)

Information regarding to the prof it/loss and cash flow of business suspension unit was as bellow:

	2018
Operating expenses	$ (653)
Non-operating income and expenses	(19)
	(672)
Tax expense	-
Current profit (loss)	$ (672)
Profit (loss) of business suspension unit belongs to:	
Owners of the Company	$ (474)
Non-controlling interests	(198)
	$ (672)
Net cash outflow generated from operations	$ (1,491)
Net cash flows from investing activities	1,000
Net cash outflow	$ (491)

27. EARNINGS (LOSS) PER SHARE

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

Net Profit (Loss)

	For the Year Ended December 31	
	2019	2018
Basic earnings (loss) per share		
From continuing operations	$ 45,905	$ (176,971)
From discontinued operations	-	474
Net profit loss for the year	$ 45,905	$ (176,497)

Earnings Per Share

(In Thousands of Shares)

	For the Year Ended December 31	
	2019	2018
Weighted average number of ordinary shares used in the computation of basic earnings per share	404,738	404,738

	For the Year Ended December 31	
	2019	2018
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		
Employees' compensation	184	-
Weighted average number of ordinary shares used in the computation of diluted earnings per share	404,922	404,738

If the Group has the option to distribute employee compensation in stocks or cash, when calculating diluted earnings per share, it is assumed that employee compensation will be in the form of stock issuance and the weighted average number of outstanding shares will be included in the weighted average number of outstanding shares when the potential ordinary shares have dilution Diluted earnings per share. When calculating the diluted earnings per share before deciding the number of shares for employee compensation in the following year, we also continue to consider the dilution effect of these potential ordinary shares.

28. CASH FLOW INFORMATION

The Group's disposal of financial assets measured at fair value through other comprehensive profit and loss as of December 31, 2019, there were still $21,393 thousand unrecovered, and other receivables were recorded.

Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2019

	Balance at January 1, 2019	Cash Flows	Non-cash Changes New Leases	Non-cash Changes Discount Amortization	Balance at December 31, 2019
Short-term bills payable	$ 219,736	$ -	$ -	$ (271)	$ 219,465
Lease liabilities	168,565	(51,014)	13,232	-	130,783
	$ 388,301	$ (51,014)	$ 13,232	$ (271)	$ 350,248

For the year ended December 31, 2018

	Balance at January 1, 2018	Cash Flows	Non-cash Changes Discount Amortization	Balance at December 31, 2018
Lease liabilities	$ 139,577	$ 80,000	$ 159	$ 219,736

29. FINANCIAL RISK MANAGEMENT

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

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 among the financial asset and financial liability which are not measured at fair value.

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

1) Fair value hierarchy

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets				
Fund benefit certificate	$ 15,562	$ -	$ 9,598	$ 25,160
Financial assets at FVTOCI				
Investments in equity instruments				
Equity instrument investments				
Listed shares and emerging market shares	$ 15,977	$ -	$ -	$ 15,977
Unlisted shares	-	-	19,733	19,733
Corporate bond	6,061	-	-	6,061
	$ 22,038	$ -	$ 19,733	$ 41,771

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets				
Fund benefit certificate	$ 43,370	$ -	$ 6,535	$ 49,905
Financial assets at FVTOCI				
Investments in equity instruments				
Equity instrument investments				
Listed shares and emerging market shares	$ 136,875	$ -	$ -	$ 136,875
Unlisted shares	-	-	19,015	19,015
Corporate bond	5,375	-	-	5,375
	$ 142,250	$ -	$ 19,015	$ 161,265

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

December 31, 2019

	Financial Assets at FVTPL Fund Benefit Certificate	Financial Assets at FVTOCI - Equity Instruments	
Balance at January 1, 2019	$ 6,535	$ 19,015	$ 25,550
Return of shares after capital reduction	-	-	-
Recognized in profit or loss (included in other gains and losses)	3,063	-	3,063
Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI)	-	718	718
Balance at December 31, 2019	$ 19,465	$ 19,733	$ 29,331

December 31, 2018

	Financial Assets at FVTPL Fund Benefit Certificate	Financial Assets at FVTOCI - Equity Instruments	
Balance at January 1, 2018	$ 8,949	$ 24,107	$ 33,056
Return of shares after capital reduction	-	(2,890)	(2,890)
Recognized in profit or loss (included in other gains and losses)	(2,414)	-	(2,414)
Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI)	-	(2,202)	(2,202)
Balance at December 31, 2018	$ 6,535	$ 19,015	$ 25,550

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

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

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

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

c. Categories of financial instruments

	December 31	
	2019	2018
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ 25,160	$ 49,905
Financial assets at amortized cost (1)	1,481,491	1,046,172
Financial assets at FVTOCI		
Equity instruments	35,710	155,890
Debt instruments	6,061	5,375
Financial liabilities		
FVTPL		
Amortized cost (2)	2,458,938	2,651,161

1) The balances include financial assets at amortized cost, which comprise cash, and notes receivable and trade receivables, other receivables, and restricted assets. (recognized other financial assets and other non-current assets) and refundable deposits.

2) The balance includes financial liabilities measured at amortised cost such as short-term borrowings, short-term notes and bills payable, notes payable, accounts payable, partial other payables and long-term borrowings.

d. Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, trade payables, borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, 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 of related market risk of financial instrument of the Group and the management and measurement of the exposure do not change.

a) including foreign currency risk

For the carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies on the balance sheet date, please refer to Note 33.

Sensitivity analysis

The Group is mainly exposed to the Currency USD, Currency RMB and JPY.

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

	Currency USD Impact For the Year Ended December 31		**Currency RMB Impact For the Year Ended December 31**	
	2019	**2018**	**2019**	**2018**
Profit or loss	$ (419)	$ (462)	$ (347)	$ (350)

	Currency JPY Impact For the Year Ended December 31	
	2019	**2018**
Profit or loss	$ -	$ (1,462)

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

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	
	2019	**2018**
Fair value interest rate risk		
Financial liabilities	$ -	$ 268,200
Cash flow interest rate risk		
Financial assets	386,965	377,224
Financial liabilities	1,932,165	1,975,833

Sensitivity analysis

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

If interest rate decreases/increases 25 basic points, the profit before tax in 2019 decreases/increases $3,863 thousand and the loss before tax in 2018 increases/decreases $3,997 thousand separately with all other variables held constant; the main reasons are floating rate loan, demand deposit and exposure in restricted asset interest rate risk of the Group.

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 of the following:

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

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

	December 31			
	2019		2018	
	Carrying Amount	Largest Credit Risk Exposed Amount	Carrying Amount	Largest Credit Risk Exposed Amount
Off-balance sheet commitments and guarantee				
Endorsement for subsidiary	$ -	$ 703,800	$ -	$ 748,910

The credit risk of the Group is mainly concentered on the key account (KA) of the Group; as the end of December 31, 2019 and 2018, the receivables should exceed 5% of total receivables, which are separately 39.84% and 43.60% of total receivables.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents 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.

Bank loan is an important source of liquidity for the Group. As the end of December 31, 2018 and 2017, the unused long-term and short-term bank loan commitments of the Group are separately $1,892,447 thousand and $1,893,815 thousand.

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

December 31, 2019

	Weighted-average Valid Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	-	$ 260,664	$ 180,887	$ 20,765	$ 457	$ 64,000
Lease liabilities	1.55	8,870	4,311	38,803	81,546	-
Variable interest rate liabilities	1.82	1,000	124,645	636,520	1,170,000	-
		$ 150,679	$ 151,801	$ 696,088	$ 1,252,003	$ 64,000

December 31, 2018

	Weighted-average Valid Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	-	$ 232,472	$ 209,445	$ 17,805	$ 5,317	$ 63,692
Variable interest rate liabilities	1.62	-	67,212	743,888	984,725	180,000
Fixed interest rate liabilities	1.29	131,000	-	137,200	-	-
		$ 363,472	$ 276,657	$ 898,893	$ 990,042	$ 243,692

31. TRANSACTIONS WITH RELATED PARTIES

a. Related parties

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

b. Business transact ion

Line Items	Related Party Name	For the Year Ended December 31 2019	For the Year Ended December 31 2018
Sale of goods	Other related parties	$ 72,797	$ 68,228
Purchases of goods	Fuan Mining Co.	$ 253,837	$ 224,915
	Other related parties	53,160	25,679
		$ 306,997	$ 250,594
Operating costs - transportation expenses	Other related parties	$ 15,713	$ 12,323
Operating expenses	Other related parties	$ 2,862	$ 3,889
Non-operating income	Other related parties	$ 2,406	$ 2,409
Non-operating expenses -	Other related parties	$ 102	$ 890

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.

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

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

c. Receivables from related parties

Line Items	Related Party Name	For the Year Ended December 31 2019	For the Year Ended December 31 2018
Notes receivable	Other related parties	$ 4,972	$ 5,170
Trade receivables	Other related parties	$ 7,450	$ 11,140
Other receivables	Other related parties	$ 155	$ 551

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2019 and 2018, no impairment losses were recognized for trade receivables from related parties.

d. Payables to related parties

Line Items	Related Party Name	For the Year Ended December 31 2019	2018
Notes payables	Fuan Mining Co.	$ 28,810	$ 41,678
	Other related parties	5,846	1,916
		$ 34,656	$ 43,594
Trade payables	Fuan Mining Co.	$ 26,000	$ 21,195
	Other related parties	9,532	2,345
		$ 35,532	$ 23,540
Other payables	Other related parties	$ 1,281	$ 1,157

The outstanding trade payables to related parties are unsecured.

e. Loan from related parties

	Related Party Name	For the Year Ended December 31 2019	2018
Other payables to related parties	Cheng Haibin	$ 45,800	$ 45,800

The above loan from related parties is interest-free.

f. Remunerations of key management personnel

Related Party Name	For the Year Ended December 31 2019	2018
Short-term employee benefits	$ 21,169	$ 17,385
Benefit after retirement	463	441
	$ 21,632	$ 17,826

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

32. ASSETS PLEDGED AS COLLATERAL

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

	December 31	
	2019	2018
Notes receivable	$ -	$ 7,200
In development property	3,073,626	3,012,245
Property, plant and equipment	782,986	794,480
Restricted assets (recognized other financial assets and other non-current assets)	225,753	242,699
	$ 4,082,365	$ 4,056,624

33. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

a. On the date of March 24, 2020, the Parent Company reported to the board of directors the plan to sell the Parent Company's vacant land in the Puxin factory. The estimated total price is NT$20,964 thousand.

b. On the date of March 24, 2020, the board of directors decided, by resolution, to pass the proposal that to increase the investment amount of NT$250,000 thousand on Luckicon Ready-mixed Concrete Factory Co., Ltd., in use to acquire the land located near Shulin District New Taipei City Shulin Dist., New Taipei, Taiwan (R.O.C.). The total value of the land is $590,129 thousand.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

(In Thousands of New Taiwan Dollars and Foreign Currencies)

December 31, 2019

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

December 31, 2018

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 294	30.715 (USD:NTD)	$ 9002
USD	7	6.8632 (USD RMB)	229
RMB	1,566	4.472 (RMB NTD)	6,980
JPY	100,008	0.2872 (JPY:NTD)	28,722

Foreign exchange gains or losses (realized or unrealized) of the Group in 2019 and 2018 are respect lively losses $1,742 thousand and gains $172 thousand. Because there is variety of foreign currency transact ions, it cannot disclose exchange gains and losses in accordance with foreign currency of each important impact.

35. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the FSC for the parent company and investees:

a. Financings provided: Please see Table 1 attached;

b. Endorsement/guarantee provided: Please see Table 2 attached;

c. Marketable securities held (excluding investments in subsidiaries and associates): Please see Table 3 attached;

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

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

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

g. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: Please see Table 4 attached;

h. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please see Table 5 attached;

i. Information about the derivative financial instruments transaction: None;

j. Others: The business relationship between the parent and the subsidiaries and significant transactions between them: Please see Table 7 attached;

k. Names, locations, and related information of investees over which the Company exercises significant influence (excluding information on investment in mainland China): Please see Table 6 attached;

l. Information on investment in mainland China

1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: None;

2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: None;

36. SEGMENT INFORMATION

The Group defined its reportable segments as follows:

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

Other segment: Other operations of non-cement business.

a. Revenue of segments and operating results

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

	Income of Segments		Profit/Loss of Segments	
	2019	**2018**	**2019**	**2018**
Cement segment	$ 3,666,258	$ 3,275,401	$ 116,243)	$ (45,627)
Other segment	65,438	55,200	(38,361)	(109,515)
Gro Total amount of business unit	$ 3,731,696	$ 3,330,601	77,882	(155,142)
Interest revenue			2,072	2,170
Rent income			8,965	9,008
Other revenue			8,930	17,928
Foreign exchange gains			1,742	172
(Gain) loss from financial assets measured at FVPL			3,685	(3,417)
Other expenses			(9,584)	(30,253)
Interest expense			(39,778)	(32,417)
Profit (loss) from continuing operations before tax			53,914	(191,662)
Loss from discontinued operations before tax			-	(672)
Profit (loss) before tax			$ 53,914	$ (192,334)

The revenue of segments reported above is generated with external client exchange. There is no selling between segments in 2019 and 2018.

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

b. Total assets and liabilities of segments

	December 31	
	2019	2018
Segment assets		
Continuing operating segment		
Cement segment	$ 4,081,748	$ 4,001,015
Other segment	3,247,129	3,292,482
Total assets	$ 7,328,877	$ 7,293,497
Segment liabilities		
Continuing operating segment		
Cement segment	$ 2,237,236	$ 2,440,119
Other segment	670,704	626,380
Total liabilities	$ 3,007,940	$ 3,066,499

c. Geographic information

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

d. Main customer’s information

The annual sales revenue of NT$3,731,696,000 and NT$3,330,601,000 in 2019 and 2018, there were NT$255,776,000 and NT$400,868,000 respectively from the largest customer of the Group. In the year of 2019 and 2018, there was no other revenue from a single customer that exceeded 10% of the Group’s total revenue.

LUCKY CEMENT CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

No.	Financing Company	Counter-party	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 Corp.	Dasheng Enterprise	Other receivables from related parties	$ 200,000	Yes	$ 200,000	$ 47,350	1.7875%	b.	$ -	Operating turnover	$ -	-	-	$ 432,086	$ 1,728,344
		Luckyship Marine Co.	Other receivables from related parties	30,000	Yes	30,000	12,000	1.7875%	b.	-	Operating turnover	-	-	-	432,086	1,728,344
		Lucky Cement Corp., Japan	Other receivables from related parties	30,000	Yes	30,000	-	1.7875%	b.	-	Operating turnover	-	-	-	432,086	1,728,344
						$ 260,000										
1	Luckicon Ready-mixed Co.	Dasheng Enterprise	Other receivables from related parties	20,000	Yes	$ 20,000	20,000	1.31%	b.	-	Operating turnover	-	-	-	57,305	114,611

Note 1: The expressions of nature for financing is as follows:

a. Party with business.
b. Party with short-term financing need.

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

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

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

Note 5: All inter-company transactions, balances, income and expenses are eliminated upon consolidation.

LUCKY CEMENT CORPORATION AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Otherwise Noted)

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 Corp.	Dasheng Enterprise	Subsidiary	$ 1,728,344	$ 620,000	$ 620,000	$ 620,000	$ 120,000 (Note 3)	14.35%	$ 2,160,430	Y	-	-	
		Luckicon Ready-mixed Co.	Subsidiary	1,728,344	70,000	70,000	50,000	-	1.62%	2,160,430	Y	-	-	
		Luckyship Marine Co.	Subsidiary	1,728,344	45,000	-	-	-	-	2,160,430	Y	-	-	
		Lucky Cement Corp., Japan	Subsidiary	1,728,344	14,735	13,800	-	-	0.32%	2,160,430	Y	-	-	
						$ 703,800								

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

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

Note 3: The certificate of deposit NT$60,000,000 is provided as collateral which is recognized other finance asset-restricted asset.

LUCKY CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Held Company Name	Marketable Securities Type and Nam	Relationship with the Company	Financial Statement Account	December 31, 2019				Note
				Shares/Units	Carrying Value	(%)	Fair Value (Notes 1 and 2)	
Lucky Cement Corp.	Fund							
	O-Bank No.1 Real Estate Investment Trust	-	Financial assets at FVTPL - current	100,000	$ 980	-	$ 980	
	Non-listed common stock							
	Jonfeng Mining Co., Ltd	-	Financial assets at FVOCI - noncurrent	1,071,428	8,175	10.58	8,175	
	WK Technology Fund	-	〃	1,156,000	6,433	2.22	6,433	
	Global Securities Finance Corp.	-	〃	700,837	4,857	0.18	4,857	
	Listed common stock							
	Far Eastern New Century Corporation	-	Financial assets at FVOCI - current	200,000	5,970	-	5,970	
	U-Ming Marine Transport Corporation	-	〃	128,000	4,301	-	4,301	
	Winbond Electronics Corp.	-	〃	130,181	2,545	-	2,545	
	Excelsior Medical Co., Ltd.	-	〃	28,628	1,778	-	1,778	
	United Microelectronics Corporation	-	〃	72,351	1,190	-	1,190	
	China Development Financial	-	〃	13,496	131	-	131	
	First Financial Holding Co., Ltd.	-	〃	891	21	-	21	
	Capital Securities Corp.	-	〃	875	10	-	10	
	Hua Nan Financial Holdings Co., Ltd.	-	〃	423	10	-	10	
	Taiwan Cement Corp	-	〃	141	6	-	6	
Luckyship Marine Co.	Non-listed common stock							
	Jonfeng Mining Co., Ltd.	-	Financial assets at FVOCI - noncurrent	35,129	268	0.35	268	
Luckyship Marine Co.	Listed common stock							
	Medigen Biotechnology Corporation	-	Financial assets at FVOCI - current	242	15	-	15	
Luckicon Ready-mixed Co.	Fund							
	Nomura Global Short Duration Bond Fund	-	Financial assets at FVTPL - current	474,325	5,126	-	5,126	
	Shin Kong Emerging ASEAN Bond Fund	-	〃	500,015	4,506	-	4,506	
	Mega Danish Covered Mortgage Bond Index Fund	-	〃	500,000	4,950	-	4,950	
	TSG Phnom Penh Real Estate Development Fund	-	Financial assets at FVTPL - noncurrent	500	9,598	-	9,598	
	Corporate bond							
	The Cathay United Jenai EMC USD Fixed Interest Allocation Bond	-	Financial assets at FVOCI - current	-	6,061	-	6,061	

Note 1: Financial assets at FVTPL: Fair value is based on the net asset value of funds on December 31, 2019.

Note 2: Financial assets at OCI: Listed stocks of financial assets measured at FVPL, its fair value is based on stock closing price on December 31, 2019. Corporate bond is based on market price on December 31, 2019. Non-listed stocks are estimated market value by the fair value evaluation method.

Note3: Please refer to Table 6 for info regarding to subsidiary investment.

(Concluded)

LUCKY CEMENT CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(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 Corp.	Luckicon Ready-mixed Co.,	Subsidiary	Sale	$ (641,814)	(21.90)	About 90 days	Quite	Quite	Accounts receivable $ 64,786 Notes receivable 58,913	41.10 12.46	
Lucky Cement Corp.	Fuan Mining Co., Ltd.	Other related parties	Purchase	253,837	22.16	About 90 days	Agreed	Quite	Accounts payable (26,000) Notes payable (28,810)	(25.31) (18.13)	

Note: All inter-company transactions, balances, income and expenses are eliminated upon consolidation.

LUCKY CEMENT CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Ending Balance	Turnover Days	Overdue		Amounts Received in Subsequent Period	Allowance for Amount Action Taken Bad Debts
					Amount	Action Taken		
Lucky Cement Corp.	Luckicon Ready-mixed Co.,	Subsidiary	$ 123,699	6.43	$ -	-	$ 123,699	$ -

Note: All inter-company transactions, balances, income and expenses are eliminated upon consolidation.

LUCKY CEMENT CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2019
(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, 2019			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized	Note
				December 31, 2019	December 31, 2018	Number of Shares	Percentage of Ownership	Carrying Value			
Lucky Cement Corp.	Dasheng Enterprise	14F., No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Real estate sales and lease	$ 2,167,473	$ 2,167,473	157,295,283	99.99	$ 2,294,648	$ (40,085)	$ (40,084)	
	Luckicon Ready-mixed Co.	No. 191, Sec. 1, Meishi Rd., Yangmei Dist., Taoyuan City 326, Taiwan (R.O.C.)	Ready-mixed concrete manufacture and trades	99,998	99,998	21,999,868	99.99	286,548	27,739	27,763	
	Just Bright Ltd.	Tropic Isle Building, PO Box 438, Road Town, Tortola, British Virgin Islands	Investment business	-	1,566	50,000	100.00	-	166	166	Note 2
	Lucky Cement Corp., Japan	Aichi, Japan hekinan Yu Jin-Pu-cho 12 gu	Cement trading	82,300	82,300	6,800	100.00	24,578	729	729	
	Luckyship Marine Co.	13F., No. 237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Shipping agent	88,615	88,615	8,499,994	99.99	43,864	(8,889)	(8,887)	
Luckicon Ready-mixed Co.	Fuyu Development Company	13F., No. 237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Mine gravel	12,571	12,571	1,000,000	100.00	4,815	(4,806)	(4,806)	

Note 1: The amounts were based on audited financial statements.

Note 2: On the date of December 27, 2019, the board of directors decided, by resolution, to discontinue the operation of the subsidiary Just Bright Ltd., and closed its securities account and bank account. The estimated complete date of the cancellation of registration is May 1, 2021.

Note 3: The original investment amount includes the previous year's capital reduction to make up for the decrease in losses.

LUCKY CEMENT CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

No	Company Name	Counter Party	Nature of Relationship (Note)	Intercompany Transactions			
				Financial Statements Item Amount	Amount	Terms	%of Consolidated Net Revenue or Total Assets
0	Lucky Cement Corp.	Luckicon Ready-mixed Co.	1	Notes receivable	$ 58,913	About 90 days	0.81
		〃	1	Accounts receivable	64,786	About 90 days	0.89
		〃	1	Other receivables	117	About 90 days	-
		〃	1	Contract liabilities	8,201	About 90 days	0.11
		〃	1	Sales	641,814	About 90 days	17.20
		〃	1	Rental income	1,525	30 days	0.04
		Fuyu Development Company	1	Other receivables	6	About 90 days	-
		〃	1	Notes payable	13	About 90 days	-
		〃	1	Other payables	257	About 90 days	-
		〃	1	Purchase	2861	About 90 days	0.08
		〃	1	Rental income	8,060	30 days	0.22
		〃	1	Other gains	1,200	30 days	0.03
		Luckyship Marine Co.	1	Other receivables	12,000	Financing, the repayment period is one year	0.16
		〃	1	Other receivables	21	About 90 days	-
		〃	1	Other payables	2,524	About 90 days	0.03
		〃	1	Operating cost	7,523	About 90 days	0.20
		〃	1	Rental income	256	30 days	-
		〃	1	Interest income	111	30 days	-
		Dasheng Enterprise	1	Refundable deposits	159,000	Returned upon completion according to the contract	2.18
		〃	1	Notes receivable	7	About 90 days	-
		〃	1	Other receivables	47,350	Financing, the repayment period is one year	0.65
		〃	1	Other receivables	85	About 90 days	-
		〃	1	Rental income	80	30 days	-
		〃	1	Interest income	1,327	30 days	0.04
		Lucky Cement Corp., Japan	1	Interest income	11	30 days	-
1	Luckicon Ready-mixed Co.	Fuyu Development Company	1	Rental income	2,025	30 days	0.05
		Dasheng Enterprise	3	Notes receivable	449	About 90 days	0.01
		〃	3	Accounts receivable	1,404	About 90 days	0.02
		〃	3	Other receivables	20,000	Financing, the repayment period is one year	0.27
		〃	3	Other receivables	22	About 90 days	-
		〃	3	Sales	4,437	About 90 days	0.12
		〃	3	Interest income	293	30 days	0.01

Note: No. 1 represents the transactions from Parent Company to subsidiary.
No. 3 represents the transactions between subsidiaries.

6.6 The Company and its affiliates shall disclose the impact on the financial status of the Company in the most recent year and up to and including the date of publication of the annual report: None

VII Examination Analysis and Risk Matters of Financial Position and Operating Results

7.1 Analysis of Financial Status

Analysis of Financial Status (Consolidated)：

Unit：NT$1,000

Item \ Year	2019	2018	Difference Amount	Difference %
Current Assets	$5,087,148	$4,938,529	$148,619	3.01
Property, Plant and Equipment	1,711,806	1,876,081	(164,275)	(8.76)
Other Assets	529,923	478,887	51,036	10.66
Total Assets	7,328,877	7,293,497	35,380	0.49
Current Liabilities	1,617,131	1,736,069	(118,938)	(6.85)
Non-Current Liabilities	1,390,809	1,330,430	60,379	4.54
Total Liabilities	3,007,940	3,066,499	(58,559)	(1.91)
Paid –in Capital	4,047,380	4,047,380	0	0.00
Capital Surplus	8	8	0	0.00
Retained Earnings	269,466	182,653	86,813	47.53
Other Equity	4,006	-3,121	7,127	(228.36)
Non-controlling interests	77	78	(1)	(1.28)
Total Equity	4,320,937	4,226,998	93,939	2.22
The increase in retained earnings and other equity was from the surplus in this year.				

7.2 Analysis of Financial Performance

Analysis of Financial Performance (Consolidated)：

Unit: NT$1,000

	2019		2018		Difference Amount	Difference（%）
	Subtotal	Total	Subtotal	Total		
Total operating revenue	$3,733,161		$3,332,514		$400,647	12.02
Less：Sales discounts and allowances	1,465		1,913		(448)	(23.42)
Net operating revenue		3,731,696		3,330,601	401,095	12.04
Operating costs		3,432,815		3,283,834	148,981	4.54
Gross profit (loss) from operations		298,881		46,767	252,114	539.09
Operating expenses		225,119		218,012	7,107	3.26
Net other income (expenses)		4,120		16,103	(11,983)	(74.41)
Net operating income (loss)		77,882		(155,142)	233,024	150.20
Non-operating income and expenses		(23,968)		(36,520)	12,552	(34.37)
Profit (loss) before tax from continuing operations		53,914		(191,662)	245,576	128.13
Total tax expense (income)		8,010		9,280	(1,270)	(13.69)
Profit (loss) from continuing operations		45,904		(200,942)	246,846	122.84
Profit (loss) from discontinued operations		0		(672)	672	(100.00)
Profit (loss)		45,904		(201,614)	247,518	122.77
Other comprehensive income [abstract]		48,035		4,965	43,070	867.47
Comprehensive income		$93,939		($196,649)	290,588	147.77

Analysis of changes in financial ratio：

1. The main reason of the increase in operating gross profit and operating net profit was the increased revenue from booming market and the decreased unit cost from production capacity increased.–
2. The decrease in other gains and net losses was mainly due to fewer asset disposal in this year compared to the benefits generated from the disposal of real property, plant and equipment in 2018.
3. The decrease in non-operating expenses was mainly due to the recognized losses of the subsidiary's dissolution and liquidation in 2018.

7.3 Analysis of Cash Flow

Review and Analysis of Consolidated Cash Flows

Analysis of Cash Flow

Unit：NT$1,000

The Balance of Cash Flow in the Beginning of Year	Net Cash Flow from Operating Activities	Cash Outflow (Inflow)	Cash Surplus (Deficit)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
198,802	262,747	228,123	233,426	－	－

1. Analysis of change in cash flow in the current year:：
   （1）Operating activities: Net cash flows from operating activities NT$ 262,747,000 is due to the increase in current receivables from the increased revenue, and the reducing cash outflows form the increase in contract liabilities and payables by NT$ 151,114,000.
   （2）Investment activities：Cash flows from investing activities NT$ 133,281,000 comes mainly from the cash flow of disposal of financial assets NT$197,806,000.
   （3）Financing activities: the cash outflow from financing activities NT$361,234,000, which is mainly coming from the net cash outflow of loan repayments NT$362,603,000.
   （4）The effect of exchange rate changes was caused by cash flow of NT$ 170,000.

2. Remedy for cash shortages and liquidity analysis：None

3. Analysis of cash liquidity for the coming year：

   ①The Balance of Cash flow in the beginning of the year ＝NT$233,426,000

   ②Estimated Net Cash Flow from Operating Activities＝NT$363,267,000

   ③Estimated Cash Outflow (Inflow)＝NT$363,225,000

   Estimated Cash Surplus (Deficit) ①＋②－③＝NT$223,468,000

7.4 Major Capital Expenditure Items: None

7.5 Investment Policy in the Last Year, Main Cause for Profits or Losses, Improvement Plans and the Investment Plans for the Coming Year

The most recent year was the development of an industry related to the Company's business. To expand the scale of operations and achieve a vertical separation or horizontal integration, the increase in operating niche was the Company's investment policy.
Loss of investment in 2019:

1. The reason for the loss of Dasheng Enterprise Co., Ltd. is that the newly-built development project of real estate has not yet been promoted, resulting in no operating income and bearing the interest expense of the development stage.
2. Luckicon Ready-mixed Concrete Factory Co., Ltd. benefited from the stabilization of the real estate industry, the increase in demand has turned it into a profit; it is planed to build a Huilong factory to replace the Wugu factory and expected to be completed by the end of 2021.
3. The revenue of Luckyship Marine Co., Ltd. has increased significantly in 2019, but there was still a slight loss before the break even. The company is actively strengthening business expansion to increase revenue, strictly control costs, and expect to turn into profit.

7.6 Analysis and Evaluation of Risk Management

1. Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures：

(1) Foreign exchange rates：：

Except that some of the materials of the Company are imported, the rest are domestic purchases, and our products are domestic sales. Therefore, the foreign currency of the Company’s accounts for a small proportion of the Company's total assets and it is short-term loans within one year. At the end of 2019, there were no liabilities for foreign currency borrowings, and foreign exchange gains for the year were NT$1,742,000. In order to reduce risks arising from changes in exchange rates, the Company, in addition to long-term tracking of changes in the international economy and finance, irregularly reviews the risk exposure of the Company's foreign currency position, and plans foreign currency demand to circumvent or reduce the possibility of future changes. The Company's financial hedging strategy is aimed at achieving a goal of avoiding most market price or cash flow risks.

(2) Interest rate：

In 2019, except that the short-term and long-term borrowings in the previous period had been repaid on time, the Company reduced short-term borrowings by NT$619,951,000 and increased long-term borrowings by NT$320,000,000. The annual interest expense was NT$39,778,000, and the interest expense accounted for 1.07% of the net revenue. As the fluctuation of interest rates is closely related to economic prosperity, it is still safe for the Company's current financial structure. Although there is regional growth in the global economy, the kinetic energy is still uncertain, the domestic political and economic environment is disturbed, and it is unlikely to raise interest rates in the short term. In order to ensure that the future interest expense due to rising interest rates is reduced, the Company will continue to improve its financial structure and will adopt more meticulous and effective capital planning and use measures.

(3) Inflation:

The Company has a positive correlation with product prices and inflation, so the impact on the company's profit and loss should not be excessive.

2. Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions：

The Company does not engage in high-risk, high-leverage investments. For acquisition or disposal of major assets, loans to others, endorsement guarantees, and derivative commodity transactions, all are based on the Company's policies and procedures, such as "Regulations Governing the Acquisition and Disposal of Assets", "Procedures for Lending of Capital", "Procedures for Endorsements and Guarantees" and "Procedures for Engaging in Derivatives Trading".

3. Future Research & Development Projects and Corresponding Budget：

The Company is in the cement manufacturing industry, and the products are mature products used in general building materials. Therefore, the Company will actively optimize the production equipment, improve the operation rate, and improve the product quality to provide customers with better products and services. In addition, more active use of waste resources to reduce the use of natural resources has led to the recycling of economic resources.

4. Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales：

(1) With the policies and laws, such as Corporate Governance, Company Act, Securities and Exchange Act modified by the competent authority, the Company has been in cooperation, so there is no large impact for financial business currently.

(2) For the implementation of the new system for retirement, the Company has been pension in accordance with the law, so the new system has no impact for financial business.

(3) Another choice for pension reserve of retired employees in accordance with old system of retirement, the pension reserve has saved in pension fund account on March 31, 2016. At the end of March each year, the amount of insufficient funds is saved according to the actuary's report.

(4) The revision of the Mining Law and the sharp increase in the special tax on mining will inevitably increase the burden on costs and reduce the gross profit, the Company is intended to more stringently control costs in order to achieve a breakthrough.

5. Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales：

The products of the Company are used for general public constructions and civil construction projects; but the construction methods and inspection standards have not changed largely, there is no impact for financial business of the Company.

6. The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures：

The Company has operating principles in steady and conservative and attentions to the image and risk management, so there is no any foreseeable crisis. Although the cement industry has entered a mature period with limited growth, the Company is actively transforming and looking for business opportunities.

7. Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans： None

8. Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans： None

9. Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration：

The Company knows the risk of focusing on purchase/sales, so the purchase has adopted diversified procurement policy, except for purchases by special minerals and fixed suppliers, the rest is no focus on purchase from the same supplier. In terms of sales, it also spreads risks and implements credit management. The transactions are according to the characteristics of the industrial market transactions and it is based on the advance sales receipts method, except there are some give credit to the evaluation of the operations and financial status of domestic listed (OTC) companies and the sales of the affiliates of the Company. Therefore, the Company's assessment of the risk of recovery of accounts, in the listed (OTC) companies and the affiliates of the Company, the account recovery situation is generally good. As for the customers that belong to the advance payment, because the creditor's right has not yet been generated, it does not evaluate the Transaction Instruments received by the Company. After the customer picks up the goods, the creditor's right of the Company occurs. If the Transaction Instrument has not been cashed, the Company will estimate the Company's bad debt provision for the actual amount that has not been cashed

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10. Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%： None

11. Effects of, Risks Relating to and Response to the Changes in Management Rights： None

12. Litigation or Non-litigation Matters： None

13. Other Major Risks：

The Company stipulate countermeasures by structuring informal organization system for general day-to-day operations and emergency events to strengthen the management of business risks：

(1) Operation of Meeting：

Accounting department takes charge of the preparation of business review information monthly, and the Chairman acts as the host to convene managers of units including but not limited to business department and factories to review the Company's operations, production and marketing issues for current month, tracking the implementation of the budget and developing improvement program.

(2) Meeting of the Head：

The Chairman convenes first level supervisors of each unit to attend the monthly meeting and each unit presents business situation in the meeting, in addition to review, tracking the implementation of work by each unit, and evaluate the impact of internal and external economic or non-economic environment changes on the Company's established operating principles and strategies and objectives, further stipulating adjusted strategy and program after joint discussion.

(3) Emergent Event Reporting System：

For the purposes of handling any Significant emergent event and reducing any potential damages, the Company establishes “Emergency Reporting System Measures”, a guideline of reporting process and on-site contingency treatment for each unit and staffs of the Company.

(4) Information security risks

The Company has formulated a clear policy on network security; the strict control and management of information security authority and responsibility and education and training, information security operations and protection, network security management, and system access control are as follows:

① The Company has strict control over the login account permissions and file access permissions of each system, and non-related personnel are prohibited from using them to ensure the information confidentiality of the Company.

② Install anti-virus software on the user side to reduce the infected risk of computers, and introduce USB external storage device control software to prevent users from plugging and unplugging the USB device and causing computer infected.

③ Regularly participate in information security seminars to improve the information security technology for information staffs, and review the Company's internal security gap at any time to strengthen the defense mechanism.

④ Build firewall equipment and set up defense policies to block internal and external network access services without permission.

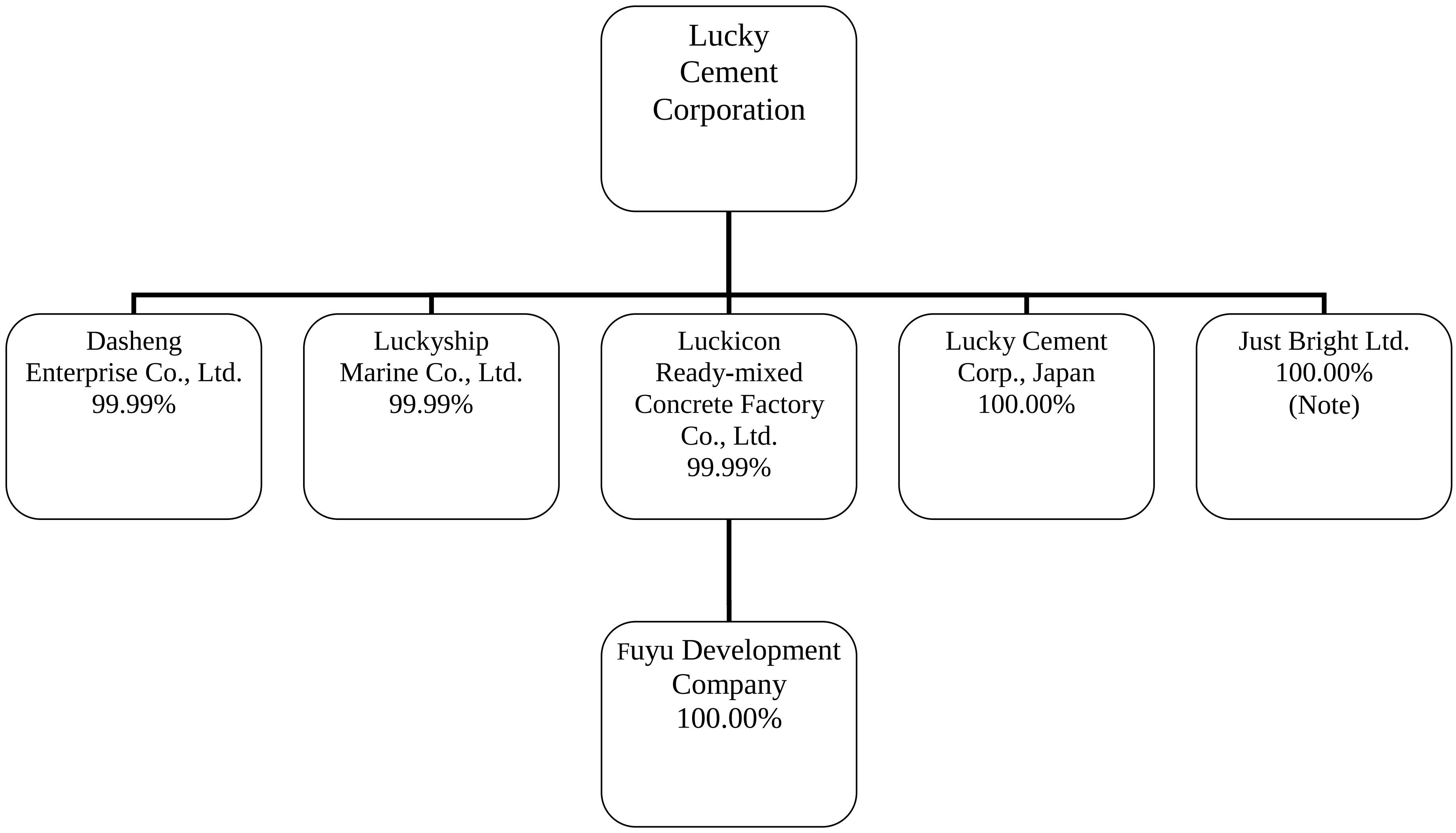
⑤ Regularly backup the SAP ERP system database and perform SAP system disaster recovery drills every year, and establish remote data backup and system backup to ensure that the system environment can be quickly rebuilt when a disaster occurs and maintain the Company's normal operation.

7.7 Other Important Matters：None

VIII Special Disclosure

8.1 Summary of Affiliated Companies

1. Organization



(Note) The parent company ‘s board of directors decided end the operation of its subsidiary Just Bright Ltd. on December 27, 2019 , and closed its securities account and bank account. It is expected to complete the cancellation procedure on May 1, 2021.

2.Subsidiaries' information

Comapany Name	Date of establishment	Address	Paid in capital	Main business items
Dasheng Enterprise Co., Ltd.	December, 1969	14F, 237 Songjiang Rd., Zhongshan Dist., Taipei City	NT$1,573,000,000	Construction Business
Luckyship Marine Co., Ltd.	July, 1993	13F, 237 Songjiang Rd., Zhongshan Dist., Taipei City	NT$85,000,000	Shipping Agent and Transportation
Luckicon Ready-mixed	May, 1993	191 Meishi Rd., Sec. 1, Yangmei Dist., Taoyuan City	NT$220,000,000	Ready-mixed Concrete Manufacturing & Trades
Lucky Cement Corp., Japan	June, 1987	Aichi, Japan hekinan Yu Jin-Pu-cho 12 gu	￥100,000,000	Cement Trading
Just Bright Ltd.	December, 2000	Tropic Isle Building,Po Box438,RoadTwon,Tortola,	US$50,000	Investment Business
Fuyu Development Company	November, 2007	13F, 237 Songjiang Rd., Zhongshan Dist., Taipei City	NT$10,000,000	Mine Gravel

3. Presumed to have control and affiliation, their same shareholder information: None

4. Information of subsidiaries' directors and supervisors

December 31, 2019

Company Name	Title	Name or Representative	Holding Shares	
			Shares	Shareholding Ratio
Dasheng Enterprise Co., Ltd.	Chairman	Chen, Liang-Chuan (Lucky Cement Co.)	157,295,283	99.99%
	Director	Xiao, Jing-Qi (Lucky Cement Co.)	157,295,283	99.99%
	Director	Chen, Yun-Ju (Lucky Cement Co.)	157,295,283	99.99%
	Supervisor	Lin, Zheng-Liang	—	—
Luckyship Marine Co., Ltd.	Chairman	Chen, Liang-Chuan (Lucky Cement Co.) （Lucky Cement）	8,499,994	99.99%
	Director	Guo, Qing-Shui (Lucky Cement Co.)	8,499,994	99.99%
	Director	Chen, Yun-Ju (Lucky Cement Co.)	8,499,994	99.99%
	Supervisor	Weng, Xiu-Chu	—	—
Luckicon Ready-mixed Concrete Factory Co., Ltd	Chairman	Chen, Liang-Chuan (Lucky Cement Co.)	21,999,868	99.99%
	Director	Chen, Yun-Ju (Lucky Cement Co.)	21,999,868	99.99%
	Director	Weng Xiu-Chu (Lucky Cement Co.)	21,999,868	99.99%
	Supervisor	Lin, Zheng-Liang (Jinli Investment Co.)	22	0.01%
Lucky Cement Corp., Japan	Chairman	Chen, Liang-Chuan (Lucky Cement Co.)	6,800	100.00%
	Director	Chen, Yun-Ju (Lucky Cement Co.)	6,800	100.00%
	Director	Weng, Xiu-Chu (Lucky Cement Co.)	6,800	100.00%
	Supervisor	Lin, Jia-Hui (Lucky Cement Co.)	6,800	100.00%
Just Bright Ltd.	Director	Chen, Liang-Chuan (Lucky Cement Co.)	—	—
Fuyu Development Company	Chairman	Chen, Qing-Hong (Luckicon Ready-mixed Concrete Co.)	1,000,000	100.00%
	Director	Chen, Jun-Ren (Luckicon Ready-mixed Concrete Co.)	1,000,000	100.00%
	Director	Lin, Jia-Hui (Luckicon Ready-mixed Concrete Co.)	1,000,000	100.00%
	Supervisor	Zhang, Long-Xiong (Luckicon Ready-mixed Concrete Co.)	1,000,000	100.00%

5. The industries covered by all subsidiaries' business operations

(1) Manufacturing, processing, sales and distribution of cement and cement products.
(2) Mining, manufacturing, processing, sales and distribution of raw materials for cement and raw materials for cement products and various ores.
(3) Construction business.
(4) Ship transportation.
(5) Ready-mixed concrete manufacturing and trades.
(6) Investment business.
(7) Shipping agent.
(8) Mine gravel.

6.Business overview of affiliated companies

Unit: In Thousands of New Taiwan Dollars，except Earnings (Loss) Per Share
December 31, 2019

Company Name	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Net Operating Income (Loss)	Profit/Loss (after Tax)	Earnings (Loss) Per Share (after Tax) (NTD)
Dasheng Enterprise Co., Ltd.	1,573,000	3,191,907	897,184	2,294,723	114	(27,671)	(40,085)	(0.25)
Luckyship Marine Co., Ltd.	85,000	60,978	17,116	43,862	72,846	(8,640)	(8,889)	(1.05)
Luckicon Ready-mixed Concrete Factory Co., Ltd	220,000	587,674	301,148	286,526	1,247,428	34,210	27,739	1.26
Lucky Cement Corp., Japan	24,165	30,650	6,072	24,578	61,892	980	729	—
Just Bright Ltd.	—	—	—	—	—	(59)	166	—
Fuyu Development Company	10,000	24,949	20,134	4,815	74,803	(6,100)	(4,806)	(4.81)

7. **The Consolidated Financial Statements of affiliated enterprises**

Declaration for the Consolidated Financial Statements of Affiliated Enterprises of the Company

March 27, 2020

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, 2019 are the same as the companies required to be included in the consolidated financial statements of the Company and subsidiaries as of and for the years ended December 31, 2019 and 2018, as provided in International Accounting Standard 10 "Consolidated and Separate Financial Statements." Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of the Company and subsidiaries as of and for the years ended December 31, 2019 and 2018. Hence, we did not prepare a separate set of consolidated financial statements of affiliates for the year ended December 31, 2019.

Very truly yours,

Lucky Cement Corporation

By

Chen, Liang-Chuan

Responsible Person

8.2 Private Placement Securities in the Most Recent Years: None

8.3 The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: None

8.4 Other Necessary Supplementary Note: None

IX The Significant Impact on Shareholders' Equity or Securities Prices in 2019 and up to the Date of Publication of the Annual Report: None