Stock Code: 1108

Taiwan Stock Exchange Market Observation Post System
Website: http://mops.twse.com.tw
Lucky Cement Co., Ltd., Website:
http://www.luckygrp.com.tw

Lucky Cement Co., Ltd.

2016 Annual Report

Printed on: April 30, 2017

I. Spokersperson / Acting Spokesperson

Name：Weng, Xiu-Chu／Chen, Yi-Cheng
Title：Manager／Vice Manger
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II. Contact Information

Name	Address	Phone
Headquarter	15F. No. 237, Songjiang Rd., Taipei City	(02)2509-2188
Dongao Plant	No. 101, Sec. 3, Suhua Rd., Nanao Village, Yilan County	(03)998-6110
Puxin Plant	No. 193, Sec. 1, Meisi Rd., Chengping Li, Taoyuan County	(03)481-4788
Horen Plant	No. 73, Horeng Rd., Hoping Village, Xiulin Country, Hualien County	(03)868-1217

III. Agent for Stock Affairs
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Address: 3F., No. 17, Boai Rd., Chungzheng Dist., Taipei City 100
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Website: http://www.sinotrade.com.tw

IV. Auditor
CPA Firm: Deloitte & Touche
CPA: Huang, Hai-Yueh, Liu, Yung-Fu
Address: 12F. No. 156, Sec. 3, Mingsheng E. Rd., Taipei City
Telephone:(02)2545-9988
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V. Name of Exchange Stock for Overseas Security Listed & Trades and query mode:
Not applicable

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

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I. Letter To Shareholders

1. The words of the President

Dear sir and madam:

The consolidated operating revenue of financial year 2016 was 4,251 million dollars, consolidated operating profit was 426 million dollars and consolidated net income before tax was 315 million dollars that was reduced 32% compared to the previous financial year and the main reason was the decline of domestic cement demand in 2016. We will be more proactively adjusting business strategies and make every effort to strengthen our competency in order to gain back the past glory.

A look of the global economy in 2016: US Federal Reserve System took a positive move toward interest rate rise due to an economic revival in the United States, the effect after Brexit, the problems of deflation and unemployment at European Economic Area and cut excessive industrial capacity and economic restructuring in China. Economic distress of non-governmental construction industry and lack of major public construction projects decreased the domestic demand on cement gradually and we will still continually make great efforts to improve the production efficiency and control the cost under the economic downturn of business environment.

Looking ahead 2017, a global economic revival is full of uncertainties due to the economic policy of new US president, Trump, who promotes manufacturers return back to U.S.A toward conservatism, trade protectionism has begun to prevail Internationally, economic restructuring in China, the countries of European Union like Germany, French, Italy, and Holland facing the election and Organization of the Petroleum Exporting Countries (OPEC) has cut output and promoted increasing gas prices. In addition to a surge of international affairs, the domestic impact from the uncertainty of cross-strait relations and promoting policy of the President, the relevant issues that are closely related to the life of the public like pension reform and one fixed day off, and one flexible rest day draw the attention and plus the slow major public construction projects and non-governmental new building projects makes the demand of cement be short of growing and the domestic demand of cement market is expected to stay on the sidelines this year. Therefore, the estimated sales of relevant products like cement and stone are conservative compared to the previous financial year.

We appreciated the support and inspiration from all the shareholders for many years and we will take further efforts to improve business performance to create the greatest benefit to the shareholders. Lastly, we give best wishes for good health and good luck to all the shareholders. Thank you.

President：CHEN, LIANG-CHUAN /with seal/

2. 2016 Business Report

(1) Business Performance:

1. Major parts of products:

Item	2016	2015	Increase(Decrease)	Growth%
Cement and Slag Powder (Unit: 1,000 metric tons)	864	1,054	(190)	(18.03%)
Stone (Unit: 1,000 metric tons)	4,260	5,207	(947)	(18.19)%

Status of badget implemented:

Total production quantity of cement and slag powder was 864 thousand metric tons, the budget production quantity was 1,031 thousand metric tons. Year 2016 bedget achieved rate is 84%.

Total production quantity of stone was 4,260 thousand metric tons, the budget production quantity was 5,955 thousand metric tons., Its budget achieved rate was 72%.

2. Major parts of Sales

Item	2016	2015	Increase (Decrease)	Growth%
Cement and Slag Powder (Unit: 1,000 metric tons)	1,134	1,354	(220)	(16.25%)
Stone (Unit: 1,000 metric tons)	3,100	4,222	(1,122)	(26.58%)
Cement and Slag Powder (Unit:1,000 dollars)	2,413,021	2,862,028	(449,007)	(15.69%)
Stone (Unit:1,000 dollars)	918,951	1,142,670	(223,719)	(19.58)

Status of budget implemented:

Total sales of cement and slag powder was 1,134 thousand metric tons, the budget sale quantity was 1,261 thousand metric tons, and its achieved rate was 90%.

Total sale quantity of stone was 3,100 thousand metric tons, the budget sale quantity was 5,000 thousand metric tons, and its achieved rate was 62%.

(2) Analysis of Financial Revenue and Expenditure and Profitability

Unit: NTD$ 1 Million

Item	2016	2015	Increase (Decrease)	Increase (Decrease) %
Operating revenue	4,251	5,021	(770)	(15.34%)
Operating Income	426	624	(198)	(31.73%)
Net Income before Tax	401	616	(215)	(34.90%)
Net Income After Tax	315	463	(148)	(31.97%)

~~Item~~ Index			2016	2015
Return on Investment	Operating Income to cpital (%)	% of Actual Receipt Capital	10.29	16.91
	Pre-tax Income to capital (%)		9.43	14.12
	Net Income to Sale (%)			11.32
	Earnings Per Share (NTD)			1.16

(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 achieved simultaneously significant results that 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 us and the manufacturer in order to achieve the goals of Government policy.

(4) Subordinated business:

1. Dasheng Development Co., Ltd.

The company invests in the land located in the Dajioling area of Anle District of Keelung City. The land is under reclaiming stage. the Company will integrate the first and second phase infrastructure works to save the development cost. At present, we are at Soil and Water Conservation Engineering Stage, expecting to cooperate with Keelung on the incorporation into the development of the Greater Taipei Area. In 2016 The company~~'s~~ suffer a net loss amount NTD$ 62,900,000.

2. Lucky Cement Co. (Japan)

The sales revenue of cement in the year of 2016 was NT $ 95,020,000, and net gain was NT $ 3.8 million.

3. Fortune Ready Mix Concrete Co., Ltd

The sales revenue of cement in the year of 2016 was NT $ 810,400,000, and NT net gain was $ 31.3 million.

4. Shun Fu Aviation Industry Co., Ltd.

The sales revenue of cement in the year of 2016 was NTD $ 49 million and net loss was NT $ 12.4 million.

5. Just Bright Ltd (BVI Corp.)

It was established to expand overseas investment business, and the net gain in 2016 was NTD$ 19 Million.

6. Dongrui Optoelectronics Co., Ltd.

The sales revenue of cement in the year of 2016 was NTD $ 0 and net loss was NT $ 8.7 million.

7. Hojen Harbor Development Corp.

No sales revenue generated in 2016 and net gain was NTD$33,000; settled and dismissed in September of 2016.

8. Fukyu Development Co., Ltd

The sales revnue in 2016 was NTD$154,000,000 and net gain was NTD$9.2 million.

President: Manager: Accounting Manager:

3. Production & Sale Budget in 2017:

Production & Sale Budget in 2017:

Unit: Ton

Product	Production	Sale
Cement, Slag powder	850,000～950,000	1,000,000～1,100,000
Stone	3,000,000～4,000,000	2,000,000～3,000,000

In 2016, international economy was weak and government policy was uncertain. The domestic economic growth momentum was limited. It is estimated that the cement related industry market will be more conservative in 2017, and the production and sales volume of cement and slag powder in 2017 is expected to be between 0.85 to 1.1 million tons approximately, while the production and sales of stone is expected to be between 2-4 million tons.

II. Milestone

1974 “Lucky Cement Co., Ltd.” 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 yearly yield 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 yearly yield was 800,000 tons.

1986： renovated The first cement production line in Dongao Plant and annual yield increased to 800,000 tons.

1987： Invested in Dasheng Building Enterprise Co., Ltd.

Invested in establishment of Lucky Cement Co. (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 yield was 200,000 tons.

1993： Technical renovate The first cement production line of Dongao Plant and annual yield was increased to 1 million tons.

Established Sufu Aviation Industry Co., Ltd.

Established Fortune Ready Mix Concrete Co., Ltd.

1994: The third cement grinding system in Puxin Plant completed construction at the end of year and annual yield was increased to 1.4 million tons.

1995: The first rotary kiln equipment of Dongao plant was improved, and clinker annual capacity was increased to 1.2 million tons. At this point, two cement rotary kiln equipments in the company's Dongao plant had clinker annual capcity ~~to~~ 2 million tons; Dongao plant and Puxin plant had a total of cement grinding capacity 3 million tons.

Taichung storage & transportation station add a cement silo promoting additional cement delivery capacity to the Central Taiwan.

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

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

Established Paxo Fidelity Aviation Industry Co., Ltd.

Established Fook Leopard Basketball Co., Ltd

1996: ~~S~~lag powder was firstly available on the market.

Dongao & Puxin Plants ISO9002. certified

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

Dongao Plant production optimal reengineering completed.

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

1999: Puxin Plant fly ash production equipment completed, with which annual yield 260,000 tons.

2000: Added waste disposition business, increasing business income.

Established Just Bright（BVI）Co.

Established Horen Harbour Development Co., Ltd.

2001: Established Changxin photoelectric (Co.) Ltd.（renamed to East Rui photoelectric (Co.) Ltd.）.

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

Fook Leopard 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.

Paxo Fidelity Aviation Industry Co., Ltd. was dismissed for liquidation.

2004: Phase 2 expansion construction of Hojen 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.

The suborindate, Sufu Aviation Industry Co., Ltd, its invested Luckyship Navigation S.A.Paxo Fiedlity Availation (Co.) purchased a vessel.

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

Established Fukyu development (Co.) Ltd. to explore and deliver a variety of limestone products.

2008: Phase 2 expansion construction of Hojen mining completed.

The Company passed Quality Certification of ISO9001:2008.

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

2015: The Subrodinate, Sufu Aviation Industry Co., Ltd, purchased a vessel.

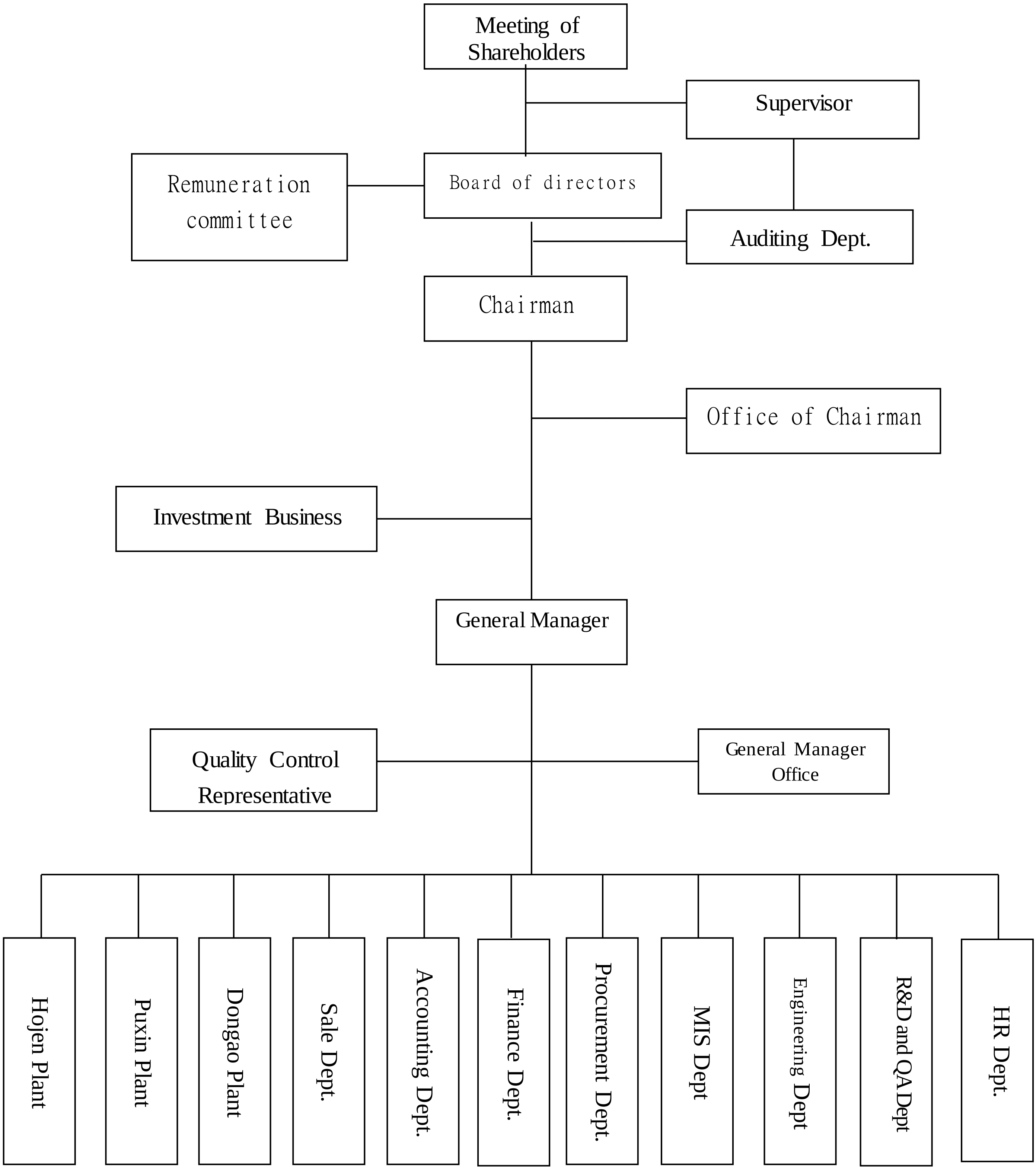
Dongrui photoelectricity co., Ltd and its subordinate, Dongrui (Xiamen) Co., Ltd. remains in the process of dismissal and liquidation as of December 31, 2015.

2016: The subordinate, Hojen Harbour Development Co., Ltd. proceeded in dismissal and liquidation in September 2016.

III. Governance Report

1. Organization

(1). Organization Chart



(2) **Major Corporate Functions**

Department	Functions
General Manager's Office	Assisting General Manager to handle all affairs.
Dongao and PuxinPlant	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 Deparment	Sales, dispatch and delivery deomestic and export cement, slag powder, fly ash, dimension stone and sandstone.
Financial Department	fund raising and management
Accounting Department	accounting and taxation
Procurement Department	deomestic and oversea raw materials, spare parts procuremenr
Engineering Department	research and improvement of production facilities and production procdure and construction.
HR Department	employees recruitment and training and general affairs.
MIS Dept	Plan, design, Integration and maintenance for company computerized information
Aduiting Department	Consistency and appropriateness of auditing and evaluation on each business operation control.
R&D and Quality Assurance Dept	Reasarch and development for new and relevant products of cement
Business Investment Department	Domestic and International Investment and management

2. Directors, Supervisors and Management Team

(1) Directors and Supervisors

April 30th 2017

Title	Nationality/ Country of Origin	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relations
Corporate Directors	R.O.C	Shihyi cement Co., Ltd.	—	2016.06.15	3 years	2007.06.13	2,388,588	0.59%	2,388,588	0.59 %	–	–	–	–	—	—	—	—	—
	R.O.C	Representative Chen, liang-chuan	Male	2016.06.15	3 years	1990.06.06	11,100,687	2.74%	7,019,687	1.73 %	4,948,088	1.22 %	N/A	–	Sanchong Elementary School	Chairman of Yungsheng Development Co., Ltd, Hsingfu Remicon Co. Ltd, Hsinfu navigation co., ltd, Daishen Development Co., Ltd and Japan lucky Cement Co., Ltd. and Chairman and General Manager of lucky Cement Co., Ltd	Executive vice -general manager	Chen, yun-ju	Father - daughter
	R.O.C	Chinli Investment Co., Ltd	—	2016.06.15	3 years	2010.06.17	25,230,451	6.23%	25,230,451	6.23 %	–	–	–	–	—	—	—	—	—
	R.O.C	Representative:Chen, yun-ju	Female	2016.06.15	3 years	2001.12.30	11,408,210	2.82%	11,408,210	2.82 %	3,672,592	0.90 %	N/A	–	USA Tulane University EMBA	Chairman of Likuang construction co. ltd and Elumina Technology Inc andexecutive vice -general manager of Lucky Cement Co., Ltd	Chairman and General Manager	Chen, liang-chuan	father-daughter

Directors	R.O.C	Chang, hsiang-lin	Male	2016.06.15	3 years	2007.06.13	4,699,832	1.16%	4,454,832	1.10 %	N/A	–	N/A	–	Tatung High School	Manager of Hsuho Building Materials Co., Ltd.	N/A	—	—
Independent Director	R.O.C	Chen, yen	Female	105.06.15	3 years	2016.06.15	–	–	–	–	–	–	–	–	Department of Accounting, Tamkang University	The remuneration committee convener of Lucky Cement Co., Ltd	N/A	—	—
	R.O.C	Wang, chih-cheng	Male	105.06.15	3 years	2016.06.15	–	–	–	–	–	–	–	–	National Chengchi University Juris Doctor	Professor of Law School of National Chung Cheng University(full time), Part-time professor of Law School of Soochow University, Part-time professor of College of Management, National Taiwan University, director of Securities and Futures Investors Protection Center, the reviewing member for cabinet stock of Taipei Exchange Independent Director of Chinatrust Securities Co., Ltd.	N/A	—	—
Supervisors	R.O.C	Kuochuan Development Co., Ltd	—	105.06.15	3 years	2004.12.30	2,675,066	0.66%	2,675,066	0.66 %	–	–	–	–	—	—	—	—	—

	R.O.C	Representative:Chen, ming-hsien	Male	105.06.15	3 years	2001.12.30	204,197	0.05%	204,197	0.05%	9,740	0.00%	N/A	–	Department of Physics, Chung Yuan Christian University	Vice Chairman of Kufeng Chemical Co., Ltd	N/A	—	—
	R.O.C	Cheng,shang-kai	Male	105.06.15	3 years	2010.06.17	1,832,666	0.45%	1,832,666	0.45%	N/A	–	N/A	–	USA Suffolk University MBA	Mnanager of Haihua Investment Co., Ltd	N/A	—	—

Note 1：The legal person shareholder shall list the name and representative of the legal person shareholder (legal person shareholder shall be indicated with its name) and shall be filled out in the following Table 1.
Note 2: In case that the session of filling Directors or Supervisor of the company who were elected firstly suffered interruption, please make a note herein.
Note 3: For job experience that is related with the current position, if has ever been employed in the Certified Accountant Firm or affiltate, the title and duty shall be described herein.

(1)**Major shareholders of the institutional shareholders**

April 30th 2017

Name of Institutional Shareholders（Note 1）	Major shareholders（Note 2）
Shihyi cement Co., Ltd.	Changheng Investment Co.,Ltd (51.53%)、Likuang construction Co. ltd (32.31%)
Chinli Investment Co., Ltd	Chen, liang-chuan(73.62%) 、Likuang construction Co. ltd (22.94%)
Kuochuan Development Co., Ltd	Chen, yun-ju(93.48%)、Hsiao, ching-chi (6.25%)

Note 1: For directors and supervisor classified as legtal person shareholder representatives, name shall be filled.
Note 2: Please fill out legal person shareholder’s major shoarehodler name and the number of share held (Top 10 the number of share held). If the major shareholder is a legal person, please fill out Table 2.

(2) **Major shareholders of the Company's major institutional shareholders** April 30th 2017

Name of Institutional Shareholders（Note 1）	Major Shareholders （Note 2）
Likuang construction Co. ltd	Changjun Water Resources (29.45%)、Chinli Investment Co., Ltd (19.48%)、Changheng Investment Co., Ltd (50.63%)
Changheng Investment Co., Ltd	Chen, yun-ju (88.27%)、Chen, liang-chuan(11.61%)

Note 1: For major shareholder classified as legal person in Table 1, the name shall be filled.

Note 2: Please fill out the legal person's major shoarehodler name and the number of share held (Top 10 the number of share held).

(3)**Professional qualifications and independence analysis of directors and supervisors**

April 30, 2017

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 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	

Representative of Shihyi cement Co., Ltd.: Chen, liang-chuan			V									V		N/A
Representative of Chinli Investment Co., Ltd ： Chen, yun-ju			V									V		N/A
Chang, hsiang-lin			V	V	V			V	V	V	V	V	V	N/A
Chen,yen(Independent Director)			V	V	V	V	V	V	V	V	V	V	V	N/A
Wang,chih-cheng(Independent Director)	V			V	V	V	V	V	V	V	V	V	V	N/A
Representative of Kuochuan Development Co., Lt：Chen,ming-hsien			V	V	V	V	V	V	V	V	V	V	V	N/A
Cheng,shang-kai			V	V	V	V	V	V	V	V	V	V	V	N/A

Note 1: The number of column is subject to the actual adustments.

Note 2: Each director, supervisor who meets the following conditions in the first two years prior to election or period of his office shall tick "✓" in the box underneath each condition code.

(1) Employee who is not hired by the company or its affiltates.

(2) Director, supervisor who is unrelated with the company or its affiltate (however, except that he is the independent director set by the company, subsidiary pursaunt to the Act herein or local law).

(3) Natural person shareholder who is not the party himself, spouse, minor or shareholder holding the number of shares in top 10 or holding the share accounting for 1% above of the issued total shares of the Company in name of others.

(4) Any person who is not the spouse of the persons listed in the preceding 3 paragraphs or relatives within two degrees or three degrees.

(5) Directors, supervisors or servants of a legal person shareholder who are not directly holding more than 5% of the total issued shares of the Company, or directors, supervisors or servants of the top five legal person shareholders

(6) Directors (managing directors), supervisors (supervisors), managers of specific company or institution who are not in financial or business relatinship with the Company or shareholders holding more than 5% of the shares

(7) Professionals who are not service or consultation providers of business, legal, finance, accounting and other domains of the Company or affiltates, business owners, partners, directors (managing directors), supervisors (supervisors), managers and spouses. However, except those members of Salary & Remunmeration Committee who are set by the same committee of the Listed or with shares traded in Securities Premises and perform duties pursaunt to Article 7 of Duty Exercise Measures.

(8) Parties who are not spouses or relatives within two degrees with other directors.

(9) Parties who does not meet with any of the conditions set forht in Article 30 of the Company Act.

(10) Parties who were not elected with the identity or government, legal person or the respresentative pursaunt to Article 27 of the Company Act.

（2）Management Team

pril 30th 2017

nit：share

Title	Nationality/ Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Gerenal manager	R.O.C	Chen, liang-chuan	Male	1994.12.01	7,019,687	1.73%	4,948,088	1.22%	0	—	Sanchong Elementary School	Chairman of Yungsheng Development Co., Ltd, Hsingfu Remicon Co. Ltd, Hsinfu navigation co., ltd, Daishen Development Co., Ltd and Japan lucky Cement Co., Ltd	Executive vice -general manager	Chen, yun-ju	Father - daughter
Executive vice -general manager	R.O.C	Chen, yun-ju	Female	2001.04.01	11,408,210	2.82%	3,672,592	0.90%	0	—	USA Tulane University EMBA	Chairman of Likuang construction co. ltd and Elumina Technology Inc	Gerenal manager	Chen, liang-chuan	Father - daughter

Deputy assistant general managers	R.O.C	Huang,chen-ku	Male	2003.07.11	33,520	0.01%	0	–	0	–	Department of Industrial Engineering, National Taipei University of Technology	N/A	N/A	–	–
Financial manager	R.O.C	Wen,hsiu-chu	Female	2002.07.01	13,717	0.00%	0	–	0	–	Department of Business Administration, National Taipei College of Business	Director of Japan lucky Cement Co., Ltd Hsinfu navigation co., ltd,	N/A	–	–
Accounting manager	R.O.C	Wen,hsiu-chu	Female	2016.06.30	13,717	0.00%	0	–	0	–	Department of Business Administration, National Taipei College of Business	Director of Japan lucky Cement Co., Ltd Hsinfu navigation co., ltd,	N/A	–	–
Auditing manager	R.O.C	Wang, wei-jen	Male	2009.11.18	0	–	0	–	0	–	USA Wright State University Financial master	N/A	N/A	–	–

Note 1：It shall include profile of General Manager, Vice General Manager, the head of each department and branch agency, as well as any person who is positioned like General Manager, Vice General Manager or Assistant Manager, whom shall be disclosed regardless of title.

Note 2: If current-position-based experience includes employment in the Certified Accountant Firm or affiltates during the previously disclosed period, the title and duties in charge shall be described too.

(3) Remuneration paid to directors(including Independent Directors), supervisors, the general manager, and assistant general managers

(1-1) Remuneration of Directors(including Independent Director) The company may opt to disclose aggregate remuneration information, with the name(s) indicated for each range of remuneration)

Unit: NTD thousand dollars

Title	Name	Remuneration								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)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Profit Sharing- Employee Bonus (G)				Exercisable Employee Stock Options (H)		New Restricted Employee Shares (I)				
		The company	All companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock							
Director	Chinli Investment Co., Ltd	-	-	-	-	3,034	3,034	-	-	0.96%	0.96%	-	-	-	-	-	-	-	-	-	-	-	-	0.96%	0.96%	N/A
Director	Shihyi cement Co., Ltd.	-	-	-	-	16,875	16,875	-	-	5.35%	5.35%	-	-	-	-	-	-	-	-	-	-	-	-	5.35%	5.35%	

Director	Representative of Shihyi cement Co., Ltd.：Chen, liang-chuan	–	–	–	–	276	276	3,607	3,607	1.23%	1.23%	4,333	7,559	266	416	1,020	–	1,020	–	–	–	–	–	3.01%	4.08%	
Director	Representative of Chinli Investment Co., Ltd’: Chen, yun-ju																									
Director	Chang, hsiang-lin																									
Independent Director	Chen,yen																									
Independent Director	Wang, chih-cheng																									
Director	Chinli Investment Co., Ltd Representative：Chen, ching-hung (Remark 4)																									

Director	Representative of Chinli Investment Co., Ltd’：Lee, li-chen (Remark 4)																									
Director	Representative of Kuochuan Development Co., Ltd.：Chen, yun-ju (Remark 4)																									

Note 1: It refers to the amount of remuneration belonged to Director with whom is planned to distriubte that has been passed in the Meeting of the Board of Directors prior to 2017 the Meeting of Shareholders, hence, the amount listed hereof refers to estimates.
Note 2: The digits disclosed as pension refer to the amount appropriated.
Note 3: It refers to the amount of remuneration belonged to employee in 2016 with whom is planned to distriubte that has been passed in the Meeting of the Board of Directors prior to 2017 the Meeting of Shareholders, hence, the amount listed hereof refers to estimates.
Note 4: Overall re-election was held in the Meeting of the Shareholderes on June 15, 2016 and the representative of Director was not renewed.

Range of Remuneration

Range of Remuneration	Names of directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Under NT$ 2,000,000	Chang, hsiang-lin/Chen, yun-ju/ Chen, liang-chuan/Chen, yen/ Wang,chih-cheng	Chang, hsiang-lin/Chen, yun-ju/ Chen, liang-chuan/ Chen, yen/ Wang,chih-cheng	Chang, hsiang-lin/ Chen, yen/Wang,chih-cheng	Chang, hsiang-lin/ Chen,yen/Wang,chih-cheng
NT$2,000,001 ~ NT$5,000,000	Chinli Investment Co., Ltd	Chinli Investment Co., Ltd	Chen, yun-ju/Chen, liang-chuan/Chinli Investment Co., Ltd	Chen, yun-ju/Chinli Investment Co., Ltd
NT$5,000,001 ~ NT$10,000,000				Chen, liang-chuan
NT$10,000,001 ~ NT$15,000,000	—	—	—	—
NT$15,000,001 ~ NT$30,000,000	Shihyi cement Co., Ltd.	Shihyi cement Co., Ltd.	Shihyi cement Co., Ltd.	Shihyi cement Co., Ltd.
NT$30,000,001~ NT$50,000,000	—	—	—	—
NT$50,000,001 ~ NT$100,000,000	—	—	—	—
Over NT$100,000,000	—	—	—	—
Total	7	7	7	7

(2-1) Remuneration of supervisors （The company may opt to disclose aggregate remuneration information, with the name(s) indicated for each remuneration range）

Unit: NTD thousand dollars

Title	Name	Remuneration						Ratio of Total Remuneration (A+B+C) to Net Income (%)		Was the remuneration of the invested business out of the source other than subsidiary received?
		Base Compensation (A)		Bonus to Supervisors (B)		Allowances (C)				
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	
Supervisor	Representative of Kuochuan Development Co., Ltd: Chen,ming-hsien	–	–	560	560	730	730	0.41%	0.41%	N/A
Supervisor	Cheng,shang-kai									
Supervisor	Chen,ming-hsien (Remake 2)									

Note 1: It refers to the amount of remuneration belonged to Director with whom is planned to distriubte that has been passed in the Meeting of the Board of Directors prior to 2017 the Meeting of Shareholders, hence, the amount listed hereof refers to estimates.

Note 2: Overall re-election was held in the Meeting of the Shareholderes on June 15, 2016 and supervisors were not renewed.

Remuneration range

Range of Remuneration	Name of supervisors	
	Total amount of remuneration for the first three items (A+B+C)	
	This company	All the companies shown on the Financial statements D
Under NT$ 2,000,000	Kuochuan Development Co., Ltd /Cheng,shang-kai/Chen,ming-hsien	Kuochuan Development Co., Ltd /Cheng,shang-kai/Chen,ming-hsien
NT$2,000,001 ~ NT$5,000,000	–	–
NT$5,000,001 ~ NT$10,000,000	–	–
NT$10,000,001 ~ NT$15,000,000	–	–
NT$15,000,001 ~ NT$30,000,000	–	–
NT$30,000,001 ~ NT$50,000,000	–	–
NT$50,000,001 ~ NT$100,000,000	–	–
Over NT$100,000,000	–	–
Total	3	3

(3-1) Remuneration of general manager and vice general manager（The company may opt to disclose aggregate remuneration information, with the name(s) indicated for each remuneration range）

Unit: NTD thousand dollars

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary(A)</th><th colspan="2">Severance Pay (B)</th><th colspan="2">Bonuses and Allowances (C)</th><th colspan="4">Profit Sharing- Employee Bonus (D)</th><th colspan="2">Ratio of total compensation (A+B+C+D) to net income (%)</th><th colspan="2">Exercisable Employee Stock Options</th><th colspan="2">New Restricted Employee Shares</th><th rowspan="3">Compensation paid to the President and Vice President from an Invested Company Other Than the Company's Subsidiary</th></tr>
<tr><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th><th colspan="2">The company</th><th colspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The company</th><th rowspan="2">Companies in the consolidated financial statements</th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>Gerenal manager</td><td>Chen, liang-chuan</td><td rowspan="2">3,606</td><td rowspan="2">6,102</td><td rowspan="2">216</td><td rowspan="2">366</td><td rowspan="2">28</td><td rowspan="2">758</td><td rowspan="2">1,020</td><td rowspan="2">–</td><td rowspan="2">1,020</td><td rowspan="2">–</td><td rowspan="2">1.54%</td><td rowspan="2">2.62%</td><td rowspan="2">–</td><td rowspan="2">–</td><td rowspan="2">–</td><td rowspan="2">–</td><td rowspan="2">N/A</td></tr>
<tr><td>Executive vice-general manager</td><td>Chen, yun-ju</td></tr>
</table>

Note 1: The digits disclosed as pension refer to the amount appropriated.

Note 2: It refers to the amount of remuneration belonged to employee in 2016 with whom is planned to distriubte that has been passed in the Meeting of the Board of Directors prior to 2017 the Meeting of Shareholders subject to the Articles of Assoication hereof, hence, the amount listed hereof refers to estimates.

Range of Remuneration

Range of Remuneration	Name of President and Vice President	
	The company	Companies in the consolidated financial statements
Under NT$ 2,000,000	—	—
NT$ 2,000,000（including）～5,000,000 dollars（not including）	Chen, liang-chuan/Chen, yun-ju	Chen, yun-ju
5,000,000 dollars（including）～10,000,000 dollars（not including）	—	Chen, liang-chuan
10,000,000 dollars(including)～15,000,000 dollars(not including)	—	—
15,000,000 dollars(including)～30,000,000 dollars(not including)	—	—
30,000,000 dollars(including)～50,000,000 dollars(not including)	—	—
50,000,000 dollars（including）～100,000,000 dollars（not including）	—	—
More than 100,000,000 dollars	—	—
Total	**2**	**2**

（4-1）、Names of Managers who distribute salary for employees and status of distribution

Dec. 31st 2016 Unit: NTD thousand dollars

	Title	Name	Employee Bonus - in Stock	Employee Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
na ger	General manager	Chen, liang-chuan	N/A	1,245	1,245	0.39%

	Executive vice -general manager	Chen, yun-ju				
	Deputy assistant general managers	Huang,chen-ku				
	Manager	Wen,hsiu-chu				
	Manager	Wang, wei-jen				

Description: Salary in scash referes to the amount of remuneration belonged to employee in 2016 with whom is planned to distriubte that has been passed in the Meeting of the Board of Directors prior to 2017 the Meeting of Shareholders subject to the Articles of Assoication hereof, hence, the amount listed hereof refers to estimates.

(4)、Comparing and describe the analysis on gross amount of remuneration paid to the directors, supervisors, General Manager and Vice General Manager in the last two years accounting for net profit (w/tax) ratio and the policies, standards and combinations of payment for remuneration, procedure of remunation pricing and the relevance with the business performance and future risks.

1. Unit: NTD thousand dollars

Title	2015				2016			
	The company		Companies in the consolidated financial statements		The company		Companies in the consolidated financial statements	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Director	40,919	8.70%	44,294	9.42%	29,411	9.33%	32,786	10.40%
Supervisor	1,331	0.28%	1,331	0.28%	1,290	0.41%	1,290	0.41%
General manager and vice general manager	4,903	1.04%	8,277	1.76%	4,870	1.54%	8,246	2.62%

2. In accordance with the Articles of Association, the Company Director and Supervisor shall be required to pay remuneration on a monthly basis, regardless of profit or loss. And the shareholders of the Company or Director who act as Manager or workers, shall be deemed as general staff who receives salary.
3. Upon conclusion annually, if the Company has a surplus, the remuneration paid to the directors and supervisors as well as workers pursuant to the proportion specified in the Articles of Association shall be paid by the remuneration committee according to the performance of the individual and shall be approved by the Board of Directors, so that future risks may reduce to minimum.

3. Implementation of Corporate Governance

(1) Board of Directors

A total of eight (8) meetings of the Board of Directors were held in 2016 the previous period. The attendance of director and supervisor were as follows:

Title	Name (Remark 1)	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Chairman	Representative of Shihyi cement Co., Ltd. ：Chen, liang-chuan	5	0	100.00%	Reelection on 2016.6.15 and the juridical person and representative on board
Director	Representative of Chinli Investment Co., Ltd：Chen, yun-ju	5	0	100.00%	Reelection on 2016.6.15, the juridical person reappointment and representative on board who shall be 5 times of attendance during on duty.
Director	Chang, hsiang-lin	5	0	62.50%	Reelection and reappointment on 2016.6.15
Independent Director	Chen,yen	5	0	100.00%	Reelection and on board on 2016.6.15
Independent Director	Wang,chih-cheng	4	1	80.00%	Reelection and on board on 2016.6.15
Chairman	Representative of Chinli Investment Co., Ltd ：Chen, liang-chuan	3	0	100.00%	Reelection on 2016.6.15, the juridical person reappointment and representative outgoing who shall be 3 times of attendance during on duty.
Director	Representative of Chinli Investment Co., Ltd ：Chen, ching-hung	3	0	100.00%	Reelection on 2016.6.15, the juridical person reappointment and representative outgoing who shall be 3 times of attendance during on duty.
Director	Representative of Chinli Investment Co.,Ltd：Lee, li-chen	3	0	100.00%	Reelection on 2016.6.15, the juridical person reappointment and

					representative outgoing who shall be 3 times of attendance during on duty.
Director	Representative of Kuochuan Development Co.,Ltd ：Chen, yun-ju	3	0	100.00%	Reelection on 2016.6.15，the juridical person reappointment and representative outgoing who shall be 3 times of attendance during on duty.
Supervisor	Representative of Kuochuan Development Co.,Ltd :Chen,ming-hsien	5	0	100.00%	Reelection and on board on 2016.6.15
Supervisor	Cheng,shang-kai	8	0	100.00%	Reelection and reappointment on 2016.6.15
Supervisor	Chen,ming-hsien	3	0	100.00%	Reelection on 2016.6.15 and representative outgoing who shall be 3 times of attendance during on duty.

Other mentionable items:

1. If there are implementation of Board of Directors referred to one of the below circumstances that shall be described the dates of board meetings, sessions, contents of motion, all the opinions of independent directors and the response of the company to the opinions of independent directors:
   (1) Listed matters from the Article 14-3 of the Securities and Exchange Act.
   (2) Apart from the above matters , the resolutions of the board meetings are objected by independent directors or subject to qualified opinions that are recorded or declared in writing.

   There were two independent directors who had opinions without objection or reservations that shall be recorded in the board meeting minutes at the board meeting of the company in 2016.
2. Implementation status of recusal that shall be specified the names of the directors, contents of motion, causes for recusal and voting during discussion when the director(s) has/have the conflict of interest.

Numbers of board meetings/ Dates of meetings	Contents of motion	esolution	Implementation status
One time/	一、Apply the company of 2016 annual bonus for	Mr.Chen, liang-chung and Miss Chen,yun-ju as the	Approval

	January 20th 2017	managers and 2015 employee remuneration of manager for approval (by Remuneration committee)	representatives of corporate directors and Miss Wen, hsiu-chu and Mr. Wang, wei-jen as the managers who shall be recusal during voting and the motion is deemed approved without objection by the rest of directors present at the meeting.	

3. Measures taken to strengthen the functionality of the board in this and recent fiscal years (fsuch as the establishment of an Audit Committee and increase the information transparency) and evaluation of the implementation.
   1. There were total 8 times of board meetings in 2016 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. Regulations for Self-assessment or peer review of board of directors that were approved by the board of directors of this company on November 10th 2015, check the important regulations of this company as Self-assessment or peer review of board of directors under the section of Corporate Governance and the website address is http://www.luckygrp.com.tw/tw/index.asp?au_id=65&sub_id=96.
   4. The implementation status of this company on the board of directors for Self-assessment or peer review and please link the address as http://www.luckygrp.com.tw/tw/index.asp?au_id=65&sub_id=124

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, supervios 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）Operation of the Audit committee or Supervisor involvement in the Board of Director: the company has not yet set up an audit committee, and the operation that supervisor being involved in the board of Director is stated as follows.

There were total 8 times (A) of board meetings in recent fiscal years and the attendance of the Supervisors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Supervisors	Representative of Kuochuan Development Co., Ltd Chen,ming-hsien	5	0	100.00%	Reelection on 2016.6.15 and the juridical person and representative on board
Supervisors	Cheng,shang-kai	8	0	100.00%	Reelection and reappointment on 2016.6.15
Supervisors	Chen,ming-hsien	3	0	100.00%	Reelection on 2016.6.15 and representative outgoing who shall be 3 times of attendance during on duty.

Other mentionable items:

1. Composition and responsibilities of supervisors

(1) Communications between supervisors and the Company's employees and shareholders (e.g. communication channels and methods, etc.): Supervisors exercise the control power to inspect the company business operation and fincncial statement according to the The Company Act.

(2) Communications between supervisors and the Company's chief internal auditor and CPA (e.g. items, methods and results of the audits of corporate finance or operations, etc.): communications will be conducted when the chief internal auditor and CPA present to the board meetings.

2. If a supervisor expresses an opinion during a meeting of the Board of Directors, the dates of the meetings, sessions, contents of motion, resolutions of the directors' meetings and the company's response to the supervisor's opinion should be specified: N/A.

(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 Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance	✓		The Company has established the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
Best-Practice Principles for TWSE/TPEx Listed Companies"?			Companies" on December 26th 2014. The information has been disclosed on the Company's website. (http://www.luckygrp.com.tw)	
2. Shareholding structure & shareholders' rights (1) Does the company establish an internal operating procedure to deal with suggestions of shareholders, 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) None
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		(2) Master the updated information of those shares anytime from the directors, supervisors, managers and the ultimate owners with over 10% shares.	(2) None
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		(3) Mutual dealings or transactions are conducted according to the Regulations or revelant system has established under the internal control system based on the Law.	(3) None
(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) None
3. Composition and Responsibilities of the Board of Directors			(1) The mumbers of board of directors with	(1) None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
（1）Does the Board of directors develop and implement a diversified policy for the composition of its members?	✓		diversified professional background that meet the revelant qualification such as sales, production and finance.	
（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 board of directors on December 23rd 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. The company has not yet established other functional committees in addition to the Remuneration Committee.	(2) None
(3) Does the company establish the regulations and the evaluation methods to measure the performance of the Board of directors, and implement it annually?	✓		(3) Self-assessment or peer review of board of directors was approved by the Company board of directors on Novermber10th 2015 and implement it annually. The company website (http://www.luckygrp.com.tw/tw/index.asp?au_id=65&sub_id=124) has the expressly disclosure for annual evaluation of performance.	(3) None
（4）Does the company regularly evaluate the independence of CPAs?	✓		(4) Evaluation on Certified Public Accountant and the regulation of performance	(4) None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			evaluation was approved by the company of board of directors on November 10th 2015 and the board of directors evaluated and verified the independence and competency of CPAs on December 28th 2016 that was approved and confirmed (remark).	
4. Does the company establish the designated(part-time) department or staff for governing relevant affairs of company (including but not limit to the information for operations to directors and supervisors, implement the relevant affairs of meeting according to the board of directors and shareholders meeting and make the meeting minutes for board meeting and shareholers meeting)?	✓		The designated (part-time) unit for corporate governance is taskforce of Reforming Corporate Governance that is formed with Vice Executive General Manager and the managers from each department to conduct the relevant business.	None
5. Does the company establish a communication channel (including but not limited to the shareholders, employees, clients and suppliers) and build a designated section on its website for stakeholders, as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The designated section of the company website (http://www.luckygrp.com.tw) is for stakeholders only, including the contact windows for investor relations, client relations, supplier relations, employee relations, community relations and work ethics.The company has established the spokesman and acting spokesperson system and the stock affairs department of SinoPac Securities Corporation as	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			the agent for stock affairs to deal with and react to the suggestions and disputes of shareholders.	
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., No.17, Bo'ai Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.) Tel: (02)2381-6288 Website: http://www.sinotrade.com.tw	None
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		(1) The Company has the website (http://www.luckygrp.com.tw) to disclose information according to the Regulations.	(1) None
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated company to handle information collection and disclosure, implement a spokesman system, webcasting investor conferences)?	✓		(2) The Company has established a spokesman and acting spokesperson system who are responsible to disclose information and the synchronous press release if necessary.	(2) None
8. Is there any other important information to facilitate a better understanding of the corporate governance practices of the company (e.g., including but not limited to employee rights,			1. The company has established Staff Code of Practice and Staff Welfare Committee. 2. The company has established the staff training to strength the expertise and professional skills of staff. 3. The important information of the company is in full compliance with the relevant regulations from	

<table>
<tr><td rowspan="2">Evaluation Item</td><td colspan="3">Implementation Status</td><td rowspan="2">Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons</td></tr>
<tr><td>Yes</td><td>No</td><td>Abstract Illustration</td></tr>
<tr><td>employee wellness, investor relations, supplier relations, rights of stakeholders,the training records of directors and supervisors,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">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, stakeholder and investors.
4. The company has a sound internal control system and business operations (such as guarantee the rights of consumers or clients) are conducted by each department in accordance with the articles of Regulations to fully exercise the duties as the administrator.
5. Directors and supervisors of the company conduct the relevant training in accordance with the Regulations of Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies that is released by Taiwan Stock Exchange.
<table>
<tr><td>Titel</td><td>Nmae</td><td>Training date/period</td><td>Training hours</td><td>Course</td></tr>
<tr><td>Representative of Corporate Directors</td><td>Chen, liang-chuan</td><td>105.10.20</td><td>6 0</td><td>The 11th Taipei Corporate Governance Forum</td></tr>
<tr><td>Representative of Corporate Directors</td><td>Chen, yun-ju</td><td>105.10.20</td><td>6.0</td><td>The 11th Taipei Corporate Governance Forum</td></tr>
<tr><td rowspan="2">Directors</td><td rowspan="2">Chang, hsiang-lin</td><td>105.10.18</td><td>3.0</td><td>Practice Advanced seminar for the directors and supervisors-How to review the financial statement without the Accounting background.</td></tr>
<tr><td>105.11.17</td><td>3.0</td><td>Analysis of legal risk of corporate directors or supervisors on the major scandal of corporation.</td></tr>
<tr><td rowspan="2">Independent Director</td><td rowspan="2">CHEN YEN</td><td>105.10.20</td><td>6 0</td><td>The 11th Taipei Corporate Governance Forum</td></tr>
<tr><td>105.10.26-</td><td>12.0</td><td>Practice seminar</td></tr>
</table></td></tr>
</table>

Evaluation Item	Implementation Status: Yes	Implementation Status: No	Implementation Status: Abstract Illustration	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
			(continued in table below)	

		105.10.27		for boards and supervisors (including independent supervisor)
Independent Director	WANG, CHI-CHENG	105.05.11	6.0	Legal risk of stakeholder transaction seminar
		105.09.21	6.0	How the directors exercise the powers according to the Regulations and lower the legal risk: global risk and Corporate Social Responsibility.
		105.10.12	3.0	Corporate Governance Forum- Lean Thinking and Business Process Re-engineering
juridical person/ Supervisors Represent-ative	Chen,ming-hsien	105.01.26	3.0	2016Corporate Governance Forum – Seminar for insider trading and Corporate Social Responsibility
		105.10.18	3.0	Practice Advanced seminar for the directors and supervisors-How to review the financial statement without the Accounting background.
Supervisors	Cheng,shang-kai	105.01.26	3.0	2016Corporate Governance Forum – Seminar for insider trading and Corporate Social Responsibility

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td></td><td></td><td></td><td colspan="2">
<table>
<tr><td></td><td></td><td>105.10.18</td><td>3.0</td><td>Practice Advanced seminar for the directors and supervisors-How to review the financial statement without the Accounting background.</td></tr>
</table>
6. Directors and supervisors of the company have frequently read Financial Reports such as books and magazines and attend to all kinds of seminars in order to achieve the goal of corporate governance.
7. The Company has purchased D&O insurance on June 27th 2016 from Cathy Century Insurance Co., Ltd or the directors and supervisors who are on the scope of business operations in accordance with the company regulations and the insurance period is from June 27th 2016 to 2017 for Policy Number:1501-05DO01106.
8. Supplier relations: Besides the purchase management, contract work, the accreditation and evaluation of suppliers that were established by the company, the code of conduct for suppliers has formulated by the comoany 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 enviorment, value the rights and health and safety of labors and maintain the basic human rights.
</td></tr>
<tr><td colspan="5">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 2016 corporate governance of the company as below:
1. The accreditation and evaluation of suppliers that were established by the company due to the mutually beneficial relations with the cooperative vendors and suppliers and the company is devoted to the corporate social responsibility, promote the sustainable development of enviorment
2. The company has set up the contact windows on the corporate website for the stakeholders in</td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
order to understand and response to all the issues they care for in terms of corporate social responsibilities with timely improvement. 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 unethic actions in order to prevent any illegal (including corruption) or unethic actions from the internal and external staff.				

(Note) Accountant Evaluation and Performance Assessment Table (2016)

Item	Specific Index	Evaluation criteria
Independent Index		
1	CPA and the client has 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 (Declaration)	Get 5 points if no others use the name and 0 point if others use it.
5	CPA and the mumbers 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 involoved with the client	Get 5 points if no money is involoved 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 postive
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 postive
9	No commission from any relevant business	Get 5 points if it is negative and 0 point if it is postive
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 postive
Performance Indicators		
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 5 points if it is 3 days advance , 3 points if on time and 0 point if a delay
2	The accuracy of exam and structure (not including the revised information of the company) on the first draft of annual and quarterly financial reports	Get 5 points if the error numbers of the report is within 2 numbers , 3 points if it is within 3 numbers and 0 point if it is more than 3 numbers
3	CPA completes the first 3 quarters account auditing of the company and complete the first draft	Get 5 points if the audit report is within 30 days, 3 points if it is within 40 days and 0 point if it is more than 40 days
4	CPA completes the annual account auditing of the company and complete the first draft	Get 5 points if the audit report is within 60 days after the end of year, 3 points if it is within 70 days and 0 point if it is more than 70 days
5	CPA completes the annual account auditing of subsidiary and complete the first draft	Get 5 points if the audit report is within 55 days after the end of year, 3 points if it is within 60 days and 0 point if it is more than 60 days
6	Does CPA interact frequently with the managers of the company (internal auditing staff) and keeo the record	Get 3 points if it is postive and 0 point if it is negative
7	Does CPA have the appropriate interaction with the directors, supervisors and managers before the auditing plan and issuing the opinion of certification	Get 3 points if it is postive and 0 point if it is negative
8	Does CPA propose the proactive suggestion to company policy and internal control and review and keep the record	Get 3 points if it is postive and 0 point if it is negative
9	Update the taxation and Securities and Exchange Commission and update revision of IFRS Accounting standards	Get 3 points if it is postive and 0 point if it is negative
10	Audit the personnel stability of service team	Get 3 points if it is postive and 0 point if it is negative
11	Assist for communication and coordination between the competent authorities	Get 3 points if it is postive and 0 point if it is negative
12	Discover the fraud or any unusual affairs of internal staff	Get 3 points if it is postive and 0 point if it is negative

Item	Specific Index	Evaluation criteria
Total (Full points is 100)		

(4) If the company sets up a remuneration committeee, it shall expose its composition, duties and its operation:

(1) Membership information of the remuneration committee

Title (Remark 1)	Conditions Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria(Remark 2)								Numbers of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member	Note
		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		
Independent Director	Chen,yen			V	V	V	V	V	V	V	V	V	N/A	
Other	Tsai,tsui-chuan			V	V	V	V	V	V	V	V	V	N/A	

Other	Liu, chung-wei			V	V	V	V	V	V	V	V	V	N/A	

Note 1: Please fill in as a director, independent director or other in the identity category.

Note 2: For members who have met the following conditions during the previous two years and during their term, please "✓" in the space below the condition code.

(1). Not an employee of a company or its affiliated enterprise.

(2). Not a director or a supervisor of a company or its affiliated enterprise. Except in the case of an independent director who is set by a company or its parent company, a subsidiary under this Act or a local law.

(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 10 in holdings.

(4). Not a spouse, a relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.

(5). Not a director, supervisor, or employee 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.

(6). Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company.

(7). Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof.

(8). Matters which does not comply with each subparagraph of Article 30 of the Company Act.

(2) Operation information of the remuneration committee:

1. There are 3 members in the remuneration committee of the Company.
2. The current term of the members: June 15, 2016 to June 14, 2019. The current annual remuneration committee has convened meeting for five times (A), and the membership and attendance are as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Convener	Chen,yen	5	0	100.00%	Reelection and reappointment on 2016.6.15
Committee Member	Tasi, tsui-chuan	5	0	100.00%	Reelection and reappointment on 2016.6.15
Committee Member	Liu, chung-wei	5	0	100.00%	Reelection and reappointment on 2016.6.15

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 (eg., 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.

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 committe 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 memnber 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 of Social Responsibility:

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Corporate Governance Implementation				
(1) Does the company declare its corporate social responsibility policy and examine the results of the implementation?	✓		(1) Corporate Social Responsibility Best Practice Principles was approved by the board of directors of the company on November 17th 2014 and it was expressly disclosed on the corporate website(http://www.luckygrp.com.tw)	(1) None
(2) Does the company provide educational training on corporate social responsibility on a regular basis?	✓		(2) Educational training on corporate social responsibility is carried out individually by each department of the company.	(2) None
(3) 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	✓		(3) The company has established the part-time unit that is in charge by the Quality Assurance Center for promoting Corporate Social Responsibility. Further details for carry out the Corporate Social Responsibility Best Practice Principles will be on the	(3) None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
the board? (4)Does the company declare a reasonable salary remuneration policy, and integrate the employee performance appraisal system with its corporate social responsibility policy, as well as establish an effective reward and disciplinary system?	✓		company website and implement status will be reported back to the board of directors at least one time yearly. (4) The Company carries out educational trainings that propaganda on business ethics to the new employees and performance appraisal of employees will be conducted the end of year to see if it is a reward or disciplinary.	(4) None
2. Sustainable Environment Development (1) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment? (2)Does the company establish proper environmental management systems based on the characteristics of its industry? (3) Does the company monitor the impact of climate changing on its operations and conduct greenhouse gas inspections, as well as establish company strategies for energy conservation and carbon reduction and lower the greenhouse gas?	✓ ✓ ✓		(1) 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)(3) The company has established the safety enviorment 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. The company has utilized the reconstruction of No.2 kiln to upgrade technology in order for carbon reduction and set up continuous and automatic monitoring system in the exhaust chimney for controlling air quality strictly. The Company has obtained the ISO14064 certification.	(1) None (2) None (3) None
3. Preserving Public Welfare (1) Does the company formulate appropriate management policies and	✓		(1) The company complies with relevant Labor regulations to have the Labor Insurance, National Health	(1)None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
procedures according to relevant regulations and the International Bill of Human Rights?			Insurance and a Labor Pension in order to guarrante the legal rights of labors and has established the Welfare committee for the benefits such as three Chinese festival bonus and staff travel.	
(2) Has the company set up an employee channel or grievance mechanism to handle complaints with appropriate solutions?	✓		(2) The company has currently set up an employee channel for complaints that is expressly disclosed on the corporate website(http://www.luckygrp.com.tw)	(2)None
(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) The company has hold the labors health Checkup and health and safety seminar on a regular basis.	(3) None
(4) Does the company setup a communication mechanism with employees on a regular basis, as well as reasonably inform employees of any significant changes in operations that may have an impact on them?	✓		(4) The company convenes the communication meetings with each department and releases all kinds of affairs.	(4) None
(5) Does the company set up the training sessions of career development for its employees?	✓		(5) The company reviews the employees career development plans with the employees performance appraisal yearly.	(5) None
(6) Does the company establish any consumer protection mechanisms and appealing procedures regarding the research and development, purchasing, producing, operating and service?	✓		(6) All departments from the company can accept the complaints that will be forwarded to the relevant department to be handled timely.	(6) None
(7) Does the company market and label its goods and services according to relevant regulations and international standards?	✓		(7) Portland cement must meet the standards of CNS and has obtained the CNS Mark and ISO certification.	(7) None
(8) Does the company evaluate the records of the impact	✓		(8) The suppliers of raw materials for the company have engaged in Environmental Protection Act to supply their production in order to meet	(8) None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
of suppliers on the environment and society before bening in the business partnerships? (9) Do the contracts between the company and its major suppliers include termination clauses which come into force once the suppliers breach the corporate social responsibility policy and cause appreciable impact on the environment and society?	✓		the requirements for Energy Efficiency and carbon reduction. (9) The company has signed the contracts with the major suppliers and the company can terminate the contract any time if the suppliers violate the policies of corporate social responsibility.	(9) None
4. Enhancing Information Disclosure (1) Does the company disclose relevant and reliable information regarding its corporate social responsibility on its website and the Market Observation Post System (MOPS)?	✓		News and important information are released by the spokeman system or the relevant information is disclosed on the annual reports and the corporate website with the principle of integrity to release the real-time public information in order to maintain the investor relations and the rights of stakeholders.	None
5. 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: Corporate Social Responsibility Best Practice Principles was approved by the board of directors of the company on November 17th 2014 and it is in execution accordingly.				
6. Other important information to facilitate better understanding of the 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 7. Announcement of waste from other plants and permitted waste from the government has been recycled and re-used by the company to reduce the impact on society enviorment to be completed recycling and reducing excessive exploitation of natural resources. 8. The company has provided the assistance timly 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 and expressed sympathy for the elderly. 9. The factories and mines of the company make no effort for water pollution prevention and				

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
control, stationary pollution source prevention and control, soil and water conservation, environmental monitoring, greening and beautification of revegetation 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. 10. 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. 11. The total relevant expense of 1,764 thousands for the local in 2016 for the implement of corporate social responsibility. 12. The goal of the company for electricity saving: the goal of 1% electricity saving annually from 2015 to 2019.				
7. A clear statement shall be made below if the corporate social responsibility reports were verified by the other relevant certification institutions: None				

(VI) Implementation of integrity management:

The Board of Directors of the Company has passed and developed the "Ethical Corporate Management Best Practice Principles" on November 7, 2014; and the ISO operations and related management practices have been fulfilled tge 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 declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies? (2) 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?	✓ ✓		(1)(2) The company has established the Staff Working Guidelines and one of them is expressly clear that shall not seek to use his or her authority for personal profit, no entertainment, no gift, no bribery, no embezzlement, all other forms of improper conduct that may impact the business relations or transaction matters are prohibited. The company has fully complied with Companies and Corporations Act, Securities and Exchange Act, Commercial Account Law, Political Donations Act, Law Against Accepting Bribes Act, Government Procurement Act, Public Officer Conflict of Interest Avoidance Act, other relevant laws and regulations and requested the employees to fully complied with relevant auditing and internal control and take Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies for reference to be the basis of integrity and Regulations	(1) None (2) None

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company establish appropriate precautions against high-potential unethical conducts or listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies?	✓		for reporting cases of illegal and unethics or improper integrity affairs was approved by the board of directors of the company on March 28th 2016. (3) Any improper integrity affairs can be prevented by establishment of excellent corporate governance, risk control mechanism and perfect internal regulations to create the operation enviorment of the company for sustainable development.	(3) None
2. Embodyment of Trust Operation (1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		(1) The company has to ensure factuality via Department of Commerce, MOEA while Trading and purchasing and check the transaction performance of vendors by all kinds of channels (such as Credit Investigation) in order to be sure the business enthics 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 unethic conduct and the company will seriously evaluate if it is necessary to terminate the contract with the clients after the knowledge of risk	(1) None

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(2) Does the company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity and report it back to the board of directors on a regular basis?	✓		management for the company. (2) The Office of the Chairman is responsible for operation integrity policy and HR department is concurrently dedicated unit for execution in order for a sound operation integrity management and report it back to the board of directors at least one time yearly and release the results on the corporate website.	(2) None
(3) Does the company establish policies to prevent conflicts of interest and provide the 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.	(3) None

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis? (5) Does the company regularly hold internal and external educational trainings on operational integrity?	✓ ✓		2. Directors shall enter recusal voluntarily. 3. Recusal is determined by the board of directors. (4) The company has established the strict accounting system and an exclusively dedicated unit to conduct all kinds of internal auditing by the annual auditing plan on a regular basis. All the financial statements with auditing and certification by Certified Public Accountants to ensure the fairness for each statement. (5) Educational training on operations with integrity is carried out individually by each department of the company.	(4) None (5) None
3. Operation of the reporting system of the company (1) Does the company establish both a reward/punishment system and an reporting channel and the accused personnel be reached by an appropriate person for follow-up? (2) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?	✓ ✓		(1) The company has established both a reward/punishment system, the matters of reward/punishment will be evaluated and discussed by the managers of competent authority when the employee violate the operations integrity policy and the contents of reward/punishment will be delivered to the relevant employees by Employment Ordinance. (2) The Company has in place SOPs for reporting affairs in accordance with the Regulations for emergency notification system.	(1) None (2) None

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td>(3) Does the company provide proper whistleblower protection?</td><td>✓</td><td></td><td>(3) All the reporting cases are accepted and handled by the HR department and HR department protects confidential Individual information according to Personal Data Protection Act.</td><td>(3) None</td></tr>
<tr><td>4. Strengthening information disclosure
(1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?</td><td>✓</td><td></td><td>Ethical corporate management policies has been expressly disclosed on the corporate</td><td>None</td></tr>
<tr><td colspan="5">5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation:
Ethical Corporate Management Best Practice Principles was approved by the board of directors of the company on November 17th 2014 and the revision was approved to authorize the to be in charge of Ethical Corporate Management Best Practice Principles, formulating prevention plans and execution and monitoring by the board of directors on December 21st 2015 .</td></tr>
<tr><td colspan="5">6. Other important information to facilitate a better understanding of the ethical corporate management policies of the company(e.g., review and amend its policies):
None</td></tr>
</table>

(VII) **If the Company has set up the Corporate Governance Principles and the related regulations, the inquiry mode shall be disclosed:**

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=65&sub_id=96 for other relevant regulations under the the "Corporate Covernance" for important company regulations and and other content.

(VIII) **Other Important Information Regarding Corporate Governance Shall be Disclosed Together:**

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

In addition, the Board of Directors of the Company has passed and developed "Handling of reporting cases of unlawful and unethical or dishonest conduct" on March 28, 2016.

(IX) **Implementation of Internal Control Systems**

1. Management's Reports on Internal Control

Lucky cement co., Ltd

Management's Reports on Internal Control

Date: March 20, 2017

The internal control system of the Company for the year of 2014 is based on the results of our own assessment, and the statement is as follows:

I. The Company ascertain that the establishment, implementation and maintenance of the internal control systems is the responsibility of the board of directors and managers of the Company, so the Company has established the systems. Its purpose is to achieve the object with the effectiveness and efficiency of the operation (including profit, performance and security of assets, etc.) the report with reliability, timeliness, transparency and the Compliance with related laws, regulations, and bylaws to provide reasonable assurance.

II. Internal control systems have their inherent limitations, no matter how perfect the design is, the effective internal control systems will only be able to achieve the above three objectives to provide a reasonable assurance; in addition, due to the changes of the environment and situation, the effectiveness of the internal control systems may change. Provided that the Company's internal control systems contain the self-monitoring mechanism, once the deletion is identified, the company will take corrective action.

III. The Company determines whether the design and implementation of internal control systems are valid based on the assessment items of the validity of the internal control systems provided by the "Regulations Management Systems by Public Companies"(hereinafter referred to as "the Regulations"), and the assessment items of the internal control systems used by the internal control systems divides the internal control systems into five components based on the process of management control: 1.Control environment, 2.Risk assessment, 3. Control activities, 4. Information and communications, and 5 .Monitoring activities, and each component consists of several items. Please refer to the provisions of "the Regulations" for the above items.

IV. The Company has adopted the above assessment items of the internal control systems to evaluate the effectiveness of the design and implementation of internal control systems.

V. On the basis of the above result of assessment, the Company considers that the internal control systems of the Company on December 31, 2016(including supervision and management of subsidiaries), including the understanding of the effectiveness of operations and the extent to which efficiency objectives are achieved, the reliable, timely and transparent reports, and the design and the implementation of the internal control systems which comply with the relevant norms and related laws and regulations are valid, which may reasonably ensures the achievement of the above objectives.

VI. The Management's Reports will be the main content of the Company's annual report and public statement and will be disclosed to the public. If the contents of the above disclosure contains any hypocrisy, concealment and other illegal things, it will be covered by the legal liability of Article 20, Article 32, Article 171 and Article 174 of Securities and Exchange Act.

VII. The Management's Reports has been passed by the board of directors on March 20, 2017, and among the five directors attending the meeting, no one objected to the Management Reports, they hereby agreed with the contents of this Management Reports.

Lucky cement co., Ltd

Chairperson: CHEN, LIANG-CHUAN

General Manager: CHEN, LIANG-CHUAN

2. The internal control systems is not project reviewed by any entrusted accountant this year.

(X) For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements: None.

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

(1) **The content and the implementation of the material resolutions of the annual general meeting of 2016**:

1. By approving the amendment of part of the Articles of “the articles of incorporation” of the Company, the amendment has been announced on the company website after the approval of change registration granted by Ministry of Economy Affair by the letter Shang Zi No. 10501187210 on August 12, 2016

2. The recognition of the annual business report of 2015, the financial statement and surplus distribution.

①The recognition of the Company’s the annual business report of 2015 and the financial statement.

②The Company's financial statement of 2015 has been completed, and the Net Profit is NT$ 470,161,293. For the Company's surplus distribution for the year of 2015, cash dividends per share to be distributed will be NT$ 0.85, a total of NT$ 344,027,342. (The ex-dividend date has been assigned to be on July 26, 2016; the annual surplus assignment of 2015 has been completed on the cash dividend payment date (on August 19, 2016).

3. The elected list of re-election of five directors (including two independent directors) and two supervisors:

The elected list of the directors and supervisors of the annual general meeting of 2016

Title	Account No. or ID. Card No.	Name	Number of equity elected (included electric voting number)
Director	**52748**	**Xiyi Cement Co., Ltd. RepresentativeChen, Liang-Chuan**	**331,184,148 equities (252,948,998 equities)**
Director	**22**	**Jinli Investment (Co.,) Ltd. RepresentativeChen, Yun-Ru**	**308,487,707 equities (252,959,272 equities)**
Director	**15**	**Chang, Hsiang-Ling**	**295,830,495 equities (276,165,591 equities)**
Independent Director	**A223012734**	**Chen Yen**	**265,959,796 equities (252,897,832 equities)**
Independent Director	**R121764344**	**Wang, Chi-Cheng**	**264,611,339 equities (252,948,667 equities)**
Supervisor	**48582**	**Kuochuan Development (Co.,) Ltd. Representative: Chen, Ming-Hsien**	**294,162,034 equities (255,818,800 equities)**
Supervisor	**47250**	**Cheng, Shang-Kai**	**291,765,362 equities (259,418,574 equities)**

4. The discharge of the non-competition restrictions of the new director of the company was approved.

(2) The material resolutions of the board of directors during 2016 up to the date of publication of the annual report.

Nubmer of Meeting Held	Date of Meeting	Important Resolution
I.	105/03/28	1. Passed the endorsement guarantee case to recognize that the subsidiary of Fortune Premixed Concrete Co., Ltd. provided Mega Tienmu with short-term turnover credit line with security valued at NTD$ 70 million . 2. Passed the endorsement guarantee case to recognize that the subsidiary of Fortune Premixed Concrete Co., Ltd. (Japan) provided Mega International Commerical Bank,Osaka Branch, with operating turnover fund with line valued at USD$ 1 million . 3. Passed the endorsement guarantee case that the subsidiary, Dasheng Development co., Ltd., provided Grand Bills Finance Corp. with issued CP line valued at NTD$ 60 million . 4. Passed to allocate 2015 remuneration case of emplyee & directors, supervisors. 5. Passed Business Report & Financial Statement Case of the Company in 2015 6. Passed 2015 surplus allocation case of the Company. 7. Passed to agree the presentation case of 2015 “Internal control System Statement” of the company. 8. Passed to re-elect 5 Directors (included 2 independent Directors) and 2 supervisors. 9. Passed to resolve Non-competition restriction case of On Board Directors of the Company. 10. Passed the case of date of 2016 Meeting of Shareholder and related affairs of the company. 11. Passed Shareholder proposal & nominal right case. 12. Passed the Company’s performace assessment case of “Self-assessment or peer assessment of the board of Directors”. 13. Passed Salary/Remuneration Committee’s 2015 Directors and Supervisors Governance Score. 14. To amend the Company's "Directors and Supervisors Performance Evaluation Measures" through the Salary Remuneration Committee. 15. To make a decision on the handling of cases of illegal and unethical or dishonesty in the case of the Company.
II	105/05/03	1. consider Director will be nominated Directors (including Independent Director) and Supervisors candidates list case.
III	105/05/13	1. Passed to recognize as a subsidiary of the Dasheng development Co., Limited to provide the amount of coupons issued with the amount of NTD$ 1,000 million endorsement guarantee case. 2. Passed the subsidiary Dasheng development co limited financing NT $ 250 million case. 3. Passed the payroll remuneration committee to revise the proposed amendments to the company "Directors and Supervisors remuneration and remuneration approach" case. 4. Passed the payroll remuneration committee to be reported to the company's 2016 Manager year-end bonuses and 2014 annual Manager staff bonus

Nubmer of Meeting Held	Date of Meeting	Important Resolution
		payment case. 5. To set the Company's "Independent Director's Terms of Reference". 6. Passed the company accountants to change the transaction case (due to the need for internal adjustment of the firm).
IV	105/6/15	1. Passed to recommend Mr. Chen, liang-chuan to re-elect as the President case. 2. Passed the appointment of Independent Director, Mrs. Chen, yen, Mr. Liu, Zhong-Wen, Ms. Cai Cui-Juan and others to be the member of the Company's 3rd remuneration committee; and proposed by all members of the remuneration committee to propose the independent Director, Mrs. Chen Yan, to be the convenor of the Commission case
V	105/07/05	1. By setting the cash dividend date of the Company for the year of 2015, the Company shall cease the transfer period and the cash dividends will be issued. (1) The Company's 2015 Annual Earnings Distribution Case, which was recognized by the shareholders' meeting on June 15, 2005, and the cash dividend of NT $ 0.85 per share was distributed. (2) Cash dividend date: July 26, 2005. (3) Stop the transfer period: July 22, 2005 to July 26, 2005. (4) Cash dividend payment date: August 19, 2005. 2. Passed the payroll remuneration committee to approve the proposed amendments to the Company "pay remuneration committee organization procedures" case. 3. Passed the payroll of remuneration committee to report the verification of the remuneration of the company in 2015. 4. Passed the On Board Accounting Director by the Manager of Finance Department .
VI	105/08/10	1. Passed the recognition of the Ministry of Economic Affairs on July 11, 2005 by the letter No. 10501146030, to make up Article 30 of the company "Articles of Association" case. 2. Passed to amend Article 7, Article 22 and Article 27 of the“Corporate Social Responsibility Code of Practice”of the Company.
VII	105/11/10	1. Passed to recognize the Company as a subsidiary of Dasheng Development Co., Ltd. for the business needs to provide Mega Tienmu with NT $ 100 million and Mega NT$ 100 million endorsement guarantee case. 2. Passed the authorized President of the subsidiary of the Company, Dasheng Development Co., Ltd., to provide Mega Tienmu with financed NT $ 258,500,000 with endorsement guarantee for the land in a certain amount for final decision. 3. Passed the subsidiary, Dasheng Development Co., Ltd., to finance NT $ 190 million case. 4. Passed the revision of the Construction Contract that was entered with the subsidiary, Dasheng Development Co., Ltd. (land provider) dated May 8, 2014 case. 5. Passed the revision of the Company's Corporate Governance Practice Code. 6. To amend the copy of the Company's "Application for Suspension and Resumption of Trading Procedures".

Nubmer of Meeting Held	Date of Meeting	Important Resolution
		7. By amending the Company's amendment to the 2005 annual business budget.
VIII	105/12/28	1. Passed the recognition as a subsidiary of the company to raise and provide Mega Tienmu mid-term guarantee loan of NT $ 250 million and provide Daqing ticket issuance CP NT NT $ 10,000 endorsement guarantee case. 2. Passed the Company's 2006 Budget and Capital Expenditure Budget. 3. To authorize President to provide endorsement to the subsidiaries of the Company and to terminate the order in a certain amount. 4. To authorize the President to handle the credit scheme of the Company in 2006 and the financial institutions. 5. To subscribe for forward foreign exchange transactions within the amount of foreign currency loan balance of the Company. 6. To make an internal audit plan for the year 2006. 7. Passed the company’s accountants to change the transaction case (due to the need for internal adjustment of the firm). 8. To evaluate the independence and suitability of the Company's visa accountants on a regular basis (once a year).

Nubmer of Meeting Held	Date of Meeting	Inmportant Resolution
I.	106/01/20	1. Passed the payroll remuneration committee to report the preparation of the Republic of China 2016Manager year-end bonuses and the Republic of China 2015Manager staff paid the case. 2. Passed the review of the company's "Director will be in self-evaluation or peer assessment" performance evaluation. 3. Passed the company's 2017 annual accountants appointed compensation case. 4. Passed the subsidiary Hsinfu Air Industry Co., Ltd., to apply for financing amount of NT NT $ 30 million due to business turnover needs.
II.	106/03/20	1. Passed the recognition of Dasheng Development Co., Limited as a subsidiary to provide the amount of coupons issued by the amount of NT $60 million endorsement guarantee case. 2. The Company's business report and financial statements for the year ended 31 December 2005. 3. By assigning the employees and supervisors of the Company for the year 2005. 4. Passed the company's 2005 earnings distribution case. 5. Passed the case of subsidiary, Japan Lucky Cement Co., Ltd., to apply for financing valued at NT$ 10 million due to business turnover needs.

Nubmer of Meeting Held	Date of Meeting	Inmportant Resolution
		6. Passed to issue the Company's 2005 "Internal Control System Statement". 7. Passed the proposed amendments to the Company’s Acquirement or disposition of the asset processing procedures. 8. Passed the payroll remuneration committee reported to the company 2016 Directors and Supervisors governance score case. 9. The date and related matters of the shareholders' general meeting shall be held through the Company. 10. Passed the shareholder’s proposal right.

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

(XIII) **Summary of the dismissal and discharge of the people concerned of the Company**

April 30, 2017

TITLE	NAME	ON-BOARD DATE	DATE OF RESIGNATION	REASON OF RESIGNATION OR DISMISSAL
MANAGER, ACCOUTNING DEPT.	LEE, KUO-FENG	104/12/15	105/06/30	DUTY ADJUSTMENT

Note: The people concerned of the Company refers to the chairperson, general manager, chief accountant, chief financial officer, internal audit manager and R & D supervisor and etc.

4. Information on CPA professional fees:

(I) Fee range table of the Information on CPA professional fees (Please select the applicable fee range or fill in the amount)

Name of Accountant Firm	Name of Accountant		Period of Audit	Remark
Deloitte Certified Public Accountants	Huang, Hai-Yueh	Wu En	105/01/01~105/03/31	Required by internal adjustment of the firm
Deloitte Certified Public Accountants	Huang, Hai-Yueh	Xhieh, Chien-Xin	105/04/01~105/09/30	
Deloitte Certified Public Accountants	Huang, Hai-Yueh	Liu, Yung-Fu	105/10/01~105/12/31	

Unit: NTD$ 1,000

Scale of Amount \ Public expense project		Audit with Public Fee	Audit w/o public fee	Total
1	Less than NTD$2,000			
2	NTD$2,000 (included)～4,000	✓		✓
3	NTD$4,000 (included)～6,000			
4	NTD$6,000 (included)～8,000			
5	NTD$8,000 (included)～10,000			
6	NTD$10,000 above			

Unit: NTD$ 1,000

Name of Accountant Firm	Name of Accountant	Audit with Public Fee	Audit w/o public fee					Auditing Period	Remark
			System Design	Industry & Commerce Registry	Human Resource	Others	Sub-total		
Deloitte Certified Public Accountants	Huang, Hai-Yueh	3,740	-	-	-	-	-	105/01/01 ~ 105/03/31	
	Wu, En-Ming								
	Huang, Hai-Yueh							105/04/01 ~ 105/09/30	
	Xhieh, Chien-Xin								
	Huang, Hai-Yueh							105/10/01 ~ 105/12/31	
	Liu, Yung-Fu								

(II) 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 are 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.

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

(IV) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 15 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None.

(V) Information on replacement of certified public accountant:

The certified public accountant of the Company's financial report is Deloitte Touche Tohmatsu Limited. In line with the need for internal business adjustments, Accountant Huang, Hai-Yue and account Wu, En-Ming were responsible for the certificates during the fourth quarter of 2014 to the first quarter of 2016; from the second quarter of 2016 to the third quarter of 2016, the responsible accountants for the certificates were changed to accountant Huang Hai-Yue and accountant Xie, Jian-Xin; from the fourth quarter of 2016, the responsible accountants for the certificates were changed to accountant Huang,Hai-Yue and accountant Liu, Yong-Fu.

5. Other matters to be clarified

(I) 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.

(II) The personnel who is 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 the audit department.

(III) Changes, transfer and pledge of the shareholding of the directors, supervisors, managers and major shareholders

(1) Changes of the shareholding of the directors, supervisors, managers and major shareholders.

Title (Note)	Name	2016		As of April 30 of current	
		Increased (decreased) number of shares held	Number of shares as collateral	Increased (decreased) number of shares held	Number of shares as collateral
President (106/6/15 On Board)	Xiyi Cement Co., Ltd.	0	0	0	0
	Representative: Chen, Liang-Chuan	(8,216,000)	(4,135,000)	0	0
President (Same)	Jinli Investment (Co.,) Ltd.	0	(2,700,000)	-	11,086,000
	Representative: Chen, Liang-Chuan	(8,216,000)	(4,135,000)	-	-
Director (106/6/15 on board)	Jinli Investment (Co.,) Ltd.	0	(2,700,000)	0	11,086,000
	Representative: Chen, Yun-Ru	0	(11,400,000)	0	0
Director (Same)	Jinli Investment (Co.,) Ltd.	0	(2,700,000)	-	11,086,000
	Representative: Chen, Ching-Hong	0	0	-	-
Director (Same)	Jinli Investment (Co.,) Ltd.	0	(2,700,000)	-	11,086,000
	Representative: Lee, Li-Jen	0	0	-	-
Director (Same)	Kuochuan Development (Co.,) Ltd.	0	(1,500,000)	-	-
	RepresentativeChen, Yun-Ru	0	(11,400,000)	-	-
Director (106/6/15 re-elected)	Chang, Hsiang-Ling	(245,000)	0	0	0

Independent Director (106/6/15 On Board)	Chen Yen	0	0	0	0
Independent Director	Wang, Chi-Cheng	0	0	0	0
Supervisor (106/6/15 On Board)	Kuochuan		(1,500,000)		
	Representative: Chen, Ming-Hsien	0	0	0	0
Supervisor (Same)	Chen, Ming-Hsien	0	0	-	-
Supervisor (106/6/15re-elected)	Cheng, Shang-Kai	0	0	0	0
General Manager	Chen, Liang-Chuan	(8,216,000)	(4,135,000)	0	0
Executive Vice General Manager	Chen, Yun-Ru	0	(11,400,000)	0	0
Assistant Manager (105/11/10 Retired and converted to be a consultant	Chen, Ching-Hong	0	0	-	-
Assistant Manager	Huang, Cheng-Ku	(27,000)	0	0	0
Manager	Weng, Xiu-Ju	0	0	0	0
Manager	Wang, Wei-Jen	0	0	0	0
Big Shareholder	Changheng Investment (Co.,) Ltd.	0	4,180,000	0	0

Note: Shareholders holding more than 10% of the Company's shares shall be indicated as major shareholders and be listed separately.

Note: Where the counterparty in any such transfer or pledge of equity interests is a related party shall be listed in the following table.

(2) Where the counterparty in any such transfer of equity interests is a related party: None.

April 30, 2017

Name （Note 1）	Reason of Equity Transfer （Note 2）	Date of Trade	Opposite Party of Trade	The Relationship between the opposite Party of trade and the company, Director, Supervisor, and shareholders with more than 10% of shares held	Number of Share	Trading Price
—	—	—	—	—	—	—

(3) Where the counterparty in any such pledge of equity interests is a related party: None.

April 30, 2017

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, and shareholders with more than 10% of shares held	Number of Share	Shareholding ratio	Collateral ratio	Amount of loan with collateral （redemption）
—	—	—	—	—	—	—	—	—

Note 1: The name of the directors, supervisors, managers and shareholders holding more than 10% of the Company's shares shall be listed.

Note 2: Pledge or redemption shall be filled in.

(IV) Relationship information among the company's 10 largest shareholders

Name (Remark1)	Current Shareholding		The holding shares of spouses and minor children		Current holding shares under other's names		The spouse, relatives by blood within second degree of kinship of the managers		Note
	The number of shares	Shareholding Ratio	The number of shares	Shareholding Ratio	The number of shares	Shareholding Ratio	Title(or name)	Relations	
Changheng Investment Co., Ltd	52,631,034	13.00%	0	0%	0	0%	Chen, yun-ju	Major shareholders	－
Representative of Changheng Investment Co., Ltd：Li,chi	855	0.00%	0	0%	0	0%	－	－	－
Chinli Investment Co., Ltd	25,230,451	6.23%	0	0%	0	0%	Chen, liang-chuan	Major shareholders	－
Representative of Chinli Investment Co., Ltd : Lin,cheng-liang	2,837,228	0.70%	0	0%	0	0%	－	－	－
Lucky construction Co., Ltd (Remark 4)	22,091,152	5.46%	0	0%	0	0%	Yungsheng Development Co., Ltd, Takming University of Likuang construction	First degree of kinship of the representative Same as the representative	－
Lite Investment Co., Ltd	21,593,285	5.34%	0	0%	0	0%	Tachung Investment Co., Ltd	Same as the representative	－
Representative of Lite Investment Co., Ltd : Cheng,hai-pin	4,134,214	1.02%	2,207,053	0.55%	0	0%	－	－	－
Yungsheng Development Co., Ltd,	19,573,509	4.84%	0	0%	0	0%	Takming University of Science and Technology	Same as the representative	－
Representative of Yungsheng Development Co., Ltd: Chen, liang-chuan	7,019,687	1.73%	4,948,088	1.22%	0	0%	Chen, yun-ju Lucky construction Co., Ltd Likuang construction Co.,Ltd	First degree of kinship First degree of kinship of two representatives	－
Changjun Water Resources biotechnology Co., Ltd	15,404,008	3.81%	0	0%	0	0%	Chen, yun-ju	Major shareholders	－
Representative of Changjun Water Resources biotechnology Co., Ltd : Liu,chunlin	0	0%	0	0%	0	0%	－	－	－
Takming University of Science and Technology	11,794,250	2.91%	0	0%	0	0%	Yungsheng Development Co., Ltd,	Same as the representative	－
Representative of Takming University of Science and Technology : Chen, liang-chuan	7,019,687	1.73%	4,948,088	1.22%	0	0%	Chen, yun-ju Lucky construction Co., Ltd Likuang construction Co.,Ltd	First degree of kinship First degree of kinship of two representatives	－
Chen, yun-ju	11,408,210	2.82%	3,672,592	0.90%	0	0%	Yungsheng Development Co., Ltd, Takming University of Science and Technology	First degree of kinship of the representative	－

							Lucky construction Co., Ltd	Representative	
							Likuang construction Co.,Ltd		
Tachung Investment Co., Ltd	10,868,294	2.69%	0	0%	0	0%	Lite Investment Co., Ltd	Same as the representative	—
Representative of Tachung Investment Co., Ltd:Cheng,hai-pin	4,134,214	1.02%	2,207,053	0.55%	0	0%	—	—	—
Likuang construction Co.,Ltd (Remark 4)	9,807,066	2.42%	0	0%	0	0%	Yungsheng Development Co., Ltd,	First degree of kinship of the representative	—
							Takming University of Science and Technology		
							Lucky construction Co., Ltd	Same as the representative	

Note 1: All the top ten shareholders shall be listed. The title of the legal person shareholders and and the name of the representative shall be listed separately.

Note 2: The calculation of the shareholding ratio means the shareholding ratio which is calculated in the name of their own, spouse, minor child or in the name of another person.

Note 3: The shareholders listed in the preceding note shall include the legal person and the natural person, and shall disclose their relationship in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers

Note 4: Chen, Yun-Ru is a responsible person of Lucky construction enterprise (stock) company and Li-guang Construction (stock) company, who has been listed in the top ten shareholders and shall not be listed again.

(V)The total number of shares and total equity stake held in any single enterprise by the company, its directors and supervisors, managers, and any companies controlled either directly or indirectly by the company.

Unit: shares; %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	The number of shares	Shareholding Ratio	The number of shares	Shareholding Ratio	The number of shares	Shareholding Ratio
Daishen Development Co., Ltd (Remark 1)	158,294,180	99.99%	1,940	0.00%	158,296,120	99.99%
Hsingfu Remicon Co. Ltd	21,999,868	99.99%	44	0.00%	21,999,912	99.99%
Hsinfu navigation co., ltd	5,499,929	99.99%	22	0.00%	5,499,951	99.99%
Japan lucky Cement Co., Ltd.	200	100.00%	0	0.00%	200	100 .00%
Just Bright Ltd.	50,000	100.00%	0	0.00%	50,000	100 .00%
Jenhan bay Development Co., Ltd (Remark 3)	0	0%	0	0.00%	0	0%
Elumina Technology Inc (Remark 2)	9,338,400	70.59%	0	0.00%	9,338,400	70.59%

Note 1: DAI SHEN DEVELOPMENT CO.,LTD. conducted the capital increase in July of 2015, and the number of shares was 158,300,000 shares after the capital increase.

Note 2: SAYATO Optoelectronics Co., Lt conducted the capital increase in September of 2015, and the number of shares was 13,230,000 shares after the capital increase.

Note 3: Heren Harbor development co., Ltd conducted the Liquidation in September of 2016.

IV. Fund Raising

Capital and Shares

1. Source of Capital :

1. Capitalization :

April 30, 2017

Year. Month	Issuing Price	Authorized Share Capital		Subscribed Share Capital		Remark		
		Number of Share	Amount	Number of Share	Amount	Source of Share Capital	Shareholder who writes off payment of shares with property other than cash	Others
63.03	100	4,000,000	400,000,000	1,000,000	100,000,000	Capital increased by cash		
65.08	100	4,000,000	400,000,000	1,500,000	150,000,000	Capital increased by cash		
66.07	100	4,000,000	400,000,000	2,500,000	250,000,000	Capital increased by cash		
66.09	100	2,500,000	250,000,000	2,500,000	250,000,000	Capital increased by cash		
66.11	100	8,000,000	800,000,000	4,000,000	400,000,000	Capital increased by cash		
67.06	100	8,000,000	800,000,000	4,500,000	450,000,000	Capital increased by cash		
68.09	100	8,000,000	800,000,000	5,500,000	550,000,000	Capital increased by cash		
68.12	100	8,000,000	800,000,000	6,500,000	650,000,000	Capital increased by cash		
69.03	100	8,000,000	800,000,000	8,000,000	800,000,000	Capital increased by cash		
69.12	10	80,000,000	800,000,000	80,000,000	800,000,000	Capital increased by cash		
74.12	10	130,000,000	1,300,000,000	130,000,000	1,300,000,000	Capital increased by cash		
75.10	10	136,000,000	1,360,000,000	136,000,000	1,360,000,000	Capital increased by cash		
79.05	10	200,000,000	2,000,000,000	200,000,000	2,000,000,000	Capital increased by cash 334,000,000, surplus converting to be incremental fund of 306,000,000		
79.08	10	215,000,000	2,150,000,000	215,000,000	2,150,000,000	Surplus to capital increase		
80.08	10	225,750,000	2,257,500,000	225,750,000	2,257,500,000	Capital reserve to capital increase		
81.08	10	248,325,000	2,483,250,000	248,325,000	2,483,250,000	Surplus to capital increase112,875,000，Capital reserve to capital increase112,875,000		
82.09	10	273,157,500	2,731,575,000	273,157,500	2,731,575,000	Surplus to capital increase124,162,500，Capital reserve to capital increase124,162,500		
83.08	10	314,131,125	3,141,311,250	314,131,125	3,141,311,250	Surplus to capital increase191,210,250，Capital reserve to capital increase218,526,000		
84.08	10	329,837,682	3,298,376,820	329,837,682	3,298,376,820	Surplus to capital increase		
85.08	10	346,329,567	3,463,295,670	346,329,567	3,463,295,670	Surplus to capital increase		
86.07	10	520,000,000	5,200,000,000	363,646,046	3,636,460,460	Surplus to capital increase		

88.07	10	498,646,046	4,986,460,460	385,434,809	3,854,348,090	Surplus to capital increase	Note 1	
89.09	10	498,646,046	4,986,460,460	404,738,049	4,047,380,490	Surplus to capital increase	Note 2	

Note 1: Letter of 1999.07.21 (88) Tai-Cai-Zheng (1) No. 67585
Note 2: Letter of 2000.07.19 (89) Tai-Cai-Zheng (1) No. 62554.

2. Type of Stock

April 30, 2017

Type of Shares	Authorized Share Capital			Remark
	Outstanding Shares (Note)	Unissue Shares	Total	
Ordinary	404,738,049 (listed)	93,907,997	498,646,046	—

Note: Please indicate whether the stock is listed or OTC stock (such as to limit the listing or OTC buyers, which shall be added).

3. General information about the reporting system

April 30, 2017

Type of Security	Assumed number of share issued		Issued amount		Purpose of the issued portion and expected efficiency	Scheduled issuance of pending portion	Remark
	Total number of share	Approval amount	Number of share	Price			

Note: The form is not applicable.

2. Compositation of Shareholders

April 30, 2017

Shareholder Strucutre / Quantity	Government/Agency	Financial Instuition	Other Juridical Persons	Domestic Individuals	Foreign Institution & Foreigner	Total
Quantity	0	4	37	16,609	46	16,696
Number of share held	—	1,976,003	202,177,675	190,726,357	9,858,014	404,738,049
Proportion of Share Held	0%	0.49%	49.96%	47.12%	2.44%	100.00%

Note: A primary exchange (or OTC) listed company or emerging stock company shall disclose the proportion of its shareholdings in the foreign issuer by Mainland Area enterprises. Foreign issuers from Mainland Area enterprises means Mainland people, legal persons, groups, other institutions or their investment company in the third region provided in the Article of The Rules Governing Permits for People in Mainland China investing in Taiwan.

3. Shareholding Distribution Profile

Shareholding Distribution Status April 30, 2017

Shareholder Ownership(Share)	Nubmer of Shareholder	Ownership	Ownership %
1 to 999	7,993	1,277,106	0.32%
1,000 to 5,000	5,977	13,881,011	3.43%
5,001 to 10,000	1,347	11,565,100	2.86%
10,001 to 15,000	324	4,187,664	1.03%
15,001 to 20,000	342	6,566,043	1.62%
20,001 to 30,000	206	5,600,431	1.38%
30,001 to 50,000	192	8,074,932	2.00%
50,001 to 100,000	151	11,201,332	2.77%
100,001 to 200,000	60	8,732,036	2.16%
200,001 to 400,000	29	8,014,405	1.98%
400,001 to 600,000	6	2,900,038	0.72%
600,001 to 800,000	7	4,887,377	1.21%
800,001 to 1,000,000	7	6,492,967	1.60%
1,000,001 above	55	311,357,607	76.93%
TOTAL	16,696	404,738,049	100.00%

4. List of major shareholders

April 30, 2017

Share / Name of major shareholder	Total shares owned	Ownership %
Changheng Investment Co., Ltd.	52,631,034	13.00%
Jinli Investment Co., Ltd.	25,230,451	6.23%
Happiness building enterprise co., Ltd	22,091,152	5.46%
Lide Investment Co., Ltd	21,593,285	5.34%
Insein Development Industrial Co., Ltd.	19,573,509	4.84%
Changrun Water Resources Biotechnology Co., Ltd.	15,404,008	3.81%
Deming University of Finance and Economics	11,794,250	2.91%
Chen, Yun-Ru	11,408,210	2.82%
Volkswagen Investment Co.	10,868,294	2.69%
Lianguang Construction Co.	9,807,066	2.42%

List all shareholders with a stake of 5 percent or greater, or the names of the top ten shareholders, specifying the number of shares and stake held by each shareholder on the list

5. Provide share prices for the past two fiscal years, together with the company's net worth per share, earnings per share, dividends per share, and related information

Item / Year			2015	2016	As of March 31, 2017, the current year（Note 8）
Market Price per Share (Remark 1)	Highest Market Price		11.80	10.45	10.45
	Lowest Market Price		9.10	8.96	9.09
	Average Market Price		10.44	9.65	9.97
Net Worth per Share (Remark	Before Distribution		11.89	11.79	—
	After Distribution		11.04	11.19	—
Earnings per Share	Weighted Average Shares		404,738	404,738	404,738
	Earnings per Share (Remark 3)		1.16	0.78	—
Dividends per Share	Cash Dividends (Remark 9)		0.85	0.60	—
	Stock Dividends	—	—	—	—
		—	—	—	—
	Accumulated Undistributed Dividends		—	—	—
Return on Investment	Price / Earnings Ratio (Remark5)		9.00	12.37	—
	Price / Dividend Ratio(Remark6)		12.28	16.08	—
	Cash Dividend Yield Rate(Remark7)		8.14%	6.22%	—

＊If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: Set forth the highest and lowest market prices per common share for each year, and calculate each year's average market price based upon that year's transaction value and transaction volume.

Note 2: Use the number of issued shares at year end as the basis, and fill in according to the distribution of the resolution of the annual shareholders' meeting

Note 3：If there is need of restropective aadjustment due to free allotment, surplus per share before/after adjustment shall be listed.

Note 4：If Equity Secuirty Issuance Condition provides dividends that are pending in the appropriation in the current year shall be aggregated to the year with surplus for appropriation, unpaid dividends accrued as of the current year shall be disclosed respectively.

Note 5：P / E = Average closing price per share per share for the year。

Note 6：Ratio of dividend/price to dividend ratio = average annual closing price per share / cash dividend per share。

Note 7：Cash dividend yield = cash dividend per share / average closing price per share for the year。

Note 8：Net value and net earnings per share as of the date of printing day of the annual report, there is no financial information that has recently been audited (reviewed) by the accountant and is not disclosed.

Note 9：Cash dividend in 2016 is pending in the resolution on the Meeting of Shareholder in 2017.

6、 Dividend Policy and Declaration 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) The proposed dividend distribution of this shareholders meeting: the proposed distribution of cash dividend is NT $ 0.60 per share.

7. The impact that the stock dividends made to the company's business performance and earning per share: Not applicable.

8. Remuneration of employees, directors and supervisors:

(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 and supervisors.

(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 and supervisors. 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 the current year (2017), the Board of Directors decided to distribute NT $12,446,813 for employees' compensation, and NT $20,744,689 for directors and supervisors, and the above amount was paid in cash.

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

(4) **The actual distribution of the compensation of the directors and supervisors for the previous year:**

On March 28, 2005, the Board of Directors adopted the proposed compensation distribution of NT $ 31,059,924 for directors and supervisors, and NT $18,635,955 for employees. Based on the report of the annual general meeting on June 15, 2016, the actual distribution of the compensation of the directors, supervisors and employees was all issued and there was no difference from the estimated amount in the account.

9. The company bought back shares of the Company: None.

10. Corporate Bonds and Preferred Share Offerings: None.

11. Overseas depositary receipt, Employee stock option certificates and M&A or accept the shares of other company to issue new shares: None.

12. Implementation of Capital Use Plan: The Company has not issued or made private placement of securities.

V. Operational Highlights

1. Business Activities

(1) Business Scope

1). The main contents of the business:

A. C901050 cement and concrete products manufacturing industry.

B. C901990 other non-metallic mineral products manufacturing industry.

C. B202010 non-metallic mining industry.

D. J101030 Waste removal industry.

E. J101040 Waste disposal industry.

F. 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

Item	2016 proportion of products
Cement and clinker	54.17%
Cement products	10.72%
Others	35.11%

3). The current commodity projects and new products development

A.Existing products:

a. Type I cement (ordinary cement)

b. Type Ⅱ cement (medium-heat cement cement)

c. Slag

d. Cement products (ready-mixed concrete)

e. Stone (limestone, dimension stone, sandstone)

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 production plant of the Company is located in Dongao, Yilan, and the limestone source is planned to be from Heren, Hualien. In recent years, due to the impact of the environmental and resource constraints and local tax increase, thereby the cost of limestone raw materials has been increasing.

We are looking forward to the slowly rising economic under the policy of monetary easing in 2017; however, due to the impact of the regulations and policies of the government, the new construction cases of the private companies in Taiwan has been slowed down, and the market demand is lack of growth momentum, so we expected that the domestic cement market demand will remain conservative this year.

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 Dai Shen Development Co., Ltd., Lucky Ready Mix Concrete Co., Ltd and Lucky Aviation Industry 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, and besides the production of cement, the Company also produces slag to supply the needs of the industry to make up for reduced cement sales.

The mass and weight of cement and slag products are high, which is a local industry. In addition to improving production efficiency, maintaining quality and providing customers with products quickly, the Company works hard on the planning of shortening the transport distance and the use of costal shipping.

(3) Overview of Technology and R&D

1)The Company has no technical and R & D expenses incurred during the year of 2016.

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

(4) Long-term and Short-term Development

1) Short-term development:

Domestic cement industry have reached maturity, so maintaining market share, reducing costs and developing limestone and other raw materials related products shall be the short-term development; continue to push the first phase of land development project of the subsidiary company of Dai Shen Development Co.,Ltd. to increase the investment income.

2) Long-term Development:

A.Improving the equipment to actively increase the production efficiency, increasing the use of renewable resources, doing corporate social responsibility for sustained yield management.

B.Looking for new opportunities to expand new business in the world.

2. Market and Sales Overview

(I) Market Analysis

1) Sales Region

Region	2016 The proportion of major commodity sales areas
Northern	59.69%
Central	10.97%
Hualien & Taitung	24.03%
Others	5.31%

The Company has two cement plants, located in Dongao, Yilan and Po Xin, Taoyuan and four pre-mix plants, and a mine to produce the cement, slag, cement goods and limestone

stone of Lucky brand. 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, private sales customers in north, middle, south and Hualien-Taitung of Taiwan. The sale volume is ranked the third in Taiwan, only less than Taiwan Cement Corporation and Asia Cement Corporation. The cement goods of ready mixed concrete are mainly supplied and sold in the northern Taiwan.

2)Market Share

The cement products and cement goods of the Company dominate the domestic market, and the market share of cement products is about 9 to 10 %, 2 % for cement goods.

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

The domestic cement market is mature, and a large number of import cement may not be imported due to the cost factors, it may not capture the domestic market. Moreover, in the proceeding of 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:

A.Favorable factors:

Although the international economic growth slowed down, the domestic interest rate is in a low state, and the government's ongoing public works program is still helpful for cement-related industries. In addition, the stone production of the Company is abundant, so besides our own use, we may still supply related industries. The international prices of dust coal for cement production fell, the cost is gradually declining, which is conducive to improving profits.

B.Unfavorable factors:

- Rising costs of the electricity and imported raw materials and transportation.
- Due to the domestic CO_2 emissions restrictions and the rising environmental awareness, it is not easy to expand.
- Cargo taxes, air pollution charges and waste disposal fees and raw material local taxes and other taxes has a negative impact on the cement industry.
- Government housing market policy has unfavorable development on the cement industry.

(2) Important Application and Production Procedures of Main Products

1)Important Application

A. Product: Type I cement (ordinary cement)
Application: For general civil and construction works.

B. Product: Type II cement (medium-heat 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.

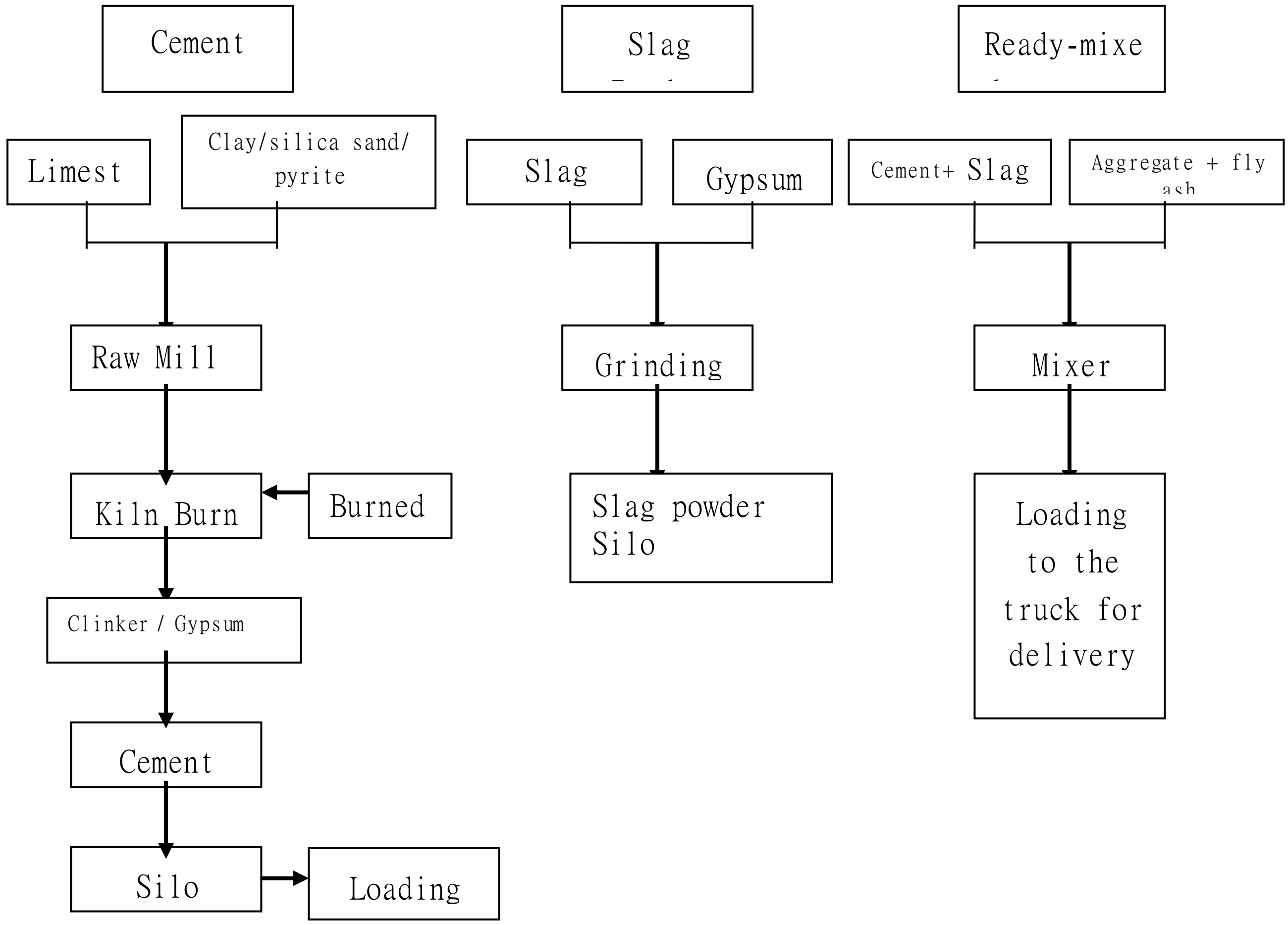
C. Product: slag
Application: For general civil and construction, normally for ready mixed concrete industry.

D. Product: cement goods(ready mixed concrete)
Application: For a variety of construction

E. Product: Stone (limestone, dimension stone, sand-stone)

Application: Limestone is the main raw material for the cement industry, dimensional stone is for steel mills and petrochemical plants, and sand-stone is one of the main material 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	—
Clay	Domestic purchasing	—
Pyrite	A partial of domestic purchasing and a partial of importing	—
Silica sand	Domestic purchasing	—
Gypsum	Domestic purchasing	—
Coal	Importing from Australia and Russia	—
Slag	Importing from Japan	—
Fly Ash	Domestic purchasing	—
sandstone	A partial of domestic purchasing and a partial of importing	—

Except for the limestone and sand-stone, part of the main raw materials are home-made, and part of them are from the domestic procurement; at least two or more suppliers to may provide stable supply.

(4) List of purchase and sales customers who account for more than 10% in the last two years

1). Major Suppliers in the Last Two Calendar Years Unit: 1 Million dollar

	2015				2016 (Remark 1)				01/01/2017~03/31/2017 (Remark 3)			
Item	Name (Remark 2)	Amount	Percentage of Net Total Supplies	Relation with Issuer	Name (Remark 2)	Amount	Percentage of Net Total Supplies	Relation with Issuer	Name (Remark 2)	Amount	Percentage of Net Total Supplies	Relation with Issuer
1	Company D	256	12.9	Raw material supplier	M Company	226	12.9	Raw material supplier				
2	Company E	233	11.7	Raw material supplier	D Company	269	15.3	Raw material supplier				
3					L Company	219	12.5	Raw material supplier				
4					E Company	190	10.8	Raw material supplier				
5												
6												
7	Others	1,499	75.4		Others	851	48.5					
	Net Total Supplies	1,988	100.0		Net Total Supplies	1,755	100.0					

Note1: Reason for change: Due to diversified procurement policy, there is not only a single supplier.

Note2: The name of the suppliers shall not be disclosed based on the agreement of the Purchase Contracts.

Note3: It is not it is not disclosed due to no financial information of the most recently audited (edited) by the accountant before the date of publication of the annual report

	2015				2016 (Remark 1)				01/01/2017~03/31/2017 (Remark 3)			
Item	Name (Remark 2)	Amount	Percentage of Net Total Supplies	Relation with Issuer	Name (Remark 2)	Amount	Percentage of Net Total Supplies	Relation with Issuer	Name (Remark 2)	Amount	Percentage of Net Total Supplies	Relation with Issuer

1	Company D	606	12.07	Client	Company H	474	11.15	Client				
2	Company H	527	10.5	Client								
3												
4												
5	Others	3,888	77.43		Others	3,777	88.85					
	Net Total Supplies	5,021	100.0		Net Total Supplies	4,251	100.0					

2). MajorClients in the Last Two Calendar Years Unit: NT$ thousands

Note1: Reason for change: Major customers have not changed.

Note2: The name of the customers shall not be disclosed due to the agreement of the Sales Contracts.

Note3: It is not it is not disclosed due to no financial information of the most recently audited (edited) by the accountant before the date of publication of the annual report.

(5) Production value in the Last Two Years

Unit of cement & slag: 1000 metric tons;
Unit of cement goods: cubic meters;
Unit of output: NT $ 1000.

Production Volume Year / Major commodity	2015			2016		
	Yield	Capacity	Output	Yield	Capacity	Output
Cement, stove stone powder	2,000	1,054	1,385,360	2,000	864	1,126,832
Cement product	-	653	1,061,018	-	420	673,622
Others	-	5,207	726,676	-	4,260	799,835

Note 1：Production capacity refers to the company by measuring the necessary downtime, holidays and other factors, the use of existing production equipment, in the normal operation of the number of production.

Note 2：The production of each product is substitutable, the combined calculation of production capacity, with note。

(6)Sales Quantity/Amount over latest 2 years

Cement, Stove stone powder unit: 1,000 tons;
Cement Product Unit: Cubie meter;
Output value unit: 1,000

Sales Year / Major commodity（or Departmnet）	2015				2016			
	Domestic Sales		Export		Domestic Sales		Export	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Cement, stove stone powder	1,354	2,862,028	—	—	1,134	2,413,021	—	—
Cement product	—	775,309	—	—	—	455,893	—	—
Stone	4,222	1,142,670	—	—	3,100	918,951	—	—
Others	—	241,346	—	—	—	463,196	—	—

Total	—	5,021,353	—	—	—	4,251,061	—	—

3. Employees information in the last two years and up to the date of publication of the annual report

April 30, 2017

Year		2015	2016	As of April 30, 2017
The number of Employee	Factory direct worker	266	244	248
	Factory indirect worker	140	133	133
	Management & Marketing Staff of the Company	143	135	138
	TOTAL	549	512	519
Average age		47.8	48.09	48.10
Average seniority		13.2	13.6	13.5
Educational Background Distriubtion percentage	Doctor	0.18	0.39	0.39
	Master	2.37	2.73	3.08
	University/College	31.69	33.59	33.53
	Senior High School	41.35	39.06	38.73
	Under high school	24.41	24.23	24.27

4．**Environmental Protection Expenditure**

(1) The loss or penalty caused by environmental pollution during the latest year and up to the printing date of this annual report:

	2015	2016	01/01/2017~4/30/2017
Pollution conditions (category and condition)	1、Storage yard was not set up according to the Regulations	1、The cause was the storage of raw materials. 2、Facilities were not upgrading according to the	1、Violation of Air Pollution Control Act
Compensation object or punished by	Department of Environmental	Department of Environmental	Department of Environmental
The amount of compensation or punished situation	1,230 thousands	686 thousands	100 thousands
Other loss	N/A	N/A	N/A

(2) Countermeasures

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.

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.

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.

(3) 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) Re-develop the soil and water conservation plan, and complete as planned to ensure homeland security according to the latest laws and regulations.
6) The total amount of environmental protection expenditure in 2016 was NT $ 15,634,000.

5. Labor Relationship

(I) Employee benefits policy:

1). Employee benefits measures:

A. 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 2016 is NT $ 4,305,000.

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

C. Issue three Chinese festival bonus and education grant.

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

E. Conduct employee group insurance and employee health check. The related expenditure for the year of 2016 was NT $ 1,153,000.

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 $196,000.

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, 21 people retired and the pensions totaled NT $ 48,954,000.

(2 Protection measures of employee rights

Harmonious labor relations 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:

1) coordinate labor relations, promote labor management cooperation, 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:

A. Each employees on site shall be equipped with helmets, safety boots, and employees work in an area with high temperature shall be equipped with fire clothing for appropriate protection for work needs to ensure the safety of employees during work.

B. In promoting labor safety and health work, the Company requires full compliance with the Labor Safety and Health Act. Since the registration date of the new employees, new employees shall participate in the educational training, and security courses, disaster prevention, emergency, escape and other exercises shall be organized regularly. Clear notice boards shall be displayed clearly in the workplace to inform the employees how to operate the equipment correctly in the workplace, and the sense of alertness to the space and environment.

C. 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 work safety manual. Moreover, an inspection team composed by the security environment division carried out the dynamic inspection to make sure the safety of the work environment for the employees.

D. The total expenditure on labor safety in 2016 amounted to approximately NT$ 2,372,000.

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

6. Important Contracts

April 30, 2017

Nature of Contract	Party	Effective Day to End Date of Contract	Main Text	Limitations
Loan Contract	Chungshan Branch, Bank of Taiwan	105/02/25-108/02/25	Loan of Middle-Stage Land & Building	—
Loan Contract	Ximen Branch, The Cooperative Bank	102/11/13-107/11/13	Loan of Middle-Stage Land & Building	—
Loan Contract	Ximen Branch, The Cooperative Bank	100/11/21-107/11/21	Loan of Middle-Stage Land & Building	—
Construction Contract	Shuenfong construction company	104/04/01-105/12/31	Keelung-operated City Land Redevelopment Construction Phase II	—
Trading Contract	Qin Yang Machinery (Co.,) Ltd.	105/06/30-107/06/30	40 pieces of new 35 tons of Stone bucket car	—
Construction Contract	Fukuyama Environmental Protection Technology Co., Ltd	106/03/31-107/03/31	Keelung City Daitien Temple Section-operated City Land Redevelopment Construction Retaining wall works Phase II	—

VI. Financial Information

1. Consolidated Balance Sheet and Income Sheet in the Last Five Years

(1)Consolidated Balance Sheet and Comprehensive Income Sheet

Consolidated Consolidated Balance Sheet

Unit: NTD$1,000

Item \ Period		Financial Data in the past 5 years（Note 1） 2012（Note 5）	2013	2014	2015	2016	Finance data as of March 31, 2017（Note3）
Current Assets		5,428,398	5,593,001	5,561,570	5,212,763	5,360,762	
Property, Plant and Equipment (Remark 2)		2,695,527	2,435,301	2,300,176	2,157,348	1,899,736	
Intangible assets		－	－	－	－	－	
Other assets (Note 2)		631,432	554,705	501,533	485,391	492,146	
Total assets		8,755,357	8,583,007	8,363,279	7,855,502	7,752,644	
Current Liabilities	Before distribution	2,366,882	2,236,177	2,333,817	1,824,743	2,604,897	
	After distribution (Remark 4)	－	2,054,045	2,090,974	1,480,716	－	
Non-current liabilities		2,177,748	1,943,426	1,414,348	1,185,095	345,911	
Total liabilities	Before distribution	4,544,630	4,179,603	3,748,165	3,009,838	2,950,808	
	After distribution (Remark 4)	－	3,997,471	3,505,322	2,665,811	－	
Equity attributable to shareholders of the parent		4,223,335	4,389,498	4,584,622	4,811,850	4,771,695	
Capital stock		4,047,380	4,047,380	4,047,380	4,047,380	4,047,380	

Capital surplus		5	7	─	8	8	
Retained earnings	Before distribution	130,424	309,849	508,990	728,106	696,907	
	After distribution (Remark 4)	─	127,717	266,147	384,079	─	
Other equity interest		45,526	32,262	28,252	36,356	27,400	
Treasury stock		─	─	─	─	─	
Non-controlling interest		(12,608)	13,906	30,492	33,814	30,141	
Total equity	Before distribution	4,210,727	4,403,404	4,615,114	4,845,664	4,801,836	
	After distribution (Note 4)	─	4,221,272	4,372,271	4,501,637	─	

Note1: The financial statements of 2012-2016 were auditing and certificated by the accountant.
Note2: Assets Revaluation was not conducted in 2016.
Note3: It is not it is not disclosed due to no financial information of the most recently audited (edited) by the accountant before the date of publication of the annual report.
Note4: The surplus distribution for the year of 2016 is subject to the resolution of the shareholders' meeting, so the numbers after the distribution are lacked.
Note5: The financial information of the Regulations Governing Taiwan's Financial Accounting for the year of 2012 was prepared in the following table (2).

Consolidated Consolidated Comprehensive income sheet

Unit: NTD$1,000

Period / Item	Financial Summary for The Last Five Years （Note 1）	As this annual report until March 31st 2017（Note 2）

	2012(Note 4)	2013	2014	2015	2016	
Operating revenue	4,190,014	4,869,590	5,099,198	5,021,353	4,251,061	
Gross profit	350,410	542,402	739,024	906,266	662,493	
Income (loss)from operations	37,910	271,131	440,566	624,343	426,326	
Non-Operating Income and Expenses	173,136	(59,423)	(2,506)	(8,019)	(24,996)	
Profit before Income Tax	211,046	211,708	438,060	616,324	401,330	
Income Before Income Tax from Continuing Operations	179,883	162,817	367,067	503,435	324,202	
Income (Loss) from Discontinued Operations	–	–	–	(40,672)	(9,125)	
Profit(loss) for the year	179,883	162,817	367,067	462,763	315,077	
Other comprehensive income (Net Income)	(88,775)	(10,140)	11,775	114	(11,471)	
Total comprehensive income	91,108	152,677	378,842	462,877	303,606	
Profit attributable to owners of the parent	198,469	179,445	379,540	470,161	315,334	
Profit attributable to non-controlling interest	(18,586)	(16,628)	(12,473)	(7,398)	(257)	
Comprehensive income attributable to owners of the parent	108,488	171,043	390,167	470,063	303,872	

Comprehensive income attributable to non-controlling interest	(17,380)	(18,366)	(11,325)	(7,186)	(266)	
Earnings Per Share(Remark 3)	0.49	0.44	0.94	1.16	0.78	

Note1: The financial statements of 2012-2016 were auditing and certificated by the accountant.

Note2: It is not it is not disclosed due to no financial information of the most recently audited (edited) by the accountant before the date of publication of the annual report.

Note3: Calculated by the number of retrospective adjusted shares.

Note4: The financial information of the Regulations Governing Taiwan's Financial Accounting for the year of 2012 was prepared in the following table (2).

Individual Consolidated Balance Sheet

Unit: NT $ 1,000

Item \ Period		Financial Summary for The Last Five Years (Note 1)					As this annual report until March 31st 2017 (Note2)
		2012(Note 4)	2013	2014	2015	2016	
Current Assets		1,968,994	2,013,886	1,969,672	1,733,130	2,022,199	
Property, Plant and Equipment (Remark 2)		2,624,317	2,380,617	2,244,606	2,031,801	1,787,670	
Intangible assets		—	—	—	—	—	
Other assets (Remark2)		3,169,581	3,090,655	3,251,672	3,441,568	3,333,405	
Total assets		7,762,892	7,485,158	7,465,950	7,206,499	7,143,274	
Current Liabilities	Before distribution	1,791,538	1,540,454	1,526,544	1,550,013	2,087,743	
	After distribution (Remark 3)	—	1,358,322	1,283,701	1,205,986	—	
Non-current liabilities			1,555,206	1,354,784	844,636	283,836	
Total liabilities	Before distribution	3,539,557	3,095,660	2,881,328	2,394,649	2,371,579	
	After distribution (Remark 3)	—	2,913,528	2,638,485	2,050,622	—	
Equity attributable to shareholders of the parent			4,389,498	4,584,622	4,811,850	4,771,695	
Capital stock			4,047,380	4,047,380	4,047,380	4,047,380	
Capital surplus			7	—	8	8	

Retained earnings	Before distribution	130,424	309,849	508,990	728,106	696,907	
	After distribution (Remark 3)	—	127,717	266,147	384,079	—	
Other equity interest			32,262	28,252	36,356	27,400	
Treasury stock			—	—	—	—	
Non-controlling interest			—	—	—	—	
Total equity	Before distribution	4,223,335	4,389,498	4,584,622	4,811,850	4,771,695	
	After distribution (Remark 3)	—	4,207,366	4,341,779	4,467,823	—	

Note1: The financial statements of 2012-2016 were auditing and certificated by the accountant.
Note2: Assets Revaluation was not conducted in 2016.
Note3: The surplus distribution for the year of 2016 is subject to the resolution of the shareholders' meeting, so the numbers after the distribution are lacked.
Note4: The financial information of the Regulations Governing Taiwan's Financial Accounting for the year of 2012 was prepared in the following table (2).

Individual Consolidated consolidated income statement

Unit: NT $ 1,000

Period / Item	Financial Summary for The Last Five Years (Note 1)					As this annual report until March 31st 2017 (Note 2)
	2012(Note 4)	2013	2014	2015	2016	
Operating revenue	3,395,238	3,843,065	4,097,670	4,152,424	3,507,773	
Gross profit	298,475	518,542	649,904	887,284	603,150	
Income (loss)from operations	79,842	322,460	457,077	684,415	416,288	
Non-Operating Income and Expenses	147,900	(104,007)	(19,350)	(112,913)	(34,586)	
Profit before Income Tax	227,742	218,453	437,727	571,502	381,702	
Income Before Income Tax from Continuing Operations	198,469	179,445	379,540	470,161	315,334	
Income (Loss) from Discontinued Operations	—	—	—	—	—	
Profit(loss) for the year	198,469	179,445	379,540	470,161	315,334	
Other comprehensive income (Net Income)	(89,981)	(8,402)	10,627	(98)	(11,462)	
Total comprehensive income	108,488	171,043	390,167	470,063	303,872	
Profit attributable to owners of the parent	108,488	171,043	390,167	470,063	303,872	
Profit attributable to non-controlling interest	—	—	—	—	—	
Comprehensive income attributable to owners of the parent	108,488	171,043	390,167	470,063	303,872	
Comprehensive income attributable to non-controlling interest	—	—	—	—	—	
Earnings Per Share(Remark 2)	0.49	0.44	0.94	1.16	0.78	

Note1: The financial statements of 2012-2016 were auditing and certificated by the accountant.
Note2: Calculated by the number of retrospective adjusted shares.
Note3: The financial information of the Regulations Governing Taiwan's Financial Accounting for the year of 2012 was prepared in the following table (2).

(2) Consolidated balance sheet and income statement-Regulations Governing Taiwan's Financial Accounting

Consolidated Consolidated Balance Sheet - Regulations Governing Taiwan's Financial Accounting

Unit: NT $ 1,000

Item \ Period		Financial Summary for The Last Five Years (Remark 1)				
		2012(Note 4)	2013	2014	2015	2016
Current assets		5,453,302				
Funds and long-term investments		87,111				
Fixed assets (Remark 2)		2,603,981				
Intangible assets		—				
Other assets		516,476				
Total assets		8,660,870				
Current liabilities	Before distribution	2,366,882				
	After distribution	—				
Long-term liabilities						
Other liabilities						
Total liabilities	Before distribution	4,459,373				
	After distribution	—				
Capital stock						
Capital surplus						
Retained earnings	Before distribution	62,535				
	After distribution	—				
Unrealized gain or loss on financial instrument						
Cumulative translation adjustment						
Net loss not recognized as pension cost						

Total equity	Before distribution	4,201,497				
	After distribution	—				

Note1: The financial statement of 2012 was auditing and certificated by the accountant.
Note2: Revaluation of assets was not applied in the year of 2012.
Note3: The financial information of IFRSs for the year of 2012-2016 has been prepared separately on the above table (1).

Consolidated Consolidated income statement - Regulations Governing Taiwan's Financial Accounting

Unit: NT $ 1,000

Period / Item	Financial Summary for The Last Five Years (Remark 1)				
	2012(Remark3)	2013	2014	2015	2016
Operating revenue	4,190,014				
Gross profit	365,059				
Income (loss)from operations	52,559				
Non-operating Revenue	312,747				
Non-operating Expenses or Loss	159,962				
Loss Before Income Tax from Continuing Operations	205,344				
Loss from Continuing Operations	174,181				
Income from Discontinued Department	-				
Extraordinary Items	-				
Cumulative effect of changes in accounting principles	-				
Net income	174,181				
Earnings per share (Remark 2)	0.43				

Note1: The financial statement of 2012 was auditing and certificated by the accountant.

Note2: Calculated by the number of retrospective adjusted shares.

Note3: The financial information of IFRSs for the year of 2012-2016 has been prepared separately on the above table (1).

Individual Consolidated Balance Sheet - Regulations Governing Taiwan's Financial Accounting

Unit: NT $ 1,000

Item \ Period		Financial Summary for The Last Five Years (Remark 1)				
		2012(Remark3)	2013	2014	2015	2016
Current assets		1,982,732				
Funds and long-term investments		2,673,402				
Fixed assets (Remark 2)		2,539,701				
Intangible assets		—				
Other assets		474,340				
Total assets		7,670,175				
Current liabilities	Before distribution	1,791,538				
	After distribution	—				
Long-term liabilities						
Other liabilities						
Total liabilities	Before distribution	3,473,054				
	After distribution	—				
Capital stock						
Capital surplus						
Retained earnings	Before distribution	62,535				
	After distribution	—				
Unrealized gain or loss on financial instrument						
Cumulative translation adjustment						
Net loss not recognized as pension cost						
Total equity	Before distribution	4,197,121				

	After distribution	—				

Note1: The financial statement of 2012 was auditing and certificated by the accountant.
Note2: Revaluation of assets was not applied in the year of 2012.
Note3: The financial information of IFRSs for the year of 2012-2016 has been prepared separately on the above table (1).

Individual income statement- Regulations Governing Taiwan's Financial Accounting

Unit: NT $ 1,000

Period / Item	Financial Summary for The Last Five Years (Remark 1)				
	2012(Remark3)	2013	2014	2015	2016
Operating revenue	3,395,238				
Gross profit	295,299				
Income (loss)from operations	76,666				
Non-operating Revenue	225,594				
Non-operating Expenses or Loss	98,410				
Loss Before Income Tax from Continuing Operations	203,850				
Loss from Continuing Operations	174,577				
Income from Discontinued Department	-				
Extraordinary Items	-				
Cumulative effect of changes in accounting principles	-				
Net income	174,577				
Earnings per share (Remark 2)	0.43				

Note1: The financial statement of 2012 was auditing and certificated by the accountant.

Note2: Calculated by the number of retrospective adjusted shares.

Note3: The financial information of IFRSs for the year of 2012-2016 has been prepared separately on the above table (1).

(3) Certified public accountants and their review in the last five years

Year	Certified Accountant		Comment of Audit
101	Chen, Chao-Mei	Xieh, Chien0-Xin	No comment
102	Chen, Chao-Mei	Xieh, Chien0-Xin	No comment
103(Note 1)	Huang, Hai-Yueh	Wu, En-Ming	No comment
104	Huang, Hai-Yueh	Chen, Chao-Mei	No comment
105(Note 2)	Huang, Hai-Yueh	Liu, Yung-Fu	No comment

Note1: Cooperate with the internal rotation of the certified public accountant firm in the year of 2014.

Note2: Cooperate with the internal rotation of the certified public accountant firm in the year of 2016

2. Financial analysis in the last five years

Table(1-1) Consolidated Financial Analysis

Item (Note 3) / Period (Note 1)		Financial Summary for The Last Five Years					As this annual report until March 31st 2017 (Note 2)
		2012 (Note 4)	2013	2014	2015	2016	
Financial structure (%)	Debt Ratio	51.91	48.70	44.82	38.32	38.06	
	Ratio of long-term capital to property, plant and equipment	237.00	260.62	262.13	279.55	270.97	
Solvency (%)	Current ratio	229.35	250.11	238.30	285.67	205.80	
	Quick ratio	63.52	78.18	76.52	81.91	60.17	
	Interest earned ratio (times)	3.63	4.05	8.51	15.46	13.85	
Operating performance	Accounts receivable turnover (times)	4.15	4.55	4.48	4.91	5.05	
	Average collection period	87.95	80.21	81.47	74.34	72.27	
	Inventory turnover (times)	1.02	1.17	1.21	1.16	1.01	
	Accounts payable turnover (times)	8.22	8.96	7.98	8.66	7.84	
	Average days in sales	357.84	311.96	301.65	314.66	361.38	
	Property, plant and equipment turnover (times)	1.55	2.00	2.22	2.33	2.24	
	Total assets turnover (times)	0.48	0.57	0.61	0.64	0.55	
Profitability	Return on total assets (%)	2.76	2.54	4.90	6.14	4.37	
	Return on stockholders' equity (%)	4.32	3.78	8.14	9.78	6.53	
	Pre-tax income to paid-in capital (%)	5.21	5.23	10.82	15.23	9.92	
	Profit ratio (%)	4.29	3.34	7.20	9.22	7.41	
	Earnings per share (NT$)	0.49	0.44	0.94	1.16	0.78	
Cash flow	Cash flow ratio (%)	11.55	27.79	35.61	55.80	9.46	
	Cash flow adequacy ratio (%)	91.62	192.58	224.28	221.19	180.69	
	Cash reinvestment ratio (%)	1.52	3.46	3.65	4.35	(0.58)	
Leverage	Operating leverage	44.88	7.99	5.17	3.81	4.30	
	Financial leverage	(0.89)	1.34	1.15	1.07	1.08	

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)
1. Current ratio and quick ratio was reduced due to the current liabilities was increased in 2016.
2. Return on total assets, Return on stockholders' equity, Pre-tax income to paid-in capital, Profit ratio and Profit ratio was reduced due to the net profit was idescreased in 2016.
3. Cash flow ratio was reduced due to the cash flow of operatios was descreased and the current liabilities was increased in 2016.
4. Cash reinvestment ratio was reduced due to the cash flow of operatios was descreased in 2016.

Note1: The financial statements of 2012-2016 were auditing and certificated by the accountant.
Note2: It is not it is not disclosed due to no financial information of the most recently audited (edited) by the accountant before the date of publication of the annual report.
Note3: The formula is listed at the end of this table.
Note4: The consolidated financial analysis of the Regulations Governing Taiwan’s Financial Accounting for the year of 2012 has been prepared in the following table (2-1).

Table (1-2)Individual financial analysis

Item (Note 3)	Period (Note 1)	Financial Summary for The Last Five Years					As this annual report until March 31st 2017 (Note2)
		2012 (Note 4)	2013	2014	2015	2016	
Financial structure (%)	Debt Ratio	45.60	41.36	38.59	33.23	33.20	
	Ratio of long-term capital to property, plant and equipment	227.54	249.71	264.61	278.40	282.80	
Solvency (%)	Current ratio	109.91	130.73	129.03	111.81	96.86	
	Quick ratio	76.91	91.90	94.79	79.93	68.50	
	Interest earned ratio (times)	5.01	5.68	12.02	20.19	18.04	
Operating performance	Accounts receivable turnover (times)	5.26	5.69	6.12	6.36	6.04	
	Average collection period	69.39	64.15	59.64	57.39	60.43	
	Inventory turnover (times)	7.14	8.09	9.70	10.62	8.10	
	Accounts payable turnover (times)	11.10	11.08	9.78	9.20	7.66	
	Average days in sales	51.12	45.12	37.63	34.37	45.06	
	Property, plant and equipment turnover (times)	1.29	1.61	1.83	2.04	1.96	
	Total assets turnover (times)	0.44	0.51	0.55	0.58	0.49	
Profitability	Return on total assets (%)	3.13	2.86	5.52	6.75	4.65	
	Return on stockholders' equity (%)	4.76	4.17	8.46	10.01	6.58	
	Pre-tax income to paid-in capital (%)	5.63	5.40	10.82	14.12	9.43	

	Profit ratio (%)	5.85	4.67	9.26	11.32	8.99	
	Earnings per share (NT$)	0.49	0.44	0.94	1.16	0.78	
Cash flow	Cash flow ratio (%)	17.22	47.15	62.72	70.86	10.76	
	Cash flow adequacy ratio (%)	76.47	132.40	156.42	164.24	145.18	
	Cash reinvestment ratio (%)	1.56	3.69	3.89	4.32	(0.63)	
Leverage	Operating leverage	11.35	3.53	2.79	2.21	2.62	
	Financial leverage	3.47	1.17	1.10	1.05	1.06	

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)
1. Inventory turnover was reduced due to the inventory was increased at the end of 2016.
2. Return on total assets, Return on stockholders' equity, Pre-tax income to paid-in capital, Profit ratio and Profit ratio was reduced due to the net profit was idescreased in 2016.
3. Cash flow ratio was reduced due to the cash flow of operatios was descreased and the current liabilities was increased in 2016.

Note1: The financial statements of 2012-2016 were auditing and certificated by the accountant.
Note2: The consolidated financial statement for the first quarter of the year of 2017 has been audited by the accountants.
Note3: The formula is listed at the end of this table.
Note4: The individual financial analysis of the Regulations Governing Taiwan's Financial Accounting for the year of 2012 was prepared in the following table (2-2).

(1)Financial structure

(1)Debt of long fund to bank property and equipment=total liabilities/total assets.

(2)Ratio of liabilities to real estate, plant and equipment＝(total equity＋non-current liability)／ net amount of real estate, plant and equipment

(2). Debt-paying ability

1)current ratio＝current assets ／current liability.

2)quick ratio＝(current assets －inventory－prepaid expenses)／current liability.

3)Times interest earned ratio=net income before tax and interest expense/interest expense

(3) Operational ability

1) Account receivable turnover (including accounts receivable and notes receivable resulted from business operation)=net sales/average balance of account receivable (including accounts receivable and notes receivable resulted from business operation)

2) Average days sales in account receivable=365/account receivable turnover

3) Inventory turnover=cost of goods sold/average inventory

4) Account payable turnover (including accounts payable and notes payable resulted from business operation) =operating costs/average balance of account payable (including accounts payable and notes payable resulted from business operation)

5) Average sales days＝365／inventory turnover.

6) Real estate, plant and equipment turnover＝net sales ／average net of real estate, plant and equipment

7)Total assets turnover=net sales/average total assets.

(4) Profitability

1)Return on asset ＝〔net income ＋interest expenses×(１－tax rate)〕／ average total assets.

2)Return on equity＝net income ／average total equity.

(3)Net profit margin＝net income ／net sales .

4)Earnings per share=(net income belongs to the parent company owner -preferred stock dividend)/weighted average stock shares issued.(Note5)

(5)Cash flow

1) Cash flow ratio＝net cash flow from operating activities／current liability.

2) Cash flow adequacy ratio= (net cash flow from operating activities within five year/(capital expenditure +inventory increase +cash dividend) within five year

3) Cash reinvestment ratio＝(net cash flow from operating activities－cash dividend)／(real estate, plant and equipment gross + long - term investment + Other non-current assets ＋Working capital). (Note6)

(6) Balance:

1) Operation balance=(net operating income-operating variable cost and expense)/operating income (Note7).

2) Financial balance= operating income/(operating income-interest expense)

Note5: For the calculation formula of the above earning per share, the following matters shall be paid special attention during the measurement.

(1)The basis is the weighted average number of ordinary shares, rather than the number of shares issued at the end of the year.

(2).. Where there is a cash replenishment or a stockholder, the weighted average number of shares shall be calculated during the period of circulation.

(3). Where there are earnings to capital increase or capital reserve to capital increase, in calculating the previous annual and semi-annual earnings per share, it shall be adjusted retrospectively by the proportion of capital increase, and it is not necessary to consider the period of the capital increase.

(4). If the preferred share is a non-convertible cumulative preferred shares, its annual dividend (whether or not it is issued) shall be deducted from the net profit after tax, or from the net loss after tax increase. If the preferred stock is non-cumulative, in the case of net profit after the tax, preferred stock dividends shall be deducted from profit after tax; in the case of loss, preferred stock dividends shall not be adjusted.

Note 6：When measuring cash flow analysis, the following shall be paid attention:

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

(3). Capital expenditure refers to the annual cash outflow of capital investment.

(3). The increase of the inventory shall only be credited when the balance at the end of the period is greater than the opening balance. If the inventory reduces at the end of a year, it shall be calculated as zero.

(4). Cash dividend includes cash dividend of common stock and preferred stock.

(5). Fixed assets gross refers to fixed total assets before deducting accumulated depreciation.

Note 7：The issuer shall differentiate the operating costs and operating expenses according to the property. In the case of estimates or subjective judgments, attention shall be paid to their rationality and consistency.

Note 8：For company stock without book value or value per share is not NTD$10.00, the calculation of the preceding accounted for actual capital ratio shall be turned to calculate based on the equity ratio of headquarter in the balance sheet.

Table (2-1) Consolidated Financial Analysis - Regulations Governing Taiwan's Financial Accounting

Analysis Items (Note 2) \ Year (Note 1)			Financial Analysis over the last five years				
			2012	2013 (Note 3)	2014 (Note 3)	2015 (Note 3)	2016 (Note 3)
Capital structure (%)	Ratio of liability to a assets		51.49				
	Ratio of long-term funds to fixed assets		241.71				
Liquidity analysis %	Current ratio		230.40				
	Quick ratio		204.26				
	Times Interest Earned		3.56				
Operating performance ability	Account receivable turnover (time)		4.16				
	Average collection days		87.74				
	Average inventory turnover (times)		8.09				
	Account payable turnover (time)		8.19				
	Average days in sales		45.12				
	Fixed assets turnover (time)		1.61				
	Total assets turnover (time)		0.48				
Profitability	Return on total assets (%)		2.72				
	Return on stockholders' equaity (%)		4.19				
	Ratio to real revenue assets (%)	Operation income to capital	1.30				
		Pre-tax income to capital	5.07				
	Profit ratio (%)						
	Earning per share (NT$)		0.43				
Cash flow	Cash flow ratio (%)		13.42				
	Cash flow adequacy ratio (%)		90.60				

	Cash flow reinvestment ratio （%）	2.18				
Leverage	Operating leverage	32.37				
	Fiancial leverage	(1.89)				

Please explain the reasons for the changes in various financial ratios of the last two years. (If the change is not up to 20%, do not need to be analyzed)

Note1: The financial statement of 2012 was auditing and certificated by the accountant.
Note2: The formula is listed at the end of this table.
Note3: The consolidated financial analysis of IFRSs for the year of 2012-2016 has been prepared separately on the above table (1-1).

Table (2-2)Individual financial analysis-Regulations Governing Taiwan's Financial Accounting

Analysis items (Note 2) \ Year (Note 1)			2012 (Note 3)	2013 (Note 3)	2014 (Note 3)	2015 (Note 3)	2016 (Note 3)
			Financial analysis of the past five years				
Capital structure (%)	Liability as a ratio of assets		45.28				
	Ratio of long-term funds to fixed assets		212.90				
Liquidity analysis %	Current ratio		110.67				
	Quick ratio		77.67				
	Times Interest Earned		4.59				
Operating performance analysis	Revolving rate of receivables (time)		5.43				
	Average collection days		67				
	Average inventory turnover (times)		7.14				
	Revolving rate of receivables (time)		11.12				
	Average inventory		51				
	Fixed assets turnover (time)		1.34				
	Total assets turnover (time)		0.44				
Profitability	Return on total assets (%)		2.86				
	Return on total stockholders' equaity (%)		4.20				
	Ratio to real revenue assets (%)	Operation income to capital	1.89				
		Pre-tax income to capital	5.04				
	Profit ratio (%)		5.14				
	Earning per share (NT$)		0.43				
Cash flow	Cash flow ratio (%)		24.98				
	Cash flow adequacy ratio (%)		83.10				

	Cash flow reinvestment ratio （%）	3.22				
Leverage	Operating leverage	11.82				
	Fiancial leverage	3.86				

Please explain the reasons for the changes in various financial ratios of the last two years. (If the change is not up to 20%, do not need to be analyzed)

Note1: The financial statement of 2012 was auditing and certificated by the accountant.

Note2: The formula is listed at the end of this table.

Note3: The individual financial analysis of IFRSs for the year of 2012-2016 has been prepared separately on the above table

(1). Financial structure

1)Debt of long fund to bank property and equipment=total liabilities/total assets.

2)Ratio of liabilities to assets = (net shareholder’s equity + long-term liabilities)/net fixed assets.

(2). Debt-paying ability

1)current ratio＝current assets ／current liability.

2)quick ratio＝(current assets －inventory－prepaid expenses)／current liability.

3)Times interest earned ratio=net income before tax and interest expense/interest expense

(3). Operational ability

1)Account receivable turnover (including accounts receivable and notes receivable resulted from business operation) =net sales/average balance of account receivable (including accounts receivable and notes receivable resulted from business operation)

2) Average days sales in account receivable=365/account receivable turnover

3) Inventory turnover=cost of goods sold/average inventory

4) Account payable turnover (including accounts payable and notes payable resulted from business operation) =operating costs/average balance of account payable (including accounts payable and notes payable resulted from business operation)

5) Average sales days＝365／inventory turnover.

6)Fixed property and equipment turnover=net sales/net fixed assets.

7)Total assets turnover=net sales/average total assets.

(4). Profitability

1)Return on asset ＝〔net income ＋interest expenses×(1－tax rate)〕／ average total assets.

2) Ratio of return on shareholder's equity=net income/average net shareholder's equity.

3)Net profit margin＝net income ／net sales .

4)Earnings per share = (net income-preferred stock dividend)/weighted average stock shares issued (Note4)

(5). Cash flow

1)Cash flow ratio＝net cash flow from operating activities／current liability.

2)Cash flow adequacy ratio = (net cash flow from operating activities within five year/ (capital expenditure +inventory increase +cash dividend) within five year

3)Cash reinvestment ratio＝(net cash flow from operating activities－cash dividend)／(total fixed assets＋long-term investment + other assets + working capital). (Note5)

(6). Balance:

1) Operation balance=(net operating income-operating variable cost and

expense)/operating income (Note6).

2) Financial balance= operating income/(operating income-interest expense).

Note4: For the calculation formula of the above earning per share, the following matters shall be paid special attention during the measurement.

(1).. The basis is the weighted average number of ordinary shares, rather than the number of shares issued at the end of the year.

(2). Where there is a cash replenishment or a stockholder, the weighted average number of shares shall be calculated during the period of circulation.

(3). Where there are earnings to capital increase or capital reserve to capital increase, in calculating the previous annual and semi-annual earnings per share, it shall be adjusted retrospectively by the proportion of capital increase, and it is not necessary to consider the period of the capital increase.

(4). If the preferred share is a non-convertible cumulative preferred shares, its annual dividend (whether or not it is issued) shall be deducted from the net profit after tax, or from the net loss after tax increase. If the preferred stock is non-cumulative, in the case of net profit after the tax, preferred stock dividends shall be deducted from profit after tax; in the case of loss, preferred stock dividends shall not be adjusted.

Note5: When measuring cash flow analysis, the following shall be paid attention:

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

(2). Capital expenditure refers to the annual cash outflow of capital investment.

(3). The increase of the inventory shall only be credited when the balance at the end of the period is greater than the opening balance. If the inventory reduces at the end of a year, it shall be calculated as zero.

(4). Cash dividend includes cash dividend of common stock and preferred stock.

(5). Fixed assets gross refers to fixed total assets before deducting accumulated depreciation.

Note6: The issuer shall differentiate the operating costs and operating expenses according to the nature. In the case of estimates or subjective judgments, attention shall be paid to their rationality and consistency.

3 . Supervisor's Review Report on the 2016 Financial Statements

LUCKY CEMENT CO.

Supervisor's Review Report

The Board of Directors of the company proposed 2016 Business Report and financial statements and distribution of profits, which have been approved by the supervisor and there is no inconsistency. Therefore, this report is presented in accordance with Provision No. 219 of Law, please proceed to approve.

With kind regards

2016 The Meeting of Shareholders of the company

Supervisor: Kuo Chuan Development Co., Ltd.

Representative: Chen, Ming-Hsien

Supervisor: Cheng, Shang-Kai

Date: March 20, 2017

4. 2016 Independent Financial Statements

Deloitte

Deloitte

Deloitte & Touche
12th Floor, Hung Tai Financial Plaza
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INDEPENDENT AUDITORS' REPORT

To The Board of Directors and Shareholders of Lucky Cements Co., Ltd.:

AUDITOR'S OPINION

We have audited the balance sheets of Lucky Cement Co., Ltd. (the "Company") as of December 31, 2015 and 2016, and the related statement of comprehensive income, changes in equity, cash flows and financial report, which is included summary of major accounting policies, for the years then ended in 2015 and 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lucky Cement Co., Ltd. as of December 31 in 2015 and 2016, and the financial performance and the cash flow for the years then ended in 2015 and 2016, in conformity with the "Guidelines of Governing the Preparation of Financial Reports by Securities Issues", the related financial accounting standards of the "Business Entity Accounting Act" and of the "Regulation on Business Entity Accounting Handling" and accounting principles generally accepted in the Republic of China.

BASIS FOR OPINION OF AUDITOR

We conducted our audits in accordance with "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and auditing standards generally accepted in the Republic of China. We will have further explanation of the duty under these regulations in the responsibility part of Audit Report of Individual Financial Statements by Certified Public Accountants. The accountants following independent regulations of our office have to perform other duties of the regulations in accordance with codes of professional ethic and independent relationship with Lucky Cement Co., Ltd. We believe that we get efficient and proper audit evidences to be the basis for opinion of audit.

KEY AUDIT MATTERS

Key audit matters mean the most important thing for auditing of independent financial statements of Lucky Cement Co., Ltd. in 2016 in accordance with our professional judgments.

These matters meet overall auditing of independent financial statements and the procedures of the opinion of audit, and we have disclaimer of specific opinion for these independent matters. The key audit matters for auditing of independent financial statements of Lucky Cement Co., Ltd. in 2016 are as follows:

INVENTORY VALUATION LOSSES

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

The inventory amounts are NT$ 428,107 (please see Note 9) for the years till December 31, 2016, and they account for 6% of total assets of independent financial statements in December 31, 2016. The main items are materials and products; the costs and relevant prices are affected by domestic housing market and government real estate policy and have violent fluctuates which causing risk for net realizable value lower than carrying amount. Due to the regulations of management in accordance with the regulation of "Inventory" of IAS 2, auditing net realizable value of inventory involves estimating and judgment; because the result of judgment will directly affect recognition of profit and loss amount, the key audit matters are listed.

We perform the following main audit procedures of the above key audit matters:

1. Having verifications for the calculation of ends of inventory costs in management and assessing the decision method of current net realizable value which can ensure the inventory is evaluated with the method of comparing costs or net realizable value.
2. Inspecting the carrying amount of inventory. We use sampling to get the latest material price or sales invoice to being verification if the net realizable value has significant discrepancies with reference price, and re-calculating the net realizable value to evaluate the appropriateness of evaluation basis.
3. Taking inventory to evaluate if the inventory is out of date or damaged in the end of year.

VALUATION LOSSES FOR DEVELOPING REAL ESTATE AND TO BE DEVELOPED REAL ESTATE OF DAI SHEN DEVELOPMENT CO., LTD.

The financial performance of DAI SHEN Development Co., Ltd., which is invested by Lucky Cement Co., Ltd. with equity method on December 31, 2016 as in the independent financial statements, whose rest of investment is NT$ 2,304,456, affects the annual investment gains and losses with equity method of Lucky Cement Co., Ltd.

DAI SHEN Development Co., Ltd. measures inventory costs with the method of comparing costs or net realizable value to evaluate the costs of developing real estate and to be developed real estate; please see Note 5 (2) for relevant accounting judgment, estimating and assumption of the uncertainty.

The investment amount for developing real estate and to be developed invested by DAI SHEN Development Co., Ltd. is NT$ 3,178,244 on December 31, 2016. Because the developing real estate and to be developed real estate are in the phase of developing causing risk for current net realizable value lower than carrying amount, the management evaluate the current net realizable value of developing real estate and to be developed real estate in accordance with the regulations of "Inventory" of IAS 2 and ask external expert to make real estate valuation report to be the evidence of evaluating net realizable value; it involves evaluation and judgment and may be affect the rest amount of investment with equity method by Lucky Cement Co., Ltd. and proportion of profits and losses of subsidiaries, so it listed to be key audit matters for developing real estate and to be developed real estate invested by DAI SHEN Development Co., Ltd.

We perform the following main audit procedures of the above key audit matters:

1. Assessing professional competence, generally competence, and objectivity of the independent real estate appraiser commissioned by the management of DAI SHEN Development Co., Ltd and the quality of the evaluators. Besides, we also discussed appraiser's operational scope and reviewed commissioning conditions with the Top management to confirm any and all matters that haven't affected the objectivity or limiting the operational scope.
2. Assessing the consistency of estimation of the real estate appraiser and the hypothesis and evaluation method in the contents, and checking if the net realizable value is proper.
3. Checking the important hypothesis and parameter consistency, included the disclosed information of parameter verifying.

MANAGEMENT'S RESPONSIBILITY FOR THE INDEPENDENT FINANCIAL STATEMENTS

Management is responsible for the independent financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for expressing properly, and keep the necessary relevant inside control which has relationship with independent financial statements to ensure the independent financial statements having no fake expressing caused by fraud and mistake.

When making independent financial statements, management is also responsible for evaluating abilities of continuousness operating, disclosing of relevant matters, and adopting of accounting basis for operating continuously of Lucky Cement Co., Ltd. unless the management intends to go into liquidation, stop operating or Lucky Cement Co., Ltd., or has no other actual plan except for liquidation or closing.

Management of Lucky Cement Co., Ltd. (included independent directors and supervisors) is responsible for supervising procedures of financial report.

AUDITOR'S RESPONSIBLE FOR INDEPENDENT FINANCIAL STATEMENTS

The purpose of auditing the independent financial statements is to ensure reasonably if the independent financial statements have largely wrong expressing caused by fraud or mistake, and to make audit report. Reasonably ensuring means ensure highly. Following general standards of auditor cannot ensure to detect if the independent financial statements have largely wrong expressing. Wrong expression may be caused by fraud or mistake. If the each amount or total amounts of money can be predicted to affect the business policy decided by the users who used the independent financial statement, it will be regarded as an important thing.

When we follow general standards of auditor to audit the documents, we will judge and suspect in our profession. We will also conduct the following works:

1. Identifying and assessing the expressing risk of the independent financial statements caused by fraud or mistake; making conducting proper policy for all risks in evaluation; getting efficient and appropriate evidences for auditing as a basis of audit opinion. Because fraud may be involved in conspiracy, forging, deliberately omitting, false statements and exceeding of Internal Control, the detected risks of reason of fraud are higher than reason than mistake.
2. Getting necessary knowledge of Internal Control related to auditing to make auditing procedures in proper condition at that time. The target has unqualified opinion for the efficiency of Internal Control of Lucky Cement Co., Ltd.
3. Assessing the appropriateness of accounting policy decided by the management and disclosing justifiability of accounting evaluation and relevant evaluation.

4. Concluding the matters, which they may be important, or the conditions, which may be largely uncertainty, of appropriateness of keeping operating adopted by management, and the keeping operating ability of Lucky Cement Co., Ltd.; if we regard the matters or conditions having largely uncertain situation, we will remind the users of the independent financial statements to notice the relevant disclosing parts written in audit report, or modify the audit report if the disclosing parts are not appropriate. The conclusion from us is based on the auditing results of the auditing report deadline. Only the future matters or conditions may cause Lucky Cement Co., Ltd. having no ability of keeping operating.
5. Assessing if overall expressing, structure, and content of the independent financial statements (included relevant note) and the independent financial statements express properly relevant business and matters.
6. Getting efficient and appropriate audit results to express opinion of the independent financial statements in accordance with the independent financial statements of Lucky Cement Co., Ltd. We are responsible for guiding, supervising, and conducting of audit report, and also responsible for making audit opinion of Lucky Cement Co., Ltd.

   The matters which are communicated between us and the management include the planned audit scope and time, and important audit evidence (included the significant mistakes of Internal Control identified during audit procedures).

We also provide the management for the relevant independent announcement of Code of Ethics for Processional followed by the regulation-independent accountants of our office, and communicate with the management for all relationship and other matters which are regarded as affecting the independence of accountants.

In the communication between accountants and the management, we decide to the key audit matters of the independent financial statements of Lucky Cement Co., Ltd. in 2016. We state clearly those matters in audit report; except for the regulations not allowing to disclose specified matters, or under the rare situation , we decide not to communicate the specified matters in audit report because it can reasonably predict the negative impact will higher than the increasing public profits within the communication.

Deloitte & Touche
Accountants Huang, Hai-Yue (stamp)
The approval number of Securities and Futures Commission
No. 0920131587 of Taiwan-Finance-Securities (VI)

Accountants Liu, Yong-Fu (stamp)
The approval number of Securities and Futures Commission
No. 0920123784 of Taiwan-Finance-Securities (VI)

March 30, 2017

Lucky Cement Corporation

Statement of Balance Sheet

Year 2016 and 2015 December 31st

Unit: New Taiwan Dollar (1,000)

Code	Assets	2016/12/31 Amount	%	2015/12/31 Amount	%
	Current Assets				
1100	Cash (Note 6)	$ 153,569	2	$ 136,711	2
1125	Available-for-sale financial assets (Note 4 & 7)	39,027	1	65,950	1
1150	Notes receivable,net (Note 4, 8, & 28)	359,985	5	357,552	5
1160	Notes receivable due from related parties,net (Note 4, 8, & 27)	2,815	-	199	-
1170	Accounts receivable,net (Note 4 & 8)	157,548	2	222,837	3
1180	Accounts receivable due from related parties, net (Note 4, 8, & 27)	21,725	-	37,926	1
1200	Other receivables (Note 4)	425	-	3,128	-
1210	Other receivables due from related parties (Note 27)	317,642	5	247,552	3
1220	Current income tax assets (Note 4 & 22)	15,650	-	-	-
130X	Inventories (Note 4 & 9)	428,107	6	289,305	4
1410	Prepayments (Note 10)	164,008	2	204,890	3
1470	Other current assets (Note 11 & 28)	361,698	5	167,080	2
11XX	Total Current Assets	2,022,199	28	1,733,130	24
	Non-current assets				
1543	Non-current financial assets at cost (Note 4, 12, & 27)	34,527	1	39,627	1
1550	Investments accounted for using equity method (Note 4 & 13)	2,765,858	39	2,863,184	40
1600	Property, plant and equipment (Note 4, 14, and 28)	1,787,670	25	2,031,801	28
1840	Deferred income tax assets (Note 4 & 22)	103,597	1	133,387	2
1920	Guarantee deposits paid (Note 24 & 29)	237,784	3	242,741	3
1990	Other non-current assets (Note 15 & 28)	191,639	3	162,629	2
15XX	Total Non-Current Assets	5,121,075	72	5,473,369	76
1XXX	Total Assets	$ 7,143,274	100	$ 7,206,499	100
Code	Liabilities and Equities				
	Current liabilities				
2100	Short-term borrowings (Note 16 & 28)	$ 930,869	13	$ 234,822	3
2110	Short-term notes and bills payable (Note 16)	109,760	2	49,950	1
2150	Notes payable (Note 17)	109,135	2	101,889	1
2160	Notes payable to related parties (Note 17 & 27)	105,016	1	5,711	-
2170	Accounts payable (Note 17)	126,524	2	158,003	2
2180	Accounts payable to related parties (Note 17 & 27)	90,433	1	61,392	1
2219	Other payables (Note 18)	138,724	2	197,821	3
2230	Current income tax liabilities (Note 4 & 22)	-	-	125,731	2
2310	Advance receipts (Note 27)	164,246	2	203,483	3
2320	Long-term liabilities, current portion (Note 16 & 28)	303,500	4	396,800	5
2399	Other current liabilities (Note 27)	9,536	-	14,411	-
21XX	Total Current Liabilities	2,087,743	29	1,550,013	21
	Non-current liabilities				
2540	Long-term borrowings (Note 16 & 28)	112,500	2	408,000	6
2570	Deferred tax liabilities (Note 4 & 22)	59,604	1	68,269	1
2640	Net defined benefit liability (Note 4 & 19)	52,111	1	320,567	5
2645	Guarantee deposits received	32,733	-	27,096	-
2670	Other non-current liabilities (Note 13)	26,888	-	20,704	-
25XX	Total Non-Current Liabilities	283,836	4	844,636	12
2XXX	Total Liabilities	2,371,579	33	2,394,649	33
	Equity (Note 20)				
3110	Ordinary share	4,047,380	57	4,047,380	56
3200	Capital surplus	8	-	8	-
	Retained earnings				
3310	Legal Reserve	134,776	2	87,760	1
3320	Special reserve	14,135	-	14,135	-
3350	Unappropriated retained earnings	547,996	8	626,211	9
3300	Total Retained Earnings	696,907	10	728,106	10
3400	Other equities	27,400	-	36,356	1
3XXX	Total Equities	4,771,695	67	4,811,850	67

Total Liabilities and Equities	$ 7,143,274	100	$ 7,206,499	100

The accompanying notes are parts of the individual financial report.

President: Manager: Accounting Manager:

Lucky Cement Corporation

Statement of Comprehensive Income

Year 2016 and 2015 January 1st to December 31st

Unit: New Taiwan Dollar 1,000,
But earning per share is in one New Taiwan Dollar.

Code		2016 Amount	2016 %	2015 Amount	2015 %
	Operating Revenue（Note 4 & 27）				
4110	Sales revenue	$3,512,735	100	$4,158,367	100
4190	Less: Sales discounts and allowances	4,962	-	5,943	-
4100	Net sales revenue	3,507,773	100	4,152,424	100
5000	Operating costs（Note 9, 21, & 27）	2,904,623	83	3,265,140	78
5900	Gross profit from operations	603,150	17	887,284	22
	Operating Expenses（Note 21 & 27）				
6100	Selling expenses	94,189	3	98,734	2
6200	Administrative expenses	92,779	2	104,135	3
6000	Total Operating Expenses	186,968	5	202,869	5
6500	Net other income (expenses)（Note 21）	106	-	-	-
6900	Net Operating Income	416,288	12	684,415	17
	Non-operating income and expenses（Note 4, 12, 21, & 27）				
7070	Subsidiary's share of profit and loss with equity method	(35,913)	(1)	(115,228)	(3)
7100	Interest income	7,790	-	8,459	-
7110	Rent income	31,743	1	32,003	1
7190	Other income	8,430	-	15,279	-
7225	Gains on disposals of investments	1,918	-	5,473	-
7230	Foreign exchange (loss) gains	(2,041)	-	873	-
7590	Miscellaneous disbursements	(24,116)	(1)	(22,483)	-
7670	Impairment loss	-	-	(7,500)	-

7510	Interest expense	(22,397)	-	(29,789)	(1)
7000	Total non-operating income and expenses	(34,586)	(1)	(112,913)	(3)

（To be continued）

（Continued）

Code		2016 Amount	%	2015 Amount	%
7900	Profit from continuing operations before tax	$ 381,702	11	$ 571,502	14
7950	Tax expense（Note 4 & 22）	66,368	2	101,341	3
8000	Net Income	315,334	9	470,161	11
	Other Comprehensive Income				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans（Note 19）	(5,141)	-	(10,338)	-
8330	Share of other comprehensive income of subsidiaries accounted for using equity method	2,635	-	2,136	-
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	(25)	-	718	-
8362	Unrealised gains (losses) on valuation of available-for-sale financial assets	634	-	(13,315)	-
8380	Share of other comprehensive income of subsidiaries accounted for using equity method	(9,565)	-	20,701	-
8300	Other comprehensive income,net	(11,462)	-	(98)	-

8500	Total Comprehensive Income	$ 303,872	9	$ 470,063	11
	Earnings per share（Note 23）				
9750	Basics	$ 0.78		$ 1.16	
9850	Dilution	$ 0.78		$ 1.15	

The accompanying notes are parts of the individual financial report.

President: Manager: Accounting Manager:

Lucky Cement Corporation

Statement of Changes in Equity

Year 2016 and 2015 January 1st to December 31st

Unit: Excluding information per share, unit is NT$ 1000

Code		Share Capital	Capital Surplus	Retained Earnings: Legal Reserve	Retained Earnings: Special reserve	Retained Earnings: Undistributed Earnings	Other Equity Items: Exchange differences on translation of foreign financial statements	Other Equity Items: Unrealized gains (losses) on available-for-sale financial assets	Total Equity
A1	Balance,January 1,2015	$ 4,047,380	$ -	$ 49,806	$ 14,135	$ 445,049	($ 8,011)	$ 36,263	$ 4,584,622
	2014 Appropriation and Distribution of Retained Earnings								
B1	Legal Reserve	-	-	37,954	-	(37,954)	-	-	-
B5	Cash Dividends－Each Share 0.6 NTD	-	-	-	-	(242,843)	-	-	(242,843)
C7	Changes in equity of subsidiaries and joint ventures accounted for using equity method	-	8	-	-	-	-	-	8
D1	2015 Net income	-	-	-	-	470,161	-	-	470,161
D3	2015 Other comprehensive income	-	-	-	-	(8,202)	1,218	6,886	(98)
D5	2015 Total comprehensive income	-	-	-	-	461,959	1,218	6,886	470,063
Z1	Balance,December3 1,2015	4,047,380	8	87,760	14,135	626,211	(6,793)	43,149	4,811,850
	2015 Earnings and Distribution								
B1	Legal Reserve	-	-	47,016	-	(47,016)	-	-	-
B5	Cash dividends－Each share 0.85 NTD	-	-	-	-	(344,027)	-	-	(344,027)
D1	2016 Net income	-	-	-	-	315,334	-	-	315,334
D3	2016 Other comprehensive income	-	-	-	-	(2,506)	(47)	(8,909)	(11,462)
D5	2016 Total comprehensive income	-	-	-	-	312,828	(47)	(8,909)	303,872
Z1	Balance,December3 1,2016	$ 4,047,380	$ 8	$ 134,776	$ 14,135	$ 547,996	($ 6,840)	$ 34,240	$ 4,771,695

The accompanying notes are parts of the individual financial report。

President: Manager: Accounting Manager:

Lucky Cement Corporation

Statement Of Cash Flow

For The Years Ended December 31,2016 And 2015

Unit: NTD Thousands

Code		2016	2015
	Cash Flow from Operating Activities		
A10000	Profit before tax	$ 381,702	$ 571,502
A20000	Adjustments:		
A20100	Depreciation expense	278,730	335,875
A20200	Amortization and depletion expense	9,536	26,128
A20900	Interest expense	22,397	29,789
A21200	Interest income	(7,790)	(8,459)
A21300	Dividend income	(1,232)	(8,296)
A22500	Gain(loss) on disposal of property and equipment	(106)	-
A23500	Impairment loss on financial assets	-	7,500
A22300	Share of loss (profit) of subsidiaries for using equity method	35,913	115,228
A23800	Inventory valuation losses	1,044	161
A23100	Gains on disposals of investments	(1,918)	(5,473)
A30000	Changes in operating assets and liabilities		
A31130	Notes receivable	(2,433)	47,080
A31140	Notes receivable due from related parties	(2,616)	29,435
A31150	Accounts receivable	65,289	(14,909)
A31160	Accounts receivable due from related parties	16,201	7,425
A31180	Other receivable	2,703	(2,798)
A31190	Other receivable due from related parties	210	447
A31200	Inventories	(139,846)	35,987
A31230	Prepayments	40,882	(7,725)
A31240	Other current assets	670	(663)
A32130	Notes payable	7,246	(94,588)
A32140	Notes payable to related parties	99,305	(12,608)
A32150	Accounts payable	(31,479)	18,215
A32160	Accounts payable to related parties	29,041	33,492
A32180	Other payables	(59,605)	44,224
A32210	Receipts in advance	(39,237)	(66,437)
A32230	Other current liabilities	(4,875)	(3,589)
A32240	Net defined benefit liability	(273,597)	(6,582)

A33000	Net cash inflow from operations	426,135	1,070,361
A33100	Interest received	7,118	9,120

（To be continued）

(Continued)

Code		2016	2015
A33300	Interest paid	($ 22,079)	($ 29,961)
A33500	Income taxes paid	(186,622)	(7,118)
AAAA	Net cash flows from operating activities	224,552	1,042,402
	Cash Flows from Investing Activities		
B00300	Acquisition of available-for-sale financial assets	(6,684)	(101,870)
B00400	Proceeds from disposal of available-for-sale financial assets	36,165	75,206
B01200	Acquisition of financial assets at cost	-	(22,100)
B01400	Proceeds from capital reduction of financial assets at cost	5,100	-
B02200	Investment in subsidiary company	-	(328,233)
B02300	Proceeds from disposal of subsidiaries	901	-
B02700	Acquisition of property, plant and equipment	(34,599)	(123,070)
B02800	Proceeds from disposal of property, plant and equipment	106	-
B03800	Decrease in refundable deposits	4,957	8
B04300	Increase (decrease) in other receivables due from related parties	(70,300)	56,000
B06600	Decrease (increase) in other current assets	(194,618)	49,637
B06800	Increase of other non-current assets	(38,546)	(6,542)
B07600	Received the dividends of subsidiaries and invested companies	60,967	66,561
BBBB	Net cash flows from (used in) investing activities	(236,551)	(334,403)
	Cash flow from fundraising activities		
C00200	Increase of short-term loans	696,047	33,790
C00500	Increase of short-term notes and bills payable	60,000	50,000
C01600	Proceeds from long-term debt	300,000	-
C01700	Repayments of long-term debt	(688,800)	(604,800)
C03000	Increase of guarantee deposits received	5,637	1,230
C04500	Cash dividends paid	(344,027)	(242,843)
CCCC	Net cash flows from (used in) financing activities	28,857	(762,623)
EEEE	Net increase (decrease) in cas	16,858	(54,624)
E00100	Cash at beginning of period	136,711	191,335
E00200	Cash at end of year	$ 153,569	$ 136,711

The accompanying notes are parts of the individual financial report。

President: Manager: Accounting Manager:

Lucky Cement Corporation Limited

Notes of Individual Financial Report

From Jan.1,2015 to Dec.31,2016

(except the notes, Unit:NT$thousands)

1. Company History

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

The Individual Financial Report used "NT$" as the functional currency of The Company.

2. The Date and Procudure of Financial Report

The Individual Financial Report was issued by Board of Directors on Mar.20,2017.

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

(1) Criteria Governing the Preparation of Financial Reports by securities issuer but not yet effective and Financial Supervisory Commision (hereinafter referred to as "FSC") accepted the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standing Interpretation Committee (SIC) from 2017.

According to FSC to FSCE 1050050021 and FSCE 1050026834, The Company applied for International Accounting Standards Board (IASB) release in 2017, and the authorized IFRS, IAS, IFRIC, and SIC (hereinafter referred to as "IFRSs") since 2017, and the regulations of amendments to related Criteria Governing the Preparation of Financial Reports by securities issuer.

New Release／Amendments／Amendments Regulations and Explains	The Effective Date of IASB release(Note 1)
"The Yearly Improvement of Period of 2010-2012"	Jul.1,2014 (Note 2)
"The Yearly Improvement of Period of 2011-2013"	Jul.1,2014
"The Yearly Improvement of Period of 2012-2014"	Jan.1,2016 (Note 3)
"Amendments to IFRS 10, IFRS 12, and IAS 28 "Individual Investment: applied to the exceptions of consolidated statements"	Jan.1,2016
Amendments to "Acquisition of an Interest in A Joint Operation" of IFRS 11	Jan.1,2016
Regulatory Deferral Accounts of IFRS 14	Jan.1,2016
Amendments to "Disclosure Initiative" of IAS 1	Jan.1,2016

（To be continued）

(Continued from Previous Page)

New Release／Amendments／Amendments Regulations and Explains	The Effective Date of IASB release (Note 1)
Amendments to "Clarification of Acceptable Methods" of IAS 16 and IAS 38	Jan.1,2016
Amendments to "Agriculture: productive plants" of IAS 16 and IAS 41	Jan.1,2016
Amendments to "Defined benefit plans: employee contributions" of IAS 19	Jul.1,2014
Amendments to "Equity Method of Separate Financial Statements" of IAS 27	Jan.1,2016
Amendments to "Disclosures of Non-Financial Assets Recoverable Amount" of IAS 36	Jan.1,2014
Amendments to "Novation of Derivatives and Continuation of Hedge Accounting" of IAS 39	Jan.1,2014
"Levies" of IFRIC 21	Jan.1,2014

New Release／Amendments／Amendments Regulations and Explains	The Effective Date of IASB release(Note 1)
Amendments to "Clarification of Acceptable Methods" of IAS 16 and IAS 38	Jan.1,2016
Amendments to "Agriculture: productive plants" of IAS 16 and IAS 41	Jan.1,2016
Amendments to "Defined benefit plans: employee contributions" of IAS 19	Jul.1,2014
Amendments to "Equity Method of Separate Financial Statements" of IAS 27	Jan.1,2016
Amendments to "Disclosures of Non-Financial Assets Recoverable Amount" of IAS 36	Jan.1,2014
Amendments to "Novation of Derivatives and Continuation of Hedge Accounting" of IAS 39	Jan.1,2014
"Levies" of IFRIC 21	Jan.1,2014

Note 1: Except the notes, the above New Release／Amendments／Amendments Regulations or Explains will start from the year of the effective date.

Note 2: Amendments to the grant day of share-based payment transaction applied IFRS 2 since Jul.1, 2014. Amendments to the Acquisition date of Business combination applied IFRS 2 since Jul.1, 2014. IFRS 13 will be valid from the date of its amendments. Other amendments applied the period of the year beginning since Jul.1, 2014.

Note 3: Except the prospective application of amendments to IFRS 5 applied the period of the year beginning since Jan.1, 2016, other amendments applied the period of the year beginning since Jan.1, 2016.

Except for the following explanations, it applied the amendments to Criteria Governing the Preparation of Financial Reports by securities issuer and the IFRSs regulations applied in 2017 will not effect The Company's accounting policy.

Criteria Governing the Preparation of Financial Reports by securities issuer

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

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

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

The disclosure of trade of related parties and goodwill impairment will increase when in retrospect the previous applied amendments.

(2) IASB has issued the IFRSs but not yet applied by securities issuer

The Company is not applied the following has issued the IFRSs by IASB but not applied yet by securities issuer. Before the Individual Financial Report applied by the day of issuing, except IFRS 9 and IFRS 15 should start to apply, the securities issuer haven't issued the effective date of other regulations.

New Release／Amendments／Amendments Regulations and Explains	The Effective Date of IASB release(Note 1)
"The Yearly Improvement of Period of 2014-2016"	Note 2
Amendments to "classification and measurement of share-based payment transaction" of IFRS 2	Jan.1, 2018
Amendments to "under the IFRS 4 (insurance	Jan.1, 2018

New Release／Amendments／Amendments Regulations and Explains	The Effective Date of IASB release(Note 1)
contract" that applied of the IFRS 9 (financial instruments) of IFRS 4	
IFRS 9 financial instruments	Jan.1, 2018
Amendments to "mandatory date and transition disclosures" of IFRS 9 and IFRS 7	Jan.1, 2018
Amendments to "investor and the related enterprise or assets sell or contribution of joint venture" of IFRS 10 and IAS 28	Undecided
IFRS 15 the income of customer contract	Jan.1, 2018
Amendments to "Explanation of IFRS 15" of IFRS15	Jan.1, 2018
IFRS 16 lease	Jan. 1, 2019
Amendments to "disclosure initiative" of IAS 7	Jan.1, 2017
Amendments to "recognition of deferred tax assets of unrealized loss" of IAS 12	Jan.1, 2017
Amendments to "Conversion of Investment Property" of IAS 40	Jan.1, 2018
IFRIC 22 Foreign currency transaction and advance consideration	Jan.1, 2018

Note 1: Except the notes, the above New Release／Amendments／Amendments Regulations or Explains will start from the year of the effective date.

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

1) IFRS 9 “financial instruments”

Recognition and measurement of financial asset

In terms of financial asset, all financial assets that belonged to IAS 39 “financial instruments: recognition and measurement” will measure as amortized cost or fair value measurement. The following regulations are classification of financial assets to IFRS 9.

If debt instruments of investment of The Company that Contractual Cash Flows all paid for capital and interest of outstanding principal, the classification and measurement will be the following:

A. If the business model aims to collect Contractual Cash Flows with financial assets, financial assets will measure as amortized cost. This financial assets subsequent will recognize effective interest rate as interest revenue to profit or loss, and continuing assess impairment, the impairment profit or loss recognize as profit or loss.

B. By collecting Contractual Cash Flows and sell financial assets that the business model of achieving the goal with financial assets, the financial assets measure as fair value to other comprehensive income. This financial assets subsequent will recognize effective interest rate as interest revenue to profit or loss, and continuing assess impairment, the impairment profit or loss recognize and exchange profit or loss as profit or loss. Other value changes recognize other comprehensive income. If the financial assets derecognize or reclassification, the original accumulated to value changes of other comprehensive income should reclassification to profit or loss.

The investment of The Company is not belongs to the financial assets of previous conditions but fair value measurement, the fair value changes recognize as profit or loss. When The Company choose initial recognition, the equity investment of non-trading designation as at fair value through other comprehensive income. The financial assets except the dividend income recognize as profit or loss that other related benefits and losses recognize as other comprehensive income. The subsequent does not need to assess impairment. The accumulated fair value changes of other comprehensive income do not need to reclassification to profit or loss.

The Impairment of Financial Asset

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

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

Transitional Provisions

After IFRS 9 effective, those items, which have been derecognized, cannot use it. The classification, measurement, and impairment of financial assets should retrospect applied except The Company does not need to restated comparative period, and recognize the cumulative effect of the first applied as the first applied day.

2) IFRS 16 "Lease"

IFRS 16 is accounting treatment of standard leasing. IAS 17 "Lease" and the related explanations will replace the regulations.

Being applied the IFRS 16, if The Company was lessee, except the small lease and short-term need to choose the operating lease of IAS 17, other lease all belongs to individual balance sheet that recognize assets use right and lease obligations. Individual Statement of Comprehensive Income should express the depreciation expense of assets use right and lease obligations that produced the interest expense by effective interest. In individual cash flow statement, paid the capital of lease liability to show the financing activities, and paying interest recognize as business activities.

It is not expecting a significant affect that The Company as an accounting treatment of lessor.

After IFRS 16 effective, The Company should choose the retrospect applied to comparative period or recognize the cumulative effect of the first applied as the first applied day.

Except the above effects, before the Individual Financial Report applied by the day of issuing, The Company will continuing assess other regulations, explanation the amendments to the effects of financial status and financial performance. The related effects will be disclosed after assess.

4. Aggregation of Material Accounting Policy

(1) Follow the Statement

The Individual Financial Report followed by the Criteria Governing the Preparation of Financial Reports by securities issuer.

(2) Preparation Basis

Except the financial instruments of fair value measurement, the Individual Financial Report followed by the history cost basis preparation.

Fair value measurement followed by the observable degree and importance that divided into the first level to the third level of related input value.

1). The inputs value of the first level: it means can be obtained the same assets or liabilities on the quotes (unadjusted) of active market on measure day

2). The inputs value of the second level: it means expect the quotes of the first level, assets or liabilities can be directed (price) or undirected (derived from the price) the observable inputs

3). The inputs value of the third level: it means the unobservable inputs of assets or liabilities

When The Company prepared the Individual Financial Report, Investments in Subsidiaries will be use in equity treatment. In order to the profit or loss for the year of Individual Financial Report, other comprehensive profit and loss and right will belongs to The Company’s profit or loss for the year of owner, other comprehensive profit and loss and right are the same while consolidated financial report with The Company. Based on Individual basis and merge basis, some of the accounting treatment will adjust, such as "Investments Accounted for Using Equity Method," "Investment Income or Loss from Investment Accounted for Using Equity Method," "Other comprehensive profit and loss of Investment Income or Loss from Investment Accounted for Using Equity Method"

(3) Standards for Distinguish Flow and Non-Flowing of Assets and Liabilities

Current asset includes:

1. Hold Assets for trading
2. After balance sheet in 12 months, it will achieve the assets
3. Cash (but not including the restricted that balance sheet after 12 months that exchange or clean-up liabilities

Current Liabilities includes:

1. Hold liabilities for trading
2. Clean-up the liabilities after balance sheet in 12 months (despite the refinancing or rescheduling the payment agreement has finished before financial report issued, it still belongs to current liabilities.
3. It cannot unconditional defer the Settlement date, which defer after balance sheet at least 12 months liabilities.

If the above that is not belongs to current asset or current liabilities, it belongs to non-current asset or non-current liabilities.

(4) Foreign currency

When prepare the Individual Financial Report, those who did not use The Company's functional currency, the currency will converse as the trading day to the records of functional currency.

Functional currency items convert at closing exchange rate on each balance sheet date. Because the delivery of monetary items or convert monetary items produced some foreign exchange differences, it will recognize on the profit or loss if it happened on the currently year.

The foreign currency non-monetary items of fair value measurement will decide the exchange rate of the day, which the foreign exchange differences will recognize as the yearly profit or loss. Only when the value changes recognize as other comprehensive profit or loss, the foreign exchange differences recognize as other comprehensive profit or loss.

The foreign currency non-monetary items of historical cost measurement defers exchange rate of trading day, which will not re-conversion.

When prepare Individual Financial Report, The Company's assets and liabilities of foreign operation defer the exchange rate on each balance sheet date as New Taiwan Dollars. Income and expenses defer in accordance with the yearly average exchange rate, which the foreign exchange differences recognize as other comprehensive profit or loss.

(5) Inventories

Inventories include raw material, repair parts and materials, and finished product and semi-finished goods. Inventories measure the lower in accordance with cost and net realizable value. When compare the cost and net realizable value, except the same type of inventories that based on the individual item. Net realizable value means assess estimated price of a normal condition that deduct the estimated cost, which needs before finished, and the balance of estimated cost of complete the sale. The calculation of cost of inventories in accordance with weighted average method.

(6) Investment in Subsidiary Company

The Company invests in subsidiary company in accordance with equity method.

Subsidiary Company means The Company has a right to control it.

Based on equity method, the original investment recognize as cost. After the date of acquisition, carrying amount will increase or decrease in accordance with the profit or loss and other comprehensive profit or loss and profit distribution. In addition, The Company may have the changes of other right of Subsidiary Company in accordance with shareholding ratio to recognize.

When The Company did not loss of control to the changes of ownership rights and interests of Subsidiary Company, it deals with as equity transactions. Investment in carrying amount and payment or collect consideration the foreign currency difference of fair value that recognize as equity.

If The Company that the loss share of Subsidiary Company equal or exceed the equity of Subsidiary Company (including on the basis of equity to the carrying amount and other long-term equity of the actual net investment component of Subsidiary Company, continuing to recognize as loss in accordance with shareholdings ratio.

The downstream transactions unrealized profits and losses of The Company and Subsidiary Company to Individual Financial Report will sold out. The upstream and side transactions that produced by The Company and Subsidiary Company, it recognize as Individual Financial Report if The Company has not related to the equity of Subsidiary Company.

(7) Class of Property, Plant and Equipment

Class of Property, Plant and Equipment recognize as cost and subsequent will measure as cash in accordance with cost deduct accumulated depreciation and accumulated impairment loss.

Class of Property, Plant and Equipment use average method of depreciation but separate depreciation on each of the most part. The Company must view the estimated durability years, residual value, and depreciation methods at least end of each year, and postpone the effect of applying accounting estimates.

Except Class of Property, Plant and Equipment that produced profit or loss amount, the foreign currency difference of net disposal proceeds and its assets capital, and recognize as the yearly profit or loss.

(8) Impairment of Tangible Asset

The Company assess whether the tangible asset has showed the impairment on each balance sheet date. If there is any sign shows the impairment, assess the recoverable amount of the asset.

Recoverable amount is fair value less costs to sell and the higher value in use. Individual asset or cash that produced recoverable amount if it were lower than carrying amount, the asset or carrying amount of cash deduct the recoverable amount, and the impairment loss recognize as profit or loss.

When impairment loss in subsequent reversal, the asset or cash that produced recoverable amount adjusted the impairment loss of revised. Only the carrying amount of increasing aims to that not exceed the asset if the carrying amount (deduct amortization or depreciation) did not decide the recoverable amount of past year. The reversal of recoverable amount recognize as profit or loss.

(9) Financial Instrument

When financial assets and financial liabilities became one of the contract conditions, they may recognize as individual balance sheet.

When initial recognition the financial assets and financial liabilities, if financial assets or financial liabilities are not at fair value measurement through profit or loss, fair value plus can directly belongs to acquisition or issues financial assets or the transaction costs measurement of financial liabilities. The transaction costs of financial assets or financial liabilities of fair value measurement that can directly belong to acquisition or through issues profit or loss should recognize as profit or loss immediately.

1) Financial Asset

The regular way purchase or sale of financial assets at trade date accounting recognize and derecognize.

A. Type of Measurement

The Company has two types of financial assets; one is financial assets in available-for-sale; another is loans and receivables.

a. financial assets in available-for-sale

Financial assets in available-for-sale non-derivative financial assets designated as available-for-sale, or not classified as loans and receivables that holding till expiry date in investment or the financial assets at fair value measurement through profit or loss.

Financial assets in available-for-sale that the changes of carrying amount recognize as other comprehensive profit or loss when in investment disposal or determine impairment that reclassified as profit or loss.

Dividend of equity investment in available-for-sale recognize while determine right of The Company's receivable.

Financial assets in available-for-sale if belongs to active market public offer and fair value cannot invest by equity instruments of measurement. The subsequent recoverable measurement of impairment loss will be deducted by cost, and separate recognize as "Financial Assets Carried at Cost." After financial assets may fair value of reliable measurement, measure as fair value that the foreign exchange difference of carrying amount and fair value recognize as other comprehensive profit or loss if it has impairment, recognize as profit or loss.

b. Loans and Receivables

Loans and Receivables (including trade receivable, cash, and other receivables) use effective interest method at amortized cost deduct the carrying impairment loss will be deducted by cost. Only the interest of short-term receivable recognize as non-materiality can be except.

B Impairment of Financial Assets

The Company assess whether the financial asset has showed the objective evidence in impairment on each balance sheet date. If it showed, because financial asset recognized single or multiple, the assess of financial asset that estimated future cash flows that the financial assets has impairment.

Recognized as financial assets in accordance with amortized cost, such as notes receivable, accounts receivable and other receivable that the assets has impairment after assess in individual, and then collective assessment impairment.

Recognized as financial assets in accordance with amortized cost that impairment loss cash that the asset carrying amount and estimated future cash flows at financial asset that the foreign exchange difference of present value of effective rate discount.

Recognized as financial assets in accordance with amortized cost that subsequent impairment loss of period decrease and the decreasing objective and connected with recognized impairment event that the impairment loss of previous recognition directly or through the adjusted preparation account to retrospect recognized as profit or loss. Only the retrospect cannot let the carrying amount of financial asset exceed the amortized cost that if not recognize as impairment in retrospect date.

When the fair value of available-for-sale equity investment lower than costs and happened a huge or persistence fall down, recognize as objective impairment evidence.

When available-for-sale financial asset has impairment, recognized as the cumulative loss amount of other comprehensive profit or loss must reclassified to profit or loss.

If available-for-sale equity instruments has recognized as the impairment loss of profit or loss, it cannot retrospect through profit or loss. Any recognize as the fair value of impairment loss that recovery cash may recognize as other comprehensive profit or loss.

The impairment loss amount of financial asset at cost measurement that the assets carrying amount and estimated future cash flow should at the foreign exchange difference of present value of current market rate of return discounted of financial assets. This type of impairment loss cannot retrospect after subsequent.

All impairment loss of financial assets deducts directly the carrying amount of financial asset. Only notes receivable, accounts receivable and other receivable down the carrying amount through available-for-sale. When judging the notes receivable, accounts receivable and other receivable as cannot be recovered, recognize as preparation account. The wrote-off and subsequent the amount of receivable recognizes as credit preparation account. The changes of preparation account carrying amount recognize as profit or loss.

C. Derecognize of financial asset

The Company may derecognize of financial asset only when the contractual rights are invalid of financial asset cash flow, or has been moved financial asset and the right of asset that all of the risks and remuneration has moved to other enterprise.

If financial asset has derecognize overall that the carrying amount and received pricing has recognized as other comprehensive profit or loss that the foreign exchange difference of total amount of accumulated benefit or impairment recognize as profit or loss.

2). Financial Liabilities

A. Subsequent measurement

Financial liabilities measure at amortized cost through effective interest rate.

B. Derecognize of financial Liabilities

Except financial liabilities, the carrying amount and the foreign exchange difference of received pricing recognize as profit or loss.

(10) Income Recognition

Income may measure in accordance with received or the fair value measurement of receivable price, and deduct customer's return, discount, and other discounts of assess. Sales returned in reasonable assess the returned amount mention of future in accordance with the past exp. And other related factors.

1). Sales of Product

Sales of goods may recognize as income while completely satisfied the following conditions:

A. The Company has transferred the huge risks and remuneration of commodity ownership to buyer.

B. The Company will not control continually to the sold goods, which means no effective control maintained.

C. Income amount can reliable measure

D. The economic benefits of related trade may probably in The Company

E. The cost of happened or will happen of related trade can reliable measure

2). Dividend Income and Interest Income

Investment that produced the dividend income must recognize immediately while the right determined of shareholder's collection. Only the previous conditions and the economic benefits of related of trade may probably in The Company, and the income amount can reliable measure.

The interest income of financial asset that the economic benefits may probably in The Company, and the income amount can recognize by reliable measure. The interest income may recognize as accrual basis in accordance with time that flow capital outstanding and the applied effective rate.

(11) Lease

1). If The Company as the lessor

The leasing income of business leasing recognize as income in the related period of leasing in accordance with straight-line method.

2). If The Company as the lessee

The business leasing payment recognize as expense in the related period of leasing in accordance with straight-line method.

(12) Employee Benefits

1). Short-Term Employee Benefits

The related liabilities of short-term employee benefits is to change employee services and non-discounted amount measurement of expect payment.

2). Employee Benefits of Retirement

The pension of defined contribution plans should recognize as expense that contribute during employee service.

The defined welfare cost (including service cost, net interest, and remeasurement) of defined welfare retirement plan that calculate in accordance with projected unit credit method. Service cost (including current service cost and past service cost) and net defined benefit liability (asset) net interest at the time of occurrence, revised plan or reduce that recognize as employee benefit payment. Remeasurement (including actuarial gains and losses and return on plan assets after deduct interest) recognize as other comprehensive profit or loss and retained earnings at the time of occurrence that do not need to reclassify in the subsequent.

Net defined benefit liability (asset) that the fall short (remaining) of defined welfare retirement plan. Net defined benefit asset cannot exceed present value that refund or a reduction in future contributions of funds from the plan.

(13) Income Tax

Income tax expense is the sum of current income tax and deferred tax.

1). Current Income Tax

The undistributed surplus plus 10% income tax that recognize as income tax expense of shareholders' resolution year in accordance with income tax law provides for calculation.

Adjusted the income tax payable of the past year that recognize as current income tax

2). Deferred Income Tax

Deferred income tax calculates as temporary difference that produced by of both account assets and liabilities carrying amount and the taxable basis of calculate taxable income.

Deferred income tax in charge of all taxable temporary differences for recognizing, and deferred income tax assets recognize while income tax assets has probably a taxable income for deducting temporary difference that produced income tax credit.

The taxable temporary difference with the related investment subsidiary company all recognize as deferred income tax liabilities. Only The Company if can control the time of retrospect of temporary difference, and it has probably can expect that will not retrospect. Those who are related in these types of investment can deduct temporary difference. Only have enough taxable receive to achieve the benefit of temporary difference, and can expect the future expectation that will retrospect in the range that recognize as deferred income tax assets.

The carrying amount of deferred income tax assets will review on each balance sheet day, and aims to those are not probably have enough taxable income for return all or part of assets that cut down the carrying amount. To those are not recognize as deferred income tax that will review on each balance sheet day, and increase the carrying amount of deferred income tax assets those are probably produce taxable for deducting.

Deferred income tax assets and in charge of expecting debt settlement or assets to achieve the current tax measurement that based on the balance sheet date that has already legislation or substantive legislation that the tax rate and tax law. Deferred income tax liabilities and assets measurement react the result of The Company that expected return on balance sheet day or pay off the assets and liabilities carrying amount that produced the tax.

3). The Current Period and Deferred Income Tax of the Year

The current period and deferred income tax recognize as profit and loss. Only when recognize as other comprehensive profit or loss or directly included in equity that related current period and deferred income tax recognize both other comprehensive profit and loss or directly included in equity.

5. The Main Source of Significant Account Judgement, Assess and Assuming Uncertainty

When The Company use accounting policy, to those who are not easy to obtain the related information, management level must base on the historical exp. and other related factors for judging, assessing, and assuming. The actual can be different as the assessment.

Management level will view continually the assessment and basis assuming. If amendments to assess effect the current period, recognize on the revised period. If amendments to account assess effect both current period and the future period, recognize on the revised period and the future period.

The following has the related main assuming and the information of assess uncertainty that the assuming and uncertainty has a risk for the next year of financial significant adjustment.

(1) Loss of Inventory

Net realizable value as the estimated price of normal business process deduct the cost before finished and the balance estimate of cost after sell. The estimate for historical sales experiences in accordance with the current market conditions and the related product. The changes of market may affect the estimate result.

(2) Subsidiary Company—Dasheng Development Co., Ltd development of real estate and to be developed loss of real property

Dasheng Development Co., Ltd evaluate the carrying amount of development of real estate and to be developed regularly in accordance with account policy that defined to develop of real estate and to be developed has recognized as cost and lower the net realized value. Dasheng Development Co., Ltd used the experiences and current price to assess the net realized value. The assessment may in accordance with the current market conditions and the related sales experience of product that the changes of the market may affect the result, and effect The Company use the investment balance of equity and recognize the share of subsidiary company profit or loss.

6. Cash

	December 31, 2016	December 31, 2015
Cash on hand and revolving funds	$ 1,544	$ 1,499
Bank check and demand deposits	201,323	199,377
Bank foreign currency demand deposits	10,223	19,253
	$ 213,090	$ 220,129

Market interest rate range for Cash in banks on the Day of Balance Sheet as follows:

	December 31, 2016	December 31, 2015
Cash in banks	0.12%-0.20%	0.08%-0.17%

7. Available-for-Sale Financial Assets

	December 31, 2016	December 31, 2015
Current		
Domestic stock	$ 31,659	$ 65,059
Domestic fund benefit certificate	7,368	891
	$ 39,027	$ 65,950

8. Notes receivable and accounts receivable

	December 31, 2016	December 31, 2015
Notes receivable		
From operating activities		
Non-related parties	$359,985	$357,552
Related parties	$ 2,815	$ 199
Accounts receivable		
From operating activities		
Non-related parties	$157,548	$222,837
Minus: allowance for uncollectible accounts	-	-
	$157,548	$222,837
Related parties	$ 21,725	$ 37,926

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

(1) Notes receivable

None of noted receivable was dued on December 31st 2015 and in 2016.

Please see the note # 28 for the information of Mortgage notes receivable for reference.

(2) Accounts receivable

The analysis of accounts receivable is as below:

	December 31, 2016	December 31, 2015
Under 30 days	$ 85,237	$147,055
31~60 days	34,355	75,513
61~90 days	35,195	-
91~120cdays	439	-
121~150 days	-	-
Above 151 days	2,322	269
TOTAL	$157,548	$222,837

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

The account receivable that has overdue on date of balance sheet but The Company not yet to recognize allowance for bad debts. Because the credit quality did not have a significant change, The Company's management level considered the amounts still can return. The Company to the accounts receivable did not hold any collateral or other credit enhancement.

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

	December 31, 2016	December 31, 2015
Above 151 days	$ 2,322	$ 269

The aging will based on the days of overdue.

9. Inventories

	December 31, 2016	December 31, 2015
Raw materials	$236,683	$135,838
Finished goods	113,491	100,569
Work in progress	40,583	13,146

Spare parts and material	37,350	39,752
	$428,107	$289,305

The related cost of sales in 2016 was $2,904,623,000 which including loss for market price decline inventories $1,044,000. The related cost of sales in 2015 was $3,265,140,000 which including loss for market price decline inventories $161,000.

10. Prepayments

	December 31, 2016	December 31, 2015
Office supplies	$ 95,269	$ 93,866
Prepaid expenses	63,326	71,316
Prepaid materials	5,329	39,615
Other	84	93
	$164,008	$204,890

11.Other current assets

	December 31, 2016	December 31, 2015
Restricted assets	$301,677	$167,080
Bonds Purchased under Resell Agreements	60,021	-
	$361,698	$167,080

Market interest rate range for restricted assets that are demand deposit and ime Deposits the garrantee of to the bank loan on the Day of Balance Sheet as follows:

	December 31, 2016	December 31, 2015
Restricted assets	0.13%-2.70%	0.27%-3.10%
Bonds Purchased under Resell Agreements	0.33%-0.40%	-

Please see the note # 28 for the information of Mortgage other current assets for reference.

12.Financial assets at cost

	December 31, 2016	December 31, 2015
Common Stock of unlisted public companies	$ 34,527	$ 39,627

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

The Company, which holds the above stock investment, may measure the cost impairment lost on the date of balance sheet. Because the interval is significant of the fair value estimates and cannot assess reasonably each type of probability, The Company's management level thinks the fair value cannot be reliable measure.

The Company assess the stocks of Dahong advanced company of financial assets of cost measurement, which the investment has impairment that recognized as impairment loss $7,500,000.

13. Investments accounted for using equity method

	December 31, 2016	December 31, 2015
Subsidiary		
Unlisted public company		
DAI SHEN DEVELOPMENT CO.,LTD.（DAI SHEN DEVELOPMENT CO.,LTD.）	$ 2,304,465	$ 2,373,076
Hsinfu pre-mixed company（Hsinfu Pre-mix）	330,924	324,247
Just Bright Ltd.	69,095	94,905
LUCKYSHIP MARINE AGENCY CO., LTD（LUCKYSHIP MARINE）	34,398	46,846
Lucky Cement Co. (Japan)（Lucky Cement Co. (Japan)）	26,976	23,219
Hojen Harbor DEVELOPMENT CO.,LTD.（Hojen Harbor Company）	-	891
ELUMINA Technology, Inc（ELUMINA Technology, Inc）	(26,888)	(20,704)
	2,738,970	2,842,480
Add：Balance of long term investment is reclassified to other current liabilities	26,888	20,704
	$ 2,765,858	$ 2,863,184

The percentage of Market interest rate range for restricted assets that are demand deposit and ime Deposits the garrantee of to the bank loan on the Day of Balance Sheet as follows:

	December 31, 2016	December 31, 2015
DAI SHEN DEVELOPMENT CO.,LTD	99.99%	99.99%
Hsinfu Pre-mix	99.99%	99.99%
Just Bright Ltd.	100%	100%
LUCKYSHIP MARINE AGENCY CO., LTD	99.99%	99.99%
Lucky Cement Co. (Japan)	100%	100%
Hojen Harbor DEVELOPMENT CO.,LTD	-	50%
ELUMINA Technology, Inc	70.59%	70.59%

The main business of Dasheng Development Company is selling real estate and renting, which the cost account of construction recognized as "Developing and to be develop of the real estate" The expired date on Dec.31,2015 and 2016 that are $3,178,244,000 and $3,200,723,000.

It used profit or loss and other comprehensive profit or loss of profit or loss of subsidiary company of equity method that recognized by the financial report of accountant check in accordance with each subsidiary in the same period.

Dasheng Development Company that they used capital reduction to make up the losses for $100,000,000 on Jul, 2017 and, at the same time, cash replenishment issued new stock for $300,000,000.

The shareholders' meeting resolves the liquidation of Heren Harbor Company on June 2016, and liquidation on Sep, 2016.

The Company's board of director passed the resolution that dismiss East Rui Photoelectric Company and its subsidiary company, and resolved the liquidation. East Rui Photoelectric Company that cash replenishment $40,000,000, and The Company to East Rui Photoelectric Company subscribe $28,234,000 in accordance with the shareholding ratio.

The Company has prepared the above accounts of all subsidiary company of equity method in the consolidated financial report of 2015 and 2016.

14.Real Estate, Plant and Equipment

	Owned Land	Building	Machines	Electrical Instrument	Traffic & Transportation Equipment	Other Equipments	Total
Cost							
Balance on Jan 1, 2015	$ 698,918	$2,137,233	$6,029,968	$1,183,976	$ 776,822	$ 484,313	$11,311,230
Increase	-	-	24,897	3,131	94,387	655	123,070
Disposal	-	(44,783)	(11,697)	-	(88,116)	(4,208)	(148,804)
Balance on Dec 31, 2015	$ 698,918	$2,092,450	$6,043,168	$1,187,107	$ 783,093	$ 480,760	$11,285,496
Accumulated depreciation and impairment							
Balance on Jan 1, 2015	$ -	$1,504,944	$5,399,423	$1,130,746	$ 586,651	$ 444,860	$9,066,624
Depreciation expenses	-	102,938	142,355	15,736	63,082	11,764	335,875
Disposal	-	(44,783)	(11,697)	-	(88,116)	(4,208)	(148,804)
Balance on Dec 31, 2015	$ -	$1,563,099	$5,530,081	$1,146,482	$ 561,617	$ 452,416	$9,253,695
Balance on Dec 31, 2015	$ 698,918	$ 529,351	$ 513,087	$ 40,625	$ 221,476	$ 28,344	$2,031,801
Cost							
Balance on Jan 31, 2016	$ 698,918	$2,092,450	$6,043,168	$1,187,107	$ 783,093	$ 480,760	$11,285,496
Increase	-	6,080	16,691	4,101	4,825	2,902	34,599
Disposal	-	-	(20,985)	-	(5,553)	(1,495)	(28,033)
Balance on Dec 31, 2016	$ 698,918	$2,098,530	$6,038,874	$1,191,208	$ 782,365	$ 482,167	$11,292,062
Accumulated depreciation and impairment							
Balance on Jan 31, 2016	$ -	$1,563,099	$5,530,081	$1,146,482	$ 561,617	$ 452,416	$9,253,695
Depreciation expenses	-	69,264	124,075	7,915	66,042	11,434	278,730
Disposal	-	-	(20,985)	-	(5,553)	(1,495)	(28,033)
Balance on Dec 31, 2016	$ -	$1,632,363	$5,633,171	$1,154,397	$ 622,106	$ 462,355	$9,504,392
Net on Dec 31, 2016	$ 698,918	$ 466,167	$ 405,703	$ 36,811	$ 160,259	$ 19,812	$1,787,670

The Company's part of land of land use right registered the ownership that temporary as the third person, the trustee has given the declaration and setting the mortgage on The Company.

Class of Property, Plant and Equipment recognize depreciation in accordance with straight-line method as the following years of durability:

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

The information of mortgage of Class of Property, Plant and Equipment, please referred to Note 28.

15. Other non-current assets

	December 31, 2016	December 31, 2015
Prepayments	$109,576	$ 80,592
Restricted assets	63,280	63,254
Limestone mining right, net	18,783	18,783
	$191,639	$162,629

The limited asset refers to time deposit in the bank that is pledged as the security of milling right, which has the market interest rate range on the Day of Balance Sheet as follows:

	December 31, 2016	December 31, 2015
Limited Asset	0.13%-1.125%	0.34%-1.276%

Other information regarding to non-current asset collaterals, please refer to Note 28.

16. Loan

(1) Short-Term Loan

	December 31, 2016	December 31, 2015
Backed Loan		
Bank Loan	$667,700	$152,300
Non-backed Loan		
Credit Loan	263,169	82,522
	$930,869	$234,822

The interest rate of the deposit in bank is as follows:

	December 31, 2016	December 31, 2015
Backed Loan	1.427%-1.8464%	1.561%-1.90%
Non-backed Loan	1.55%-2.484%	1.691%-1.702%

(2) Short-term notes and bills payable

	December 31, 2016	December 31, 2015

Commercial paper payable	$110,000	$ 50,000
Decrement： Discount on short-term notes and bills payable	240	50
	$109,760	$ 49,950

Short-term check payable that is not due is as follows:

December 31, 2016

Guaranty/Acceptance Institution	Face Value	Discount Amounts	Book Amounts	Interest rate collar
Commercial paper payable				
Ta Ching Bills Finance Co.,	$ 50,000	$ 109	$ 49,891	1.60%
Mega Bills Finance Co.,	60,000	131	59,869	1.588%
	$ 110,000	$ 240	$ 109,760	

December 31, 2015

Guaranty/Acceptance Institution	Face value	Discount amounts	Book amounts	Interest rate collar
Commercial paper payable				
Ta Ching Bills Finance Co.	$ 50,000	$ 50	$ 49,950	1.75%

(3) Long-term Loan

	December 31, 2016	December 31, 2015
Backed Loan		
Taiwan Cooperative Bank	$ 112,000	$ 322,000
Mega International Commercial Bank etc., bank of syndication loan	-	340,000
Mega International Commercial Bank	14,000	42,800
Export-Import Bank of the ROC	100,000	-
O-Bank Co., Ltd.	-	100,000
Bank of Taiwan	100,000	-
Non-Backed Debt		
Shanghai Commercial & Savings Bank, Ltd.	90,000	-
Subtotal	416,000	804,800
Decrement：Portion of matured within one year	(303,500)	(396,800)
Long-term loan	$ 112,500	$ 408,000

The due day of the collateral loan with bank is in February of 2019 and as of end of 2016 and 2015, the annual interest rate were 1.7825%-2.05% and 2.09%-2.3573% respextively; the due day of the loan without collaterals is in July of 2019, and as of end of 2016, the annual interest rate was 1.73%.

The Company had loan with the Cooperative Bank in November of 2011 and the total credit amount was 500,000,000 without cycle purpose and the grant period was 2 years; every 6 months was served as an installment since May of 2014 and there were a total of 10 installments for the principle.

The Company had loan with the Cooperative Bank in July of 2014 and the loan valued at NTD$240,000,000, and NTD$ 12,000,000 shall be repaid by season.

The company has entered into union credit agreement with the bank groups of host bank as Sinopac International Commercial Bank in March of 2012, and the main purpose was to pay for Hualien Hojen Mill Expansion Program and the credit was totaled to NTD$ 800,000,000; every 6 months was served as an installment since September of 2012 and there were a total of 14 installments for the principle. Besides, during renewal credit period, the current ratio, liabilty ratio and interest secured times of the financial statement combining the first half year and whole year shall meet the regulations set forth in Credit Agreement, which shall be repaid earlier in September of 2016.

The company had a loan with SinoPac Bank in April of 2011 and total credit was totaled to NTD$100,233,000 without cycle use; it was supposed to be short-term turnaround loan and it was accounted as short-term loan; it was turned to middle-term loan pursuant to the credit agreement since June of 2014 and NTD$7,200,000 shall be repaid by season.

The company had a loan with China Import & Export Bank in July of 2014 and the total credit was totaled to NTD$ 100,000,000, wherein the principle has been repaid once in August of 2015. Besides, the company had a loan with China Import & Export Bank in January of 2016 and total credit amounted to NTD100,000,000, wherein the credit period spanned from January 1, 2016 to January 31, 2017, which was enabled to be used in cycle within credit line prior to maturity purusant to the terms and conditions of the Agreement and the principle shall be repaid once in maturity.

The Company had a loan with Wan Dao Commercial Bank (former Taiwan Industrial Bank) in August of 2013 and the credit was totaled to

NTD$100,000,000 without cycle use and the granting period spanned 2 years, wherein the principle has been repaid in August of 2015; bedsides, the Company has a loan with Wan Dao Commericla Bank in August of 2015 and the credit amounted to NTD$100,000,000 without cycle use, wherein the principle has been repaid once in August, 2016, the mature year.

The Company has a loan with Bank of Taiwan in December of 2014 and the credit amounted to NTD$100,000,000 without cycle use; every 3 months was served as one period, and a total of 8 installments were ready for the principle, which has been repaid earlier in December, 2015. Besides, the Company had a loan with the Bank of Taiwan in February 2016 and the credit amounted to NTD$100,000,000; one year after the grant period, there was NTD$12,500,000 shall be repaid every season.

The Company had a loan with Shanghai Commerical Saving Bank in July of 2016 and total credit amounted to NTD$100,000,000 without cycle use; every season was served as one period since October of 2016 and there were a total of 10 installments for the principle.

17. Notes payable and accounts payable

	December 31, 2016	December 31, 2015
Notes payable		
Resulted from business		
Non-related parties	$109,135	$101,889
Related parties	$105,016	$ 5,711
Accounts payable		
Resulted from business		
Non-related parties	$126,524	$158,003
Related parties	$ 90,433	$ 61,392

18. Other payables

	December 31, 2016	December 31, 2015
Accrued payroll and bonus	$ 80,977	$105,681
Accrued taxes	23,930	51,554
Accrued utilities expenses	20,215	22,085
Accrued maintenance expenses	1,525	4,608
Others	12,077	13,893
	$138,724	$197,821

19. Post-employment benefit plans

(1) Defined Contribution Plan

Pension System of the company is applied to Labor Pension Act. that is the defined contribution plan managed by the Government and the 6% of the employees's monthly salary will be contributed to the employee's individual account of labor pension.

(2) Defined benefit plan

Pension System of the company is applied to Labor Standards Act. that is the defined benefit plan managed by the Government and the total payment of employee's pension are based on the length of service and the average salary of 6 months before retirement approval and the 2% of the total monthly salary of employeess will be allocated to the the Bank of Taiwan under the name of its Supervisory Committee of Workers' Retirement Fund of The Business Entity. If the balance is estimated to be short to pay the retirement of empolyees within 1 fiscal year at the end of year, the company will pay into the difference before March of next fiscal year and this bank account is managed by the Bureau of Labor Funds, MOL and the company has not right to affect its decision of investment management.

The amount of defined benefit plan is counted into the individual balance sheet:

	December 31, 2016	December 31, 2015
Present value of the defined benefits obligations	$302,905	$337,082
Fair value of plan assets	(250,794)	(16,515)
Appropriation shortened	52,111	320,567
Net defined benefits liabilities	$ 52,111	$320,567

Net defined benefit liablity change is as follows:

	Present value of the defined benefits obligations	Fair value of plan assets	Net defined benefits liabilities
Balance on Jan 1, 2015	$ 330,595	($ 13,784)	$ 316,811
Service costs			
Current service costs	4,266	-	4,266
Interst expenses (revenue)	4,132	(187)	3,945
Recognised in profit or loss	8,398	(187)	8,211
Remeasured			
Plan assets remuneration (except the amount included in net interest)	-	(176)	(176)
Actuarial loss－assumption changes of population statistics	130	-	130
Actuarial loss－experience adjustment	10,384	-	10,384
Recognised in other comprehensive profit or loss	10,514	(176)	10,338
Appropriated by employer	-	(2,368)	(2,368)
Pay benefits	(12,425)	-	(12,425)
Balance on Dec 31, 2015	$ 337,082	($ 16,515)	$ 320,567
Balance on Jan 1, 2016	$ 337,082	($ 16,515)	$ 320,567
Service costs			
Current service costs	4,121	-	4,121
Interst expenses (revenue)	4,214	(221)	3,993
Recognised in profit or loss	8,335	(221)	8,114
Remeasured			
Plan assets remuneration (except the amount included in net interest)	-	(1,301)	(1,301)
Actuarial loss－assumption changes of population statistics	84	-	84
Actuarial loss－financial assumption changes	3,279	-	3,279

Actuarial loss－experience adjustment	3,079	-	3,079
Recognised in other comprehensive profit or loss	6,442	(1,301)	5,141
Appropriated by employer	-	(280,408)	(280,408)
Pay benefits	(48,954)	47,651	(1,303)
Balance on Dec 31, 2016	$ 302,905	($ 250,794)	$ 52,111

Summaized according the funactions of recognized defined benefit plan as follow:

	2016	2015
Operating costs	$ 5,472	$ 5,364
Selling expenses	912	948
Administrative expenses	1,730	1,899
	$ 8,114	$ 8,211

The pension system of the company is exposure the below risks according to the Labor Standard Act.:

1). Investment risk：Bureau of Labor Funds, MOL has been invested on the domestic and international equity securities, debt securities and saving accounts with the labor funds of pension by the agent or self-management. The imcome is counted with the 2-year interest rate that is not less than the local bank by the alloction of planned assests.

2). Interest rate risk：Present value of defined benefit is increasing and return on investment of liabilities for planned assets has been increasing accordingly due to the descreasing interest rate of government bond and both of them have the impact on the liabilities of defined benefit with partial offset effect

3). Salary risk：Calculation in the present value of defined benefit obligation takes the future salary of the project staff for reference, therefore, the increasing salary of project staff makes the present value of defined benefit obligation increased.

The present value of defined benefit obligation of consolidated companies is calculated by the Actuaries and significant assumptions on measurement date as follow：

	December 31, 2016	December 31, 2015
Discount rate	1.125%	1.25%

Salary expected rate of increase	1.25%	1.25%

If the significant actuarial assumptions with the possible and reasonable variation has occurred under the condition of all the assumptions that stays the same, it makes the present value of defined benefit obligation increased (decreased).

	December 31, 2016	December 31, 2015
Discount rate		
Increase 0.25%	($ 6,508)	($ 7,221)
Decrease 0.25%	$ 6,719	$ 7,461
Salary expected rate of increase		
Increase 0.25%	$ 6,584	$ 7,321
Decrease 0.25%	($ 6,409)	($ 7,120)

The possibility for the the avriation with the one single assumption is not high due to the the actuarial assumptions may related to each other, the above sensitivity analysis may not show the actual changing on the present value of defined benefit obligation increased.

	December 31, 2016	December 31, 2015
Appropriation in upcoming year as scheduled	$ 2,159	$ 2,355
Average due period of defined benefit obligation	8.8 years	8.8 years

20. Equity

(1) Capitals

Ordinary Share

	December 31, 2016	December 31, 2015
Rated share（thousand shares）	498,646	498,646
Rated capital	$ 4,986,460	$ 4,986,460
Shares issued and fully paid-up (thousand shares)	404,738	404,738
Issued capital	$ 4,047,380	$ 4,047,380

Face value of each published ordinary share is 10 dollars and each sharr has one vote with the right of sharing the dividends.

(2) Capital Reserve

	December 31, 2016	December 31, 2015
Only for loss compensation		
Accounted all equity changes of ownership of Subsidiary	$ 8	$ 8

Such kind of capital reserve shall refer to the adjustment of the number affected by equity transaction accounted from the equity change of subsidiary or from the company 's accounting subsidiary's capital reserve through equity method when the company did not obtain or dispose of subsidiary's equity actually.

(3) Retained earning and dividend policy

According to the amendment of the Company Law in May of 2015, the allocation of dividend and bonus limits to shareholders and employee does not belong to those parties whom the surplus was allocated. The Company has passed earning allocation policy of the revised Articles of Association in the resolution proposed on the General Meeting of Shareholders dated June 15, 2016 and also provided allocation policy of renumeration of employee and directors, supervisors.

The revised provision of earning allocation policy in the Articles of Association states that in case of earning upon settled annually, the Company shall appropriate its 10% as legal surplus reserve first and account equity deduction occurred in the current year as special surplus reserve, addition to legal payment of business tax and compensation of historical annual loss, wherein if the dividend per share from the sum of balance thereafter and 40%~80% of aggregated surplus yet allocated in the previous year has not reached NTD$0.1 with calculation of the upper limit, 80%, it shall be reserved, not for allocation and allocation case shall be proposed in the Board of Directors, further presented for acknowledgement in the Meeting of Shareholders. Please refer to (5) of Note 21, Employee Benefits for the revised remuneration allocation policy of employee and directors, supervisors before/after the versions of the Articles of Association. The appropraiton & 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 diluated 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 "Q&A appied to questions and doubts regarding to accounted special surplus reserve with IFRSs". 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.

During allocating surplus yet be allocated, shareholders other than the residents within the territory of the Republic of China may acquire shareholder deductible that was calculated based on the tax deducitble ratio on the Day of Dividend Allocation.

The distribution of 2015 and 2014 retained earnings that was passed on the board meeting individually on June 15th 2016 and June 12th 2015.as follow：

	Earnings distributed		Dividend per share (NT$)	
	2015	2014	2015	2014
Legal reserve	$ 47,016	$ 37,954		
Cash dividends	344,027	242,843	$ 0.85	$ 0.6

The company propose the distribution of 2016 retained earnings andeach share of dividend at the board meeting on March 20th 2016：

	Earnings distributed	Dividend per share (NT$)
Legal reserve	$ 31,533	
Cash dividends	242,843	$ 0.6

The distribution of 2016 retained earnings will be expected to determine at the board meeting on June 7th 2016.

(4) Special Reserve

The company has adopted the IFRSs method for the accounted special reserve that shows as follow:

	December 31, 2016	December 31, 2015
Special Reserve	$ 14,135	$ 14,135

The amount of 14,135,000 has treanferred to the retained earnings from cumulative translation adjustments of the company

(5) Other equities

1). Exchange difference in the financial statements of overseas operating institution

	2016	2015
Balance, beginning of year	($ 6,793)	($ 8,011)
Other comprehensive income, before tax, exchange differences on	(25)	718
Share of subsidiary of translation differences for using equity method	(22)	500
Balance, end of year	($ 6,840)	($ 6,793)

2). Unrealized gain or loss on available-for-sale financial assets

	2016	2015
Balance, beginning of year	$ 43,149	$ 36,263
Unrealized gain or loss on available-for-sale financial assets	2,558	(7,842)
Disposal of accumulated profit or loss in available-for-sale financial assets for reclassify to gains	(1,924)	(5,473)
Share of subsidiary of unrealized gain or loss on available-for-sale financial assets for using equity method	(9,543)	20,201
Balance, end of year	$ 34,240	$ 43,149

21. Net Profit

Net profit contains as follows:

(1) Other gains and net expense loss

	2016	2015
Gains on disposals of property, plant and equipment	$ 106	$ -

(2) Other income

	2016	2015
Dividend income	$ 1,232	$ 8,296
Others	7,198	6,983
	$ 8,430	$ 15,279

(3) Other expenses

	2016	2015
Disaster loss	$ 8,154	$ 7,198
Other	15,962	15,285
	$ 24,116	$ 22,483

(4) Depreciation, amortization and depletion

	2016	2015
Depreciation expenses consolidated by function		
Operating costs	$255,957	$310,230
Operating expenses	12,552	13,714
Non-operating expenditures	10,221	11,931
	$278,730	$335,875
Amortization expenses consolidated by function		
Operating costs	$ 8,660	$ 9,755
Operating expenses	876	716
	$ 9,536	$ 10,471
Depletion expenses consolidated by function		
Operating costs	$ -	$ 15,657

(5) Employee Benefits

	2016	2015
Benefits after retirement		
Defined appropriation plan	$ 7,877	$ 7,583
Defined benefit plan	8,114	8,211
	15,991	15,794
Payroll expenses	269,176	293,368
Labor and health insurance expenses	24,356	25,027
Other employees benefits	12,803	13,558
Total employees benefit expenses	$322,326	$347,747
Consolidated by function		
Operating costs	$228,920	$241,381
Operating expenses	93,406	106,366
	$322,326	$347,747

1). Remuneration of 2016 Employee and Directors, Supervisors

According to the amendment of The Company Act. in May 2015 and articles of incorporation modified by the board of directors in June 2016, the Company shall appropriate 3% and not less than 5% of the gain w/o tax prior to the deduction of allocated renumeration for employee and directors, supervisors in the current year as the same.

The 2015 and 2016 remuneration for the employees, directors and supervisors were passed individually at the board meeting on March 30th 2017 and March 28th 2016 as follow:

Estimate percentage

	2016	2015
Remuneration of employees	3%	3%
Remuneration of directors, supervisors	5%	5%

Amount

	2016	2015
	Cash	Cash
Remuneration of employees	$ 12,447	$ 18,636
Remuneration of directors, supervisors	20,745	31,060

Annual individual financial report with any changes with the numbers of the amount after the released date will be handled according to the Accounting Estimate and be adjusted accordingly next year.

Amounts recognised in the 2016 individual financial report had no difference than the 2016 amounts that were actually allocated to the employees, directors and superviors of the company.

Any information is related to the 2016 and 2017 remuneration that was approved by ther board of directorsof for employees, directors and superviors of the company and please go check on the Market Observation Post System of Taiwan Stock Exchange.

2). 2014 Benefit for employees and Compensation for directors and supervisors.

The parent company held the regular board meeting on June 12th 2015 and approved benefit for employees and compensation for directors and supervisors as follow: ：

	2014
	Cash
Remuneration of employees	$ 10,248
Remuneration of directors, Supervisors	17,079

Amounts recognised in the 2014 individual financial report had no difference than the amounts that were approved to the employees, directors and superviors of the company by the board of directors on June 12th 2015.

Any information is related to the 2015 remuneration that was approved by ther board of directorsof for employees, directors and superviors of the company and please go check on the Market Observation Post System of Taiwan Stock Exchange.

(6) Foreign currency exchange profit (loss)

	2016	2015
Total amount of foreign currency exchange gains	$ 3,083	$ 14,426
Total amount of foreign currency exchange losses	(5,124)	(13,553)

Net profit (loss)	(\$ 2,041)	\$ 873

(7) Disposal of investing profit (loss)

	2016	2015
Disposal of gains of Available-for-Sale financial assets	\$ 1,924	\$ 5,473
Disposal of losses of Subsidiary	(6)	-
Net profit	\$ 1,918	\$ 5,473

22. Income Tax

(1) Major items composing accounted income tax with gain and loss

	2016	2015
Current income tax		
Created in current year	$ 36,804	$116,447
Impose on retained earnings-unappropriated	7,092	11,338
Adjustment of previous years	1,347	476
	45,243	128,261
Deferred income tax assets		
Created in current year	21,125	(26,920)
Income tax expenses of recognised in profit or loss	$ 66,368	$101,341

The adjustment of accounting income and income tax of the current period is as follows:

	2016	2015
Profit before tax	$381,702	$571,502
Income tax expenses of profit before tax calculated according to legal tax rate （17%）	$ 64,889	$ 97,155
Not deductible in tax of expenses	1,240	1,805
Deductible temporary differences of unrecognized	(1,435)	1,046
Tax-free income	(6,765)	(10,479)
Impose on retained earnings-unappropriated	7,092	11,338
Current period income tax expenses of previous years		
Adjustment used in current period	1,347	476
Income tax expenses of recognised in profit or loss	$ 66,368	$101,341

The 2017 surplus distribution has the uncertainty and potential consequence of income tax with additional 10% surtax on undistributed retained earnings remains yet determined reliably.

(2) Income tax assets and liabilities in current period

	December 31, 2016	December 31, 2015
Income tax assets in current period		
Income tax refund receivable	$ 15,650	$ -

Income tax liabilities in current

period		
Payable income tax	$ -	$125,731

(3) Deferred income tax asset and liability

The change of deferred income tax asset and liability is as follows:

2016

Deferred income tax assets	Balance, beginning of year	Accounted profit or loss	Balance, end of year
Temporary differences			
Pension exceed limitation	$ 59,607	($ 46,760)	$ 12,847
Investment loss recognized under equity method	54,857	16,821	71,678
Loss on unrealized inventory price down	11,659	177	11,836
Loss of financial assets carried at cost method	3,995	-	3,995
Gross profit of unearned sales revenue for opened bill of lading	3,269	(127)	3,142
Unrealized foreign exchange losses	-	99	99
	$ 133,387	($ 29,790)	$ 103,597
Deferred income tax liabilities			
Temporary differences			
Fixed assets expedite depreciation	$ 68,163	($ 8,559)	$ 59,604
Unrealized foreign exchange gains	106	(106)	-
	$ 68,269	($ 8,665)	$ 59,604

2015

Deferred income tax assets	Balance, beginning of year	Recognised in profit or loss	Balance, end of year
Temporary differences			
Pension exceed limitation	$ 60,726	($ 1,119)	$ 59,607
Investment loss recognized under equity method	37,965	16,892	54,857
Loss on unrealized inventory price down	11,631	28	11,659
Loss of financial assets carried at cost method	4,232	(237)	3,995
Gross profit of unearned sales revenue for opened bill of lading	2,585	684	3,269
	$ 117,139	$ 16,248	$ 133,387

Deferred income tax

liabilities			
Temporary differences			
Fixed assets expedite depreciation	$ 78,798	($ 10,635)	$ 68,163
Unrealized foreign exchange gains	143	(37)	106
	$ 78,941	($ 10,672)	$ 68,269

(4) The related information of Imputation System

	December 31, 2016	December 31, 2015
Unapporpriated earning		
Unapporpriated earning after 1998	$ 547,996	$ 626,211
Balance in the shareholder imputation tax credit account	$ 192,473	$ 13,027

The Tax Creditable Ratios which are applicable for disposition of net income in 2015 and 2016 are respectively 26.23% (expected ratio) and 22.37 %(actual ratio.)

According to the Income Tax Act, when the Company distributes the surplus after 1998, the shareholders can follow the tax creditable ratio to calculate their acquired Imputation Tax Credit. Due to the actual distribution amount of imputation credit should follow the balance in the shareholder imputation tax credit account; the Company estimated that the tax creditable ratio for surplus distribution may be different from the tax creditable ratio used for the actual shareholders' distribution ratio in the future.

(5) Income Tax Assessment

The filing of application of profit-seeking enterprise income tax as end of 2014 of the Company has approved by tax authorities.

23. Earning per share

Ir is used to calculate the net income of basic and diluted earnings per share as follows:

Net Profit

	2016	2015
It is used to calculate the net income of basic and diluted earnings per share	$ 315,334	$ 470,161

Number of Shares　　　Unit： 1000 shares

	2016	2015
It is used to calculate the ordinary share weighted average stock shares of basic earnings per share	404,738	404,738
Impact of shares with dilutive potential ordinary share:		
Remuneration of employees	1,801	2,380
It is used to calculate the ordinary share weighted average stock shares of dilutive earnings per share	406,539	407,118

If the Company has to choose using share or cash to pay the remuneration of employees, when calculating diluted earnings per share, assuming that giving the shares for remuneration of employees and adding the weighted average outstanding shares with dilutive potential ordinary share to calculate diluted earnings per share. And before discussing to issue the number of shares for employees' remuneration in the following year, it should consider the dilutive potential ordinary share when calculating diluted earnings per share.

24. Agreement of Operating Lease

(1) The Company as tenant

Operating lease includes lease of land, plant, storage land, etc.; the lease period is 1 to 5 years.

As the end of December 31, 2015 and 2016, refundable deposits paid by the Company in operating lease contract are respectively 3,849 and 5,433 NT dollars.

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

	December 31, 2016	December 31, 2015
Within on year	$ 26,203	$ 27,391
Beyond 1 year, less than 5 years	48,799	36,697
	$ 75,002	$ 64,088

Rent payment accounted as fee:

	2016	2015
Rent Payment	$ 32,945	$ 34,904

(2) The Company as leaser

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

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

	December 31, 2016	December 31, 2015
Within on year	$ 6,910	$ 9,629
Beyond 1 year, less than 5 years	625	5,856
	$ 7,535	$ 15,485

25. 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.

26.Financial Instrument

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

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

(2) Information of fair value – financial instrument at fair value

1). Fair value hierarchy

December 31, 2016

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Stock of domestic listed (OTC) company	$ 31,659	$ -	$ -	$ 31,569
Domestic fund beneficiary certificate	7,368	-	-	7,368
Total	$ 39,027	$ -	$ -	$ 39,027

December 31, 2015

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Stock of domestic listed (OTC) company	$ 65,059	$ -	$ -	$ 65,059
Domestic fund beneficiary certificate	891	-	-	891
Total	$ 65,950	$ -	$ -	$ 65,950

There is no transfer between level 1 and level 2 of fair value measurement in 2015 and 2016.

2). The evaluation technique and assumption used for measuring fair value

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

(3) Type of Financial Tool

	December 31, 2016	December 31, 2015
Financial assets		
Loans and receivables（Note 1）	$ 1,438,687	$ 1,236,239
Available-for-sale financial assets（Note 2）	73,554	105,577
Financial Liabilities		
Measured at amortised cost（Note 3）	1,945,484	1,508,707

Note 1: Balance includes cash, note receivable (N/R), accounts receivable, other receivables and other financial assets which are loans and receivables measured by cost after amortization.

Note 2: Balance includes classified as balance of financial assets in available-for-sale measured by cost.

Note 3: Balance includes short-term borrowings, notes payable, accounts payable (AP), parts of other payables and long-term loans which are financial liabilities measured by cost after amortization.

(4) Target and Policy of Financial Risk Management

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

1). Market risk

The main financial risk for operation of the Company is foreign currency exchange risk (please see (1) as follows) and interest rate risk (please see (2) as follows).

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

A. Risk of currency exchange

The monetary asset in non-functional currency and carrying amount of monetary liabilities on balance sheet date of the Company; please see note 30.

Sensitivity Analysis

The Company is mainly impacted by the foreign exchange rate fluctuation of USD and RMB.

The following table shows Sensitivity Analysis of the Company when individual functional currency increases and decreases 5% for each relevance currency rate. 5% is as sensitivity ratio used for reporting currency risk to key management personnel, and also represented assessment of reasonably possible range of fluctuation of foreign currency rate by the management personnel.

	Impact of USD		Impact of RMB	
	2016	2015	2016	2015
Gain & Loss	$ 2,347	$ 425	($ 339)	($ 359)

The above is mainly originated from the outstanding cash in banks, receivables, other financial assets, other short-term borrowings, payables and long-term loans, calculated in USD and RMB which are not in cash flow hedge.

B.Interest rate risk

The financial assets in interest rate exposure and the carrying amount of financial liability on balance sheet date of the Company as follows:

	December 31, 2016	December 31, 2015
With fair value interest rate risk		
－Financial assets	$ 370,470	$ 258,092
－Financial liabilities	624,000	202,300
With cash flow interest rate risk		
－Financial assets	763,194	598,688
－Financial liabilities	832,629	887,272

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 basing points; this also represents the assessment of reasonably possible change range for interest rate from key management personnel.

If interest rate increases/decreases 25 basing points, the pre-tax income in 2015 and 2016 separately increases/decreases 174,000 and 721,000 NT dollars 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 means that the counterparty arrears contract obligation and cause group financial loss risk. As end of balance sheet date, the Company may be caused exposure of maximum credit risk by the counterparty not doing contract obligation, which is mainly from the carrying amount of financial assets recognized on individual balance sheet.

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, 2016		December 31, 2015	
	Book value	Maximum credit risk amount	Book value	Maximum credit risk amount
Off-balance sheet promises and guarantees				
Endorsement for Subsidiary	$ -	$ 517,250	$ -	$1,324,238

The credit risk of the Company is mainly concentered on the key account (KA) of the Company; as the end of December 31 in 2016 and 2015, the receivables should exceed 5% of total receivables, which are separately 59.79% and 63.45% of total receivables.

3). Liquidity risk

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

Bank loan is an important source of liquidity for the Company. As the end of December 31 in 2016 and 2015, the unused long-term and short-term bank facilities of the Company are separately 1,454,314,000 and 1,901,855,000 NT dollars.

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, 2016

	Weighted average effective interest rate (%)	Request pay on demand or less than 1 month	1-3 Months	3-12 Months	1-5 Years	More than 5 years
Non-derivative financial liabilities						
Non-interest-bearing liabilities	-	$ 167,555	$ 369,831	$ 36,402	$ 12,798	$ 18,192
Adjustable-rate instruments	1.62%	122,000	225,224	360,405	125,000	-
Fixed-rate instruments	1.54%	100,000	200,000	324,000	-	-
		$ 389,555	$ 795,055	$ 720,807	$ 137,798	$ 18,192

December 31, 2015

	Weighted average effective interest rate (%)	Request pay on demand or less than 1 month	1-3 Months	3-12 Months	1-5 Years	More than 5 years
Non-derivative financial liabilities						
Non-interest-bearing liabilities	-	$ 139,075	$ 288,090	$ 188,179	$ 47,339	$ 16,550
Adjustable-rate instruments	2.21%	12,000	79,200	388,072	408,000	-
Fixed-rate instruments	1.73%	-	-	202,300	-	-
		$ 151,075	$ 367,290	$ 778,551	$ 455,339	$ 16,550

27. Transactions of Related Parties

In addition to the discourse of other notes, the transaction between related party and the Company as follows.

(1) Operating transaction：

	In 2016	In 2015
Sale		
Subsidiary	$344,580	$498,512
Other related parties	308	439
	$344,888	$498,951
Purchase		
Subsidiary	$ 2,863	$190,396
Other related parties	257,671	41,223
	$260,534	$231,619
Operating costs — shipping expenses		
Other related parties	$ 15,246	$ 14,017
Operating costs — repair and maintenance expenses		
Subsidiary	$ -	$ 4,247
Operating expenses		
Other related parties	$ 3,689	$ 3,322
Non-operating revenues		
Subsidiary	$ 29,097	$ 28,211
Other related parties	2,446	2,438
	$ 31,543	$ 30,649
Financial assets carried at cost of acquisition		
Subsidiary	$ -	$ 22,100

During the period of payment, prices of purchase and sale between the Company and related party are same as non-related party.

Non-operating revenue is rent revenue between the Company and related party; the determination and collection method are same as general leasing transactions.

The Company got 3,400,000 shares of WK technology fund Co., Ltd. from the subsidiaries - LUCKYSHIP MARINE AGENCY Co., Ltd. on October, 2015; the price refers and agreed by the net equity of WK technology fund Co., Ltd.

(2) Balance of receivables from related parties on balance sheet date

as follows:

	December 31, 2016	December 31, 2015
Notes receivables		
Other related parties	$ 2,815	$ 199
Receivables		
Subsidiary	$ 21,725	$ 37,926
Othere receivables（loan to the related party is not included）		
Subsidiary	$ 96	$ 542
Other related parties	215	16
	$ 311	$ 558

The receivables from related parties don't mention bad debts expenses in 2015 and 2016.

(3) Balance of payables from related parties on balance sheet date as follows:

	December 31, 2016	December 31, 2015
Notes payable		
Subsidiary	$ 13,830	$ 5,711
Other related parties	91,186	-
	$105,016	$ 5,711
Accounts payable		
Subsidiary	$ -	$ 51,689
Other related parties	90,433	9,703
	$ 90,433	$ 61,392
Other accounts payable		
Subsidiary	$ 746	$ 142
Other related parties	1,467	1,448
	$ 2,213	$ 1,590

(4) Accounts collected in advance on balance sheet date as follows:

	December 31, 2016	December 31, 2015
Subsidiary	$ 9,389	$ 9,184

(5) Extending loans to related parties:

Type of Related Party	December 31, 2016	December 31, 2015
Other Receivables－Related Party		
Subsidiary	$317,331	$246,994

The relevant information of extending loans to related parties as follows:

Type of Related Party	2016	2015
Interest income		
Subsidiary	$ 6,149	$ 5,926

The Company extends loans to the subsidiaries; the interest rates in 2016 and 2015 are separately 1.988%~2.437% and 2.437%~2.666%.

(6) Key management personnel salaries

The remuneration of directors and other key management personnel as follow:

	2016	2015
Short term employees benefits	$ 35,757	$ 46,602
Benefits after retirement	413	696
	$ 36,170	$ 47,298

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

28.Pledged Assets

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, 2016	December 31, 2015
Notes receivables	$ 57,220	$ 78,966
Investment in bonds with reacquired （accounts in other current assets）	60,021	-
Restricted assets（accounts in other current assets and non-current assets）	364,957	230,334
Property, plant and equipment	988,870	1,506,438
Limestone mining right（accounts in other non-current assets）	-	18,783
	$ 1,471,068	$ 1,834,521

29. Material contingent liabilities and unrecognized contractual commitments.

The Company has entered into a contract for joint construction and separate sale with DAI SHEN development Co., Ltd; DAI SHEN development Co., Ltd. Provides 154 land areas, such as Anle Dist., Keelung City 204, Taiwan, and the Company provides costs of funds, technology, land consolidation engineering and the permit. After construction with the contract, the house will be sold by the Company, and the relevant land will be sold by DAI SHEN development Co., Ltd. Two parties should sign the contract with the buyer, and each party should also charge the price of sale. The Company provided performance bond of joint construction 159,000,000 to DAI SHEN development Co., Ltd., and the above performance bond from paid by the Company is paid as borrowing for DAI SHEN development Co., Ltd. which is an agreement between two parties; DAI SHEN development Co., Ltd. should return it without interest in accordance with the agreed requirement. As the end of December 31, 2016, the case of joint construction was still in the phrase of land preparation, and has not obtained the building permit.

30. Foreign currency asset and liability with huge impact

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

Unit: NTD1,000/Foreign currency 1,000

December 31, 2016

	Foreign Currency	Exchange rate	Book Amount
Financial assets			
Monetary item			
US$	$ 509	32.25 （USD$：NTD$）	$ 16,411
RMB$	1,474	4.601 （RMB$：NTD$）	6,784
Financial liabilities			
Monetary item			
US$	1,965	32.25 （USD$：NTD$）	63,357

December 31, 2015

	Foreign currency	Exchange rate	Book Amount
Financial assets			
Monetary item			
US$	$ 732	32.825 （USD$：NTD$）	$ 24,023
RMB$	1,443	4.978 （RMB$：NTD$）	7,182
Financial liabilities			
Monetary item			
US$	991	32.825 （USD$：NTD$）	32,525

Unrealized Gain(loss) on Foreign Exchange with the important impact as follow:

	2016		2015	
Foreign currency	Exchange rate	Unrealized foreign exchange losses, net	Exchange rate	Unrealized foreign exchange gains, net
US$	32.25 （US$／NT$）	($ 1,176)	32.825 （US$／NT$）	$ 800
RMB$	4.609 （RMB$／NT$）	(398)	4.978 （RMB$／NT$）	(175)
		($ 1,574)		$ 625

31. The Disclose of Notes

(1) Significant Transactions and (2) The Related Information of transferring to investment:

1). Loans of the Company funds: Table 1.

2). Making loans to and endorsements/guarantees for others: Table 2.

3). Holding of securities at the end of the period (excluded investment for subsidiaries): Table 3.

4). The amount of the cumulative purchase or sale of the same securities is up to 300 million NT dollars or 20% of paid-in capital: None.

5). The amount of obtaining real estate is up to 300 million NT dollars or 20% of paid-in capital: None.

6). The amount of deposing real estate is up to 300 million NT dollars or 20% of paid-in capital: None.

7). The amounts of purchase and sale with related parties are up to 100 million NT dollars or 20% of paid-in capital: Table 4.

8). The account receivables of related parties are up to 100 million NT dollars or 20% of paid-in capital: Table 5.

9). Derivatives Trading: None.

10). Information of the investee (excluded the investee in China): Table 6.

(3) Investment Information in China:

1). The name of the investee company in China, its principal areas of operation, its paid-in capital, the means of investment, inward and outward remittances of funds, the shareholding ratio, gains and losses on investments, and the limit on investment in the mainland area: Table .

2). Any of the following major transactions with an investee company in mainland China that occur directly or indirectly through a third region, and their prices, payment terms, and unrealized gains or losses: there is no major transactions and unrealized gains and losses between the parent company, subsidiaries and the investee company in mainland China.

A. The purchase amount and its percentage, and the end-of–period balances of related payables and receivables and its percentage: None.

B. The sales amount and its percentage, and the end-of-period balances of related receivables and its percentage: None.

C. Property transaction amounts and its gains and losses: None.

D. Endorsement of bills or end-up-period balance of providing collateral and its target: None.

E. Maximum financing balance, end-of-period balance, interest rate range, and total current-period interest: None.

F Other transactions having a material impact on current gains or losses or financial status, such as provision or receipt of labor services: None.

Lucky Cement Co., Ltd. and Subsidiaries

Loan made to others

January 1 to December 31, 2016

Schedule 1

Unit: NTD$1000

No.	Company of Lending Funds	Borrower	Relation Account	Mmaximum Balance in Current Period	Where is the related party	Balance, end of year (Note 4)	Amonut of real dealing	Interest rate collar（%）	Character on loan of funds（Note 1）	Amount between business	Necessary reasons for short term financial assets	Amount of allowance for uncollectible be submitted	Collateral		Limitation of loan of funds to individual party（Note 2）	Total limitation of loan of funds（Note 3）
													Name	Value		
0	LUCKY CEMENT CO.	Dasheng Development Co., Ltd	Receivable Accounts of Affiliated Enterprise – Financial accounts	$ 400,000	Yes	$ 390,000	$ 316,800	1.988~2.437	(2)	$ -	Operating Turnover	$ -	–	–	$ 477,170	$ 1,908,678
1	Fortune Ready-Mixed Concrete Plant Co., Ltd	Dasheng Development Co., Ltd	Receivable Accounts of Affiliated Enterprise – Financial accounts	40,000	Yes	40,000	40,000	2.05~2.15	(2)	-	Operating Turnover	-	–	–	66,185	132,370

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

(1) Party with business.

(2) Party with short-term financing need.

Note 2： The subject whom Lucky Cement Co., Ltd. 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; Hsinfu pre-mixed company 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 Co., Ltd. and Subsidiaries

Endorsement for Others

January 1 to December 31, 2016

Schedule 2

Unit: NTD$1,000, unless otherwise noted

No.	Company Name of endorser	The party for enforcement and guarantee		Limitation amount of enforcement and guarantee for single enterprise (Note 1)	Maximun balance of enforcement and guarantee in current period	Balance of enforcement and guarantee, end of year	Amonut of real dealing	Amount of enforcement and guarantee by property guarantee	Ratio of accumulated amount of enforcement and guarantee to net value of financial statement of lastest period (%)	Maximun limitation on enforcement and guarantee (Note 2)	Enforcement and guarantee belong to parent vs. subsidiary company	Enforcement and guarantee belong to subsidiary vs. parent company	Enforcement and guarantee belong to Mainland China	Remark
		Company Name	Relationship											
0	LUCKY Cement Co.,	Dasheng Development Co., Ltd.	Subsidiary	$ 1,908,678	$ 1,190,000	$ 370,000	$ 370,000	$ 370,000 (Note 3)	7.8%	$ 2,385,848	Y	-	-	
		Fortune Ready-Mixed Concrete Plant Co., Ltd.	Subsidiary	1,908,678	100,000	70,000	-	-	1.48%	2,385,848	Y	-	-	
		Hsing Fu Navigation Co., Ltd	Subsidiary	1,908,678	45,000	45,000	34,038	-	0.95%	2,385,848	Y	-	-	
		Japan Lucky Cement Co., Ltd	Subsidiary	1,908,678	50,175 (US$1,500 thousand)	32,250 (US$1,000 thousand)	4,961 (US$154 thousand)	32,250 (Note 4)	0.68%	2,385,848	Y	-	-	
	LUCKY Cement Co.,	Dasheng Development Co., Ltd.	Subsidiary	$ 1,908,678	$ 1,190,000	$ 370,000	$ 370,000	$ 370,000 (Note 3)	7.8%	$ 2,385,848	Y	-	-	

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

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

Note 3：Other finance asset – restricted asset, NTD$ 210,000,000 and Repo, NTD$ 60,021, 000 are provided as collaterals.

Note 4：Other finance asset – restricted asset, USD300,000 is provided as collateral.

Lucky Cement Co., Ltd. and Subsidiaries

Situation of Holding Security at end of year

December 31, 2016

Schedule 3

Unit: NTD$1,000

Company of Hold	Type and Name of Securities	Relationship with the Issuer of Securities	Account	End of Year				Remark
				Number of Shares ／Number of Units	Book Amount	Shareholding ratio（％）	Fair Value （Note 1）	
LUCKY Cement Co.,	Common Stock on Unlisted (OTC) Companies							
	CANDO Corporation	—	Financial Assets Carried at Cost－Noncurrent	398,889	$ -	0.1	$ -	Note 2
	Abundant Ltd. Company of Mining Industry of the Honour	—	Financial Assets Carried at Cost－Noncurrent	1,071,428	12,094	10.58	14,184	
	Global Securities Finance Corporation	—	Financial Assets Carried at Cost－Noncurrent	700,837	5,433	0.18	7,625	
	WK Technology Fund Ltd. Company	—	Financial Assets Carried at Cost－Noncurrent	2,890,000	17,000	2.22	16,068	
	Common Stock on Listed (OTC) Companies							
	Medigen Biotech Co., Ltd.	—	Available-for-Sale Financial Assets — Current	28,628	2,270	-	2,270	
	United Microelectronics Co., Ltd.	—	Available-for-Sale Financial Assets — Current	72,351	825	-	825	
	Winbond Electronics Co., Ltd.	—	Available-for-Sale Financial Assets — Current	119,500	1,191	-	1,191	
	First Financial Holding Co., Ltd.	—	Available-for-Sale Financial Assets — Current	858	15	-	15	
	Capital Securities Co., Ltd.	—	Available-for-Sale Financial Assets — Current	818	8	-	8	
	Hua Nan Financial Holding Co., Ltd.	—	Available-for-Sale Financial Assets — Current	367	6	-	6	
	China Development Financial Holding Co., Ltd.	—	Available-for-Sale Financial Assets — Current	13,496	109	-	109	
	Taiwan Cement Co., Ltd	—	Available-for-Sale Financial Assets — Current	400,000	14,060	-	14,060	

	Asia Cement Co., Ltd	—	Available-for-Sale Financial Assets — Current	500,000	13,175	-	13,175	
	Fund Beneficiary Certificate							
	Yuanta Global REITs Fund (A)	—	Available-for-Sale Financial Assets — Current	100,000	914	-	914	
	Franklin Templeton Investment Funds-Franklin U.S. Government Fund Class A	—	Available-for-Sale Financial Assets — Current	10,797	3,207	-	3,207	
	Eastspring Investments-US High Investment Grade Bond Fund Adm-USD	—	Available-for-Sale Financial Assets — Current	3,598	1,612	-	1,612	
	Old Mutual Tot Ret USD Bd A USD Acc	—	Available-for-Sale Financial Assets — Current	2,602	1,635	-	1,635	
	Investment in Bonds with Reacquired							
	Land Bank of Taiwan 10	—	Other Financial Assets — Current	-	30,000	-	30,000	Has been used as the collateral of enforcement and guarantee for the Dasheng Development Co., Ltd.
	Central Government Bond A1-2	—	Other Financial Assets — Current	-	30,021	-	30,021	Has been used as the collateral of enforcement and guarantee for the Dasheng Development Co., Ltd.

（To be continued）

(Continued)

Company of Hold	Type and Name of Securities	Relationship with the Issuer of Securities	Account	End of Year				Remark
				Number of Shares /Number of Units	Book Amount	Shareholding ratio (%)	Fair Value (Note 1)	
Hsing Fu Navigation Co., Ltd	Common Stock on Unlisted (OTC) Companies							
	Jung Feng Mining CO., LTD	—	Financial Assets Carried at Cost－Noncurrent	35,129	$ 1,239	0.35	$ 469	
	Common Stock on OTC Companies							
	Medigen Biotech Co., LTD	—	Available For Sale Financial Assets－Current	242	19	-	19	
Just Bright Ltd.	Common Stock on Listed Companies							
	Global Lighting Technologies Inc.	—	Available-for-Sale Financial Assets － Current	991,908	69,037	-	69,037	
Fortune Ready-Mixed Concrete Plant Co., Ltd	Fund Beneficiary Certificate							
	Hua Nan Kirin Money Market Fund	—	Available-for-Sale Financial Assets － Current	440,966	5,232	-	5,232	
	UPAMC James Bond Money Market	—	Available-for-Sale Financial Assets － Current	1,210,311	20,041	-	20,041	
	Mega Diamond Money Market	—	Available-for-Sale Financial Assets － Current	2,421,953	30,077	-	30,077	
	First Bank Allianz Global Inv Trgt Multi Inc	—	Available-for-Sale Financial Assets － Current	50,000	494	-	494	
	TSG Phnom Penh Real Estate Development Fund	—	Available-for-Sale Financial Assets－Noncurrent	500	16,480	-	16,480	
	Securities－Bonds							
	Cathay Jen Ai I An Hsin EMC USD Fixed Dividend Bonds	—	Available-for-Sale Financial Assets － Current	-	5,978	-	5,978	

Note 1： Reference of fair value: If we refer to the price measured by cost, finance asset – non-current free-of-price in market and pursuant to the latest net equity; the book value of other bonds of finance asset as fair value; the availble-for-sale stock of finance asset is the closed price at end of 2016; its fund beneficiary certificate of available-for-sale finance asset is net fund price at the end of 2016; the security of available-for-sale finance asset-company bond is market price at the end of 2016.

Note 2：It has been accounted as loss of damage.

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

Lucky Cement Co., Ltd. and Subsidiaries

The Payment of Purchase/Sales with Related Parties Reaching NTD$100 Million or accounting for more than 20% of the paid-up Capital

January 1 to December 31, 2016

Schedule 4

Unit: NTD$1,000

Company of Accounts Receivable	Transaction Counterpart	Relationship	Transaction Status				Status and Reasons of Difference between Transaction Codition and General Transaction		Accounts, Notes Receivable (Payable)		Remark
			Purchase (Sale)	Amount	Account for Purchase (Sale) Percentage to Total （%）	Credit Period	Unit Price	Credit Period	Balance	Accounts, Notes Receivable (Payable) Percentage to Total（%）	
LUCKY CEMENT CO.	Fortune Ready-Mixed Concrete Plant Co., Ltd	Subsidiary	Sale	($ 344,580)	(9.82)	About 90 Days	Equivalent	Equivalent	Accounts Receivable $ 21,725	4.01	
LUCKY CEMENT CO.	FuAn Mining CO., LTD	Other Related Parties	Purchase	225,509	15.99	About 90 Days	Equivalent	Equivalent	Notes Receivable (89,899) Accounts Receivable (84,099)	(20.85) (19.51)	

Lucky Cement Co., Ltd. and Subsidiaries

Payment to Related Parties Payables Reaching NTD$100 Million or accounting for more than 20% of the paid-up Capital

December 31, 2016

Schedule 5

Unit: NTD$1,000

Company of Accounts Receivable	Transaction Counterpart	Relationship	Balance of Accounts Receivable due from Related Parties	Turnover Rate	Accounts Receivable past-due from Related Parties		Balance of Accounts Receivable due from Related Parties, Receive Amount after end of year	Address Amount of Allowance for Bad Debts
					Amount	Disposal Method		
LUCKY CEMENT CO.	Dasheng Development Co., Ltd	Subsidiary	Financing Amounts $ 317,331	—	$ -	—	$ 531	$ -

Lucky Cement Co., Ltd. and Subsidiaries

Information regarding to the name of invested company and the area it is situated

January 1 to December 31, 2016

Schedule 6

Unit: NTD$1,000

Name of the investment company	Name of the Investee Company	Location	Main Businesses Item	Initial investment amount		Holding in end of year			Current (loss) Gain of Investee Company	Recognized Investment (Loss) Gain in Current Period（Note 1）	Remark
				Current Period, end of year	End of last year	Number of Shares	Ratio	Book Amount			
LUCKY CEMENT CO.	Dasheng Development Co., Ltd	14F., No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Real Estate for Sale and Rental	$ 1,877,473	$ 1,877,473	158,294,180	99.99	$ 2,304,465	($ 68,622)	($ 68,620)	
	Fortune Ready-Mixed Concrete Plant Co., Ltd	No.191, Sec. 1, Meishi Rd., Yangmei Dist., Taoyuan City 326, Taiwan (R.O.C.)	Manufacture of Ready-mix Concrete for Sale and Rental	99,998	99,998	21,999,868	99.99	330,924	36,638	36,638	
	Just Bright Ltd.	Tropic Isle Building, PO Box 438, Road Town, Tortola, British Virgin Islands	Various Investment Accounts	1,566	1,566	50,000	100.00	69,095	10,879	10,879	
	Hsing Fu Navigation Co., Ltd	13F., No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Shipping Agence	8,615	8,615	5,499,929	99.99	34,398	(12,447)	(12,446)	
	Japan Lucky Cement Co., Ltd	Aichi, Japan hekinan Yu Jin-Pu-cho 12 gu	Cement Products for Sale and Rental	84,959	84,959	200	100.00	26,976	3,782	3,782	
	Han Jen Harbour Company	13F., No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Public Works Construction and Investment	-	1,250	-	-	-	33	16	Note 3
	East Rui Opto Ltd. Company	12F., No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Manufacture and sale LED products	93,384	93,384	9,338,400	70.59	-	(8,730)	(6,162)	Note 2
Fortune Ready-Mixed Concrete Plant Co., Ltd	Fu Yu Development Co., Ltd	13F., No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Quarrying	7,500	7,500	750,000	75.00	25,664	9,190	6,892	
East Rui Opto Ltd. Company	ELUMINA HOLDING LIMITED	Beaufort House, P. O. Box 438, Road Town, Tortola, British Virgin Islands	Holding Company	45,563	45,563	1,282,000	100.00	345	(116)	(116)	

Note 1：It has been calucated pursuant to the Accountant’s reviewed financial statement.

Note 2：The book value aggregates to (minus) NTD$26,888,000 as of end of 2016, accounted as other current liability.

Note 3：The company has been lidquidated and dismissed by passing the resolution in the Meeting of Shareholder in June of 2016 and concluded liquidation in September of 2016.

Note 4：Please refer to Shcedule 7 for the information regarding to the invested company in China.

Lucky Cement Co., Ltd. and Subsidiaries

China Investment

January 1 to December 31, 2016

Schedule 7

Unit：NTD1,000, unless otherwise noted

Name of the investee company in Mainland China	Main businesses items	Paid-up capital	Method of investment（Note 1）	Accumulated investment amounts outward from Taiwan in current period, beginning of year（Note 4）	Investment amounts of outward or reacquired in current period		Accumulated investment amounts outward from Taiwan in current period, end of year	Current (loss) gain of investee company（Note 2）	Shareholding percentage of direct or indirect investment by the company	Recognized investment (loss) gain in current period（Note 2）	Book value in the end of investment（Note 2）	Outwarded investment revenue as of current period
					Outward	Reacquired						
East Rui（Xia Men）Ltd. Company	Manufacture and sale the prducts of LED	$ 80,631	(2)	$ 80,631	$ -	$ -	$ 80,631	($ 224)	70.59%	($ 158)	$ 268	$ -

Accumulated investment amounts outward from Taiwan to Mainland China in current period, end of year	Approved investment amounts by Investment Commission, Ministry of Economic Affairs	Investment limitation to Mainland China according to the regulation of nvestment Commission, Ministry of Economic Affairs（Note 3）
US$ 2,522 thousands	US$ 1,286 thousands	$4,771,695×60%=$2,863,017

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

(1) Direct investment in China.

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

(3) Others.

Note 2： Calculation of financial statement with audit by Taiwan Headquarter's Certified Accountant.

Note 3： Calculated by the limits set forth in the "China Investment or Technic Cooperation & Review Principle" issued by Investment & Review Committee, 97.8.29.

Note 4： The dismissal has passed in the Headquarter's Board of Directors on August 11, 2015 and liquidation & dismissal process was remains pending as of December 31, 2016.

5. 2016 Headquarter/Subsidiary Consolidated Financial Statement

Deloitte

Deloitte

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AUDITORS' REPORT

To The Board of Directors and Shareholders of Lucky Cements Co., Ltd.:

AUDITOR'S OPINION

We have audited the balance sheets of Lucky Cement Co., Ltd. (the "Company") as of December 31, 2015 and 2016, and the related statement of comprehensive income, changes in equity, cash flows and financial report, which is included summary of major accounting policies, for the years then ended in 2015 and 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lucky Cement Co., Ltd. as of December 31 in 2015 and 2016, and the financial performance and the cash flow for the years then ended in 2015 and 2016, in conformity with the "Guidelines of Governing the Preparation of Financial Reports by Securities Issues", the related financial accounting standards of the "Business Entity Accounting Act" and of the "Regulation on Business Entity Accounting Handling" and accounting principles generally accepted in the Republic of China.

BASIS FOR OPINION OF AUDITOR

We conducted our audits in accordance with "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and auditing standards generally accepted in the Republic of China. We will have further explanation of the duty under these regulations in the responsibility part of Audit Report of Individual Financial Statements by Certified Public Accountants. The accountants following independent regulations of our office have to perform other duties of the regulations in accordance with codes of professional ethic and independent relationship with Lucky Cement Co., Ltd. We believe that we get efficient and proper audit evidences to be the basis for opinion of audit.

KEY AUDIT MATTERS

Key audit matters mean the most important thing for auditing of independent financial statements of Lucky Cement Co., Ltd. in 2016 in accordance with our professional judgments. These matters meet overall auditing of independent financial statements and the procedures of the opinion of audit, and we have disclaimer of specific opinion for these independent matters.

The key audit matters for auditing of independent financial statements of Lucky Cement Co., Ltd. in 2016 are as follows:

INVENTORY VALUATION LOSSES

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

The inventory amounts are NT$ 428,107 (please see Note 9) for the years till December 31, 2016, and they account for 6% of total assets of independent financial statements in December 31, 2016. The main items are materials and products; the costs and relevant prices are affected by domestic housing market and government real estate policy and have violent fluctuates which causing risk for net realizable value lower than carrying amount. Due to the regulations of management in accordance with the regulation of "Inventory" of IAS 2, auditing net realizable value of inventory involves estimating and judgment; because the result of judgment will directly affect recognition of profit and loss amount, the key audit matters are listed.

We perform the following main audit procedures of the above key audit matters:

1. Having verifications for the calculation of ends of inventory costs in management and assessing the decision method of current net realizable value which can ensure the inventory is evaluated with the method of comparing costs or net realizable value.
2. Inspecting the carrying amount of inventory. We use sampling to get the latest material price or sales invoice to being verification if the net realizable value has significant discrepancies with reference price, and re-calculating the net realizable value to evaluate the appropriateness of evaluation basis.
3. Taking inventory to evaluate if the inventory is out of date or damaged in the end of year.

VALUATION LOSSES FOR DEVELOPING REAL ESTATE AND TO BE DEVELOPED REAL ESTATE OF DAI SHEN DEVELOPMENT CO., LTD.

The financial performance of DAI SHEN Development Co., Ltd., which is invested by Lucky Cement Co., Ltd. with equity method on December 31, 2016 as in the independent financial statements, whose rest of investment is NT$ 2,304,456, affects the annual investment gains and losses with equity method of Lucky Cement Co., Ltd.

DAI SHEN Development Co., Ltd. measures inventory costs with the method of comparing costs or net realizable value to evaluate the costs of developing real estate and to be developed real estate; please see Note 5 (2) for relevant accounting judgment, estimating and assumption of the uncertainty.

The investment amount for developing real estate and to be developed invested by DAI SHEN Development Co., Ltd. is NT$ 3,178,244 on December 31, 2016. Because the developing real estate and to be developed real estate are in the phase of developing causing risk for current net realizable value lower than carrying amount, the management evaluate the current net realizable value of developing real estate and to be developed real estate in accordance with the regulations of "Inventory" of IAS 2 and ask external expert to make real estate valuation report to be the evidence of evaluating net realizable value; it involves evaluation and judgment and may be affect the rest amount of investment with equity method by Lucky Cement Co., Ltd. and proportion of profits and losses of subsidiaries, so it listed to be key audit matters for developing real estate and to be developed real estate invested by DAI SHEN Development Co., Ltd.
We perform the following main audit procedures of the above key audit matters:

1. Assessing professional competence, generally competence, and objectivity of the independent real estate appraiser commissioned by the management of DAI SHEN Development Co., Ltd and the quality of the evaluators. Besides, we also discussed appraiser's operational scope and reviewed commissioning conditions with the Top management to confirm any and all matters that haven't affected the objectivity or limiting the operational scope.
2. Assessing the consistency of estimation of the real estate appraiser and the hypothesis and evaluation method in the contents, and checking if the net realizable value is proper.
3. Checking the important hypothesis and parameter consistency, included the disclosed information of parameter verifying.

MANAGEMENT'S RESPONSIBILITY FOR THE INDEPENDENT FINANCIAL STATEMENTS

Management is responsible for the independent financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for expressing properly, and keep the necessary relevant inside control which has relationship with independent financial statements to ensure the independent financial statements having no fake expressing caused by fraud and mistake.

When making independent financial statements, management is also responsible for evaluating abilities of continuousness operating, disclosing of relevant matters, and adopting of accounting basis for operating continuously of Lucky Cement Co., Ltd. unless the management intends to go into liquidation, stop operating or Lucky Cement Co., Ltd., or has no other actual plan except for liquidation or closing.

Management of Lucky Cement Co., Ltd. (included independent directors and supervisors) is responsible for supervising procedures of financial report.

AUDITOR'S RESPONSIBLE FOR INDEPENDENT FINANCIAL STATEMENTS

The purpose of auditing the independent financial statements is to ensure reasonably if the independent financial statements have largely wrong expressing caused by fraud or mistake, and to make audit report. Reasonably ensuring means ensure highly. Following general standards of auditor cannot ensure to detect if the independent financial statements have largely wrong expressing. Wrong expression may be caused by fraud or mistake. If the each amount or total amounts of money can be predicted to affect the business policy decided by the users who used the independent financial statement, it will be regarded as an important thing.

When we follow general standards of auditor to audit the documents, we will judge and suspect in our profession. We will also conduct the following works:

1. Identifying and assessing the expressing risk of the independent financial statements caused by fraud or mistake; making conducting proper policy for all risks in evaluation; getting efficient and appropriate evidences for auditing as a basis of audit opinion. Because fraud may be involved in conspiracy, forging, deliberately omitting, false statements and exceeding of Internal Control, the detected risks of reason of fraud are higher than reason than mistake.
2. Getting necessary knowledge of Internal Control related to auditing to make auditing procedures in proper condition at that time. The target has unqualified opinion for the efficiency of Internal Control of Lucky Cement Co., Ltd.
3. Assessing the appropriateness of accounting policy decided by the management and disclosing justifiability of accounting evaluation and relevant evaluation.
4. Concluding the matters, which they may be important, or the conditions, which may be largely uncertainty, of appropriateness of keeping operating adopted by management, and the keeping operating ability of Lucky Cement Co., Ltd.; if we regard the matters or conditions having largely uncertain situation, we will remind the users of the independent financial statements to notice the relevant disclosing parts written in audit report, or modify the audit report if the disclosing parts are not appropriate. The conclusion from us is based on the auditing results of the auditing report deadline. Only the future matters or conditions may cause Lucky Cement Co., Ltd. having no ability of keeping operating.
5. Assessing if overall expressing, structure, and content of the independent financial statements (included relevant note) and the independent financial statements express properly relevant business and matters.
6. Getting efficient and appropriate audit results to express opinion of the independent financial statements in accordance with the independent financial statements of Lucky Cement Co., Ltd. We are responsible for guiding, supervising, and conducting of audit report, and also responsible for making audit opinion of Lucky Cement Co., Ltd.

The matters which are communicated between us and the management include the planned audit scope and time, and important audit evidence (included the significant mistakes of Internal Control identified during audit procedures).

We also provide the management for the relevant independent announcement of Code of Ethics

for Processional followed by the regulation-independent accountants of our office, and communicate with the management for all relationship and other matters which are regarded as

affecting the independence of accountants.

In the communication between accountants and the management, we decide to the key audit matters of the independent financial statements of Lucky Cement Co., Ltd. in 2016. We state clearly those matters in audit report; except for the regulations not allowing to disclose specified matters, or under the rare situation , we decide not to communicate the specified matters in audit report because it can reasonably predict the negative impact will higher than the increasing public profits within the communication.

Deloitte & Touche
Accountants Huang, Hai-Yue (stamp)
The approval number of Securities and Futures Commission
No. 0920131587 of Taiwan-Finance-Securities (VI)

Accountants Liu, Yong-Fu (stamp)
The approval number of Securities and Futures Commission
No. 0920123784 of Taiwan-Finance-Securities (VI)

March 30, 2017

Lucky Cement Corporation and subsidiaries
Consolidated Balance Sheets
December 31,2016 And 2015

Unit：NTD$1000

Code	Assets	2016/12/31 Amount	%	2015/12/31 Amount	%
	Current Assets				
1100	Cash（Note 4 & 6）	$ 213,090	3	$ 220,129	3
1125	Available-for-sale financial assets（Note 4 & 7）	169,905	2	177,052	2
1150	Notes receivable,net（Note 4, 8, & 29）	440,532	6	442,341	5
1160	Notes receivable due from related parties,net（Note 4, 8, & 28）	12,050	-	199	-
1170	Accounts receivable,net（Note 4 & 8）	303,758	4	460,296	6
1180	Accounts receivable due from related parties,net（Note 4, 8, & 28）	23,360	-	-	-
1200	Other receivables（Note 4 & 28）	1,927	-	5,087	-
1220	Current tax assets（Note 4 & 22）	15,663	-	54	-
130X	Inventories（Note 4, 5, 9, & 29）	3,624,700	47	3,508,275	45
1410	Prepayments（Note 11）	168,666	2	209,909	3
1470	Other current assets（Note 12 & 29）	387,111	5	189,421	2
11XX	Total Current Assets	5,360,762	69	5,212,763	66
	Non-Current Assets				
1523	Non-current available-for-sale financial assets（Note 4 & 7）	16,480	-	-	-
1543	Non-current financial assets at cost（Note 4 & 13）	37,666	-	42,766	1
1600	Property, plant, and equipment（Note 4, 14, & 29）	1,899,736	25	2,157,348	27
1840	Deferred tax assets（Note 4 & 22）	122,317	2	151,023	2
1920	Guarantee deposits paid	88,752	1	93,695	1
1990	Other non-current assets（Note 15 & 29）	226,931	3	197,907	3
15XX	Total Non-Current Assets	2,391,882	31	2,642,739	34
1XXX	Total Assets	$ 7,752,644	100	$ 7,855,502	100

Code	Liabilities and Equities	2016/12/31 Amount	%	2015/12/31 Amount	%
	Current Liabilities				
2100	Short-term borrowings（Note 16 & 29）	$ 1,185,829	16	$ 364,721	5
2110	Short-term notes and bills payable（Note 16 & 29）	229,443	3	49,950	1
2150	Notes payable（Note 17）	155,842	2	190,379	2
2160	Notes payable to related parties（Note 17 & 28）	91,186	1	-	-
2170	Accounts payable（Note 17）	172,446	2	205,547	3
2180	Accounts payable to related parties（Note 17 & 28）	90,433	1	10,012	-
2219	Other payables（Note 18 & 28）	192,032	3	250,828	3
2230	Current tax liabilities（Note 4 & 22）	4,128	-	136,076	2
2310	Advance receipts	157,345	2	194,815	2
2320	Long-term liabilities, current portion（Note 16 & 29）	314,700	4	406,250	5
2399	Other current liabilities	11,513	-	16,165	-
21XX	Total Current Liabilities	2,604,897	34	1,824,743	23
	Non-Current Liabilities				
2540	Long-term borrowings（Note 16 & 29）	135,338	2	694,850	9
2570	Deferred tax liabilities（Note 4 & 22）	59,604	1	68,270	1
2640	Net defined benefit liability（Note 4 & 19）	72,236	1	348,224	4
2645	Guarantee deposits received	32,933	-	27,951	-
2655	Shareholder accounts（Note 28）	45,800	-	45,800	1
25XX	Total Non-Current Liabilities	345,911	4	1,185,095	15
2XXX	Total Liabilities	2,950,808	38	3,009,838	38
	Equity Attributable to the Owner Company（Note 20）				
3110	Ordinary share	4,047,380	52	4,047,380	52
3200	Capital surplus	8	-	8	-
	Retained earnings				
3310	Legal reserve	134,776	2	87,760	1
3320	Special reserve	14,135	-	14,135	-
3350	Undistributed retained earnings	547,996	7	626,211	8
3300	Total Retained Earnings	696,907	9	728,106	9
3400	Other Equities	27,400	1	36,356	-
31XX	Total Equity Attributable to Owners of the parent	4,771,695	62	4,811,850	61
36XX	Non-Controlling Interests（Note 20）	30,141	-	33,814	1
3XXX	Total Equities	4,801,836	62	4,845,664	62
	Total Liabilities and Equities	$ 7,752,644	100	$ 7,855,502	100

The accompanying notes are part of the individual financial report.

President: Manager: Accounting Manager:

Lucky Cement Corporation

Consolidated Income Statement

For The Years Ended December 31,2016 and 2015

Unit：NTD $1000, excluding earning per share, which is in 1 dollar

Code		2016 Amount	2016 %	2015 Amount	2015 %
	Operating Income（Note 4 & 28）				
4110	Sales revenue	$ 4,260,805	100	$ 5,032,265	100
4190	Less: Sales discounts and allowances	9,744	-	10,912	-
4100	Net sales revenue	4,251,061	100	5,021,353	100
5000	Operating costs（Note 9, 21, & 28）	3,588,568	84	4,115,087	82
5900	Gross profit from operations	662,493	16	906,266	18
	Operating expenses（Note 21 & 28）				
6100	Selling expense	95,299	2	135,878	3
6200	Administrative expenses	140,974	4	146,059	3
6000	Total Operating Expenses	236,273	6	281,937	6
6500	Net other income(expenses)（Note 21）	106	-	14	-
6900	Net operating income	426,326	10	624,343	12
	Non-Operating Income and Expenses（Note 4, 21, & 28）				
7100	Interest income	1,975	-	2,797	-
7110	Rent income	9,994	-	9,719	-
7190	Other income	12,489	-	19,568	-
7225	Gains on disposals of investments	9,092	-	34,143	1
7230	Foreign exchange gains or loss	(1,951)	-	877	-
7590	Miscellaneous disbursements	(25,356)	-	(24,996)	-
7670	Impairment loss	-	-	(7,500)	-
7510	Interest expense	(31,239)	(1)	(42,627)	(1)
7000	Non-Operating Income and Expenses Total	(24,996)	(1)	(8,019)	-
7900	Profit from continuing operations before tax	401,330	9	616,324	12
7950	Tax expenses（Note 4 & 22）	77,128	2	112,889	2

（To be continued）

（Continued）

Code		2016 Amount	%	2015 Amount	%
8000	Profit from continuing operations	$ 324,202	7	$ 503,435	10
8100	Profit loss from discontinued operations（Note 4 & 23）	(9,125)	-	(40,672)	(1)
8200	Profit for the year	315,077	7	462,763	9
	Other comprehensive income				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Losses on remeasurements of defined benefit plans（Note 19）	(2,506)	-	(8,202)	-
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	(56)	-	1,426	-
8362	Unrealised gains (losses) on valuation of available-for-sale financial assets	(8,909)	-	6,890	-
8300	Other comprehensive income,net	(11,471)	-	114	-
8500	Total comprehensive income	$ 303,606	7	$ 462,877	9
	Net income:				
8610	Attributable to owners of parent	$ 315,334	7	$ 470,161	9
8620	Attributable to non-controlling interests	(257)	-	(7,398)	-
8600		$ 315,077	7	$ 462,763	9
	Total comprehensive income:				
8710	Comprehensive income, attributable to owners of parent	$ 303,872	7	$ 470,063	9
8720	Comprehensive income, attributable to non-controlling interests	(266)	-	(7,186)	-
8700		$ 303,606	7	$ 462,877	9
	Earnings per share（Note 24）				

	From continuing business units and closed business units		
9750	Basis	$ 0.78	$ 1.16
9850	Diluted	$ 0.78	$ 1.15
	From continuing units		
9710	Basis	$ 0.80	$ 1.23
9810	Diluted	$ 0.80	$ 1.22

The accompanying notes are part of the individual financial report.

President: Manager: Accounting Manager:

Lucky Cement Corporation

Consolidated Statements Of Changes In Equity

For The Years Ended December 31,2016 and 2015

Unit：Excluding Each Share, NTD $1000

Code		Belonging to Original Company Stockholders Equity					Other Stockholding Items				
				Retained Earnings							
Code		Share Capital	Capital surplus	Legal Reserve	Special Revenue	Unappropriated Retained Earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Total	Non-controlling interests	Total interests
A1	Balance,January 1,2015	$ 4,047,380	$ -	$ 49,806	$ 14,135	$ 445,049	($ 8,011)	$ 36,263	$ 4,584,622	$ 30,492	$ 4,615,114
	Appropriation and distribution of 2014 Balances										
B1	Legal Reserve	-	-	37,954	-	(37,954)	-	-	-	-	-
B5	Cash Dividend- Each Share 0.6	-	-	-	-	(242,843)	-	-	(242,843)	-	(242,843)
C7	Changes in equity of subsidiaries for using equity method	-	8	-	-	-	-	-	8	(8)	-
O1	Increase of Non-controlling interests	-	-	-	-	-	-	-	-	10,516	10,516
D1	2015 Net income	-	-	-	-	470,161	-	-	470,161	(7,398)	462,763
D3	2015 Other comprehensive income	-	-	-	-	(8,202)	1,218	6,886	(98)	212	114
D5	2015 Other comprehensive income	-	-	-	-	461,959	1,218	6,886	470,063	(7,186)	462,877
Z1	Balance,December3 1,2015	4,047,380	8	87,760	14,135	626,211	(6,793)	43,149	4,811,850	33,814	4,845,664
	Appropriation and distribution of 2015 Balances：										
B1	Legal Reserve	-	-	47,016	-	(47,016)	-	-	-	-	-
B5	Cash Dividend- Each Share 0.85	-	-	-	-	(344,027)	-	-	(344,027)	-	(344,027)
O1	Decrease of Non-controlling interests	-	-	-	-	-	-	-	-	(3,407)	(3,407)
D1	2016 Net income	-	-	-	-	315,334	-	-	315,334	(257)	315,077
D3	2016 Other comprehensive income	-	-	-	-	(2,506)	(47)	(8,909)	(11,462)	(9)	(11,471)
D5	2016 Other comprehensive income	-	-	-	-	312,828	(47)	(8,909)	303,872	(266)	303,606
Z1	Balance,December3 1,2016	$ 4,047,380	$ 8	$ 134,776	$ 14,135	$ 547,996	($ 6,840)	$ 34,240	$ 4,771,695	$ 30,141	$ 4,801,836

The accompanying notes are part of the individual financial report.

President: Manager: Accounting Manager:

Lucky Cement Corporation

Consolidated Statements Of Cash Flows

For The Years Ended December 31,2016 and 2015

Unit：NTD 1000

Code		2016	2015
	Cash Flow from Operating Activities		
A00010	Profit from continuing operations before tax	$ 401,330	$ 616,324
A00020	Loss from discontinued operations before tax	(9,125)	(40,672)
A10000	Profit before Tax	392,205	575,652
A20000	Adjustments:		
A20300	Provision (reversal of provision) for bad debt expense	(1,462)	19,719
A20100	Depreciation expense	292,931	342,624
A20200	Amortization expense	9,536	26,319
A23500	Impairment loss on financial assets	-	7,500
A20900	Interest expense	31,239	43,219
A21200	Interest income	(1,975)	(2,799)
A21300	Dividend income	(5,054)	(12,145)
A22500	Loss (gain) on disposal of property, plan and equipment	(106)	9,686
A23100	Gains on disposals of investments	(9,092)	(34,247)
A30000	changes in operating assets and liabilities		
A31130	Notes receivable	1,809	142,543
A31140	Notes receivable due from related parties	(11,851)	1,704
A31150	Accounts receivable	158,000	77,426
A31160	Accounts receivable due from related parties	(23,360)	11
A31180	Other receivable	3,118	(1,892)
A31200	inventories	(116,425)	62,433
A31230	Prepayments	41,237	(4,785)
A31240	Other current assets	(20,180)	(7,734)
A32130	Notes payable	(34,537)	(123,583)
A32140	Notes payable to related parties	91,186	(51)
A32150	Accounts payable	(33,101)	(18,615)
A32160	Accounts payable to related parties	80,421	3,270
A32180	Other payable	(59,213)	54,419
A32210	Receipts in advance	(37,470)	(66,802)
A32230	Other current liabilities	(4,652)	(3,734)

A32240	Net defined benefit liability	(278,494)	(10,718)
A33000	Cash inflow (outflow) generated from operations	464,710	1,079,420
A33100	Interest received	1,956	3,422

（To be continued）

(Continued)

Code		2016	2015
A33300	Interest paid	($ 31,329)	($ 43,635)
A33500	Income taxes paid	(189,036)	(21,063)
AAAA	Net cash flows from operating activities	246,301	1,018,144
	Cash Flows from Investing Activities		
B00300	Acquisition of available-for-sale financial assets	(89,789)	(157,897)
B00400	Proceeds from disposal of available-for-sale financial assets	80,706	163,877
B01400	Proceeds from capital reduction of financial assets at cost	5,100	6,000
B02700	Acquisition of property, plant and equipment	(38,183)	(210,429)
B02800	Proceeds from disposal of property, plant and equipment	3,173	1,568
B03800	Decrease in refundable deposits	4,943	241
B06600	Decrease (increase) in other current assets	(193,119)	52,938
B06800	Decrease in other non-current assets	(38,560)	(3,407)
B07600	Dividends received	5,054	12,145
BBBB	Net cash flows from (used in) investing activities	(260,675)	(134,964)
C00100	Increase in short-term loans	821,108	(30,392)
C00600	Increase (decrease) in short-term notes and bills payable	180,000	(59,000)
C01600	Proceeds from long-term debt	695,800	286,850
C01700	Repayments of long-term debt	(1,346,862)	(891,978)
C03000	Increase in guarantee deposits received	4,982	1,884
C04500	Cash dividends paid	(344,027)	(242,843)
C05800	Change in non-controlling interests	(907)	11,766
C09900	Noncontrolling Equity Dividends payment	(2,500)	(1,250)
CCCC	Net cash flows from (used in) financing activities	7,594	(924,963)
DDDD	Effects of changes in foreign exchange rates	(259)	805
EEEE	Net cash increase/decrease	(7,039)	(40,978)
E00100	Cash balance at beginning of year	220,129	261,107
E00200	Cash balance at end of year	$ 213,090	$ 220,129

The accompanying notes are part of the individual financial report.

President: Manager: Accounting Manager:

Lucky Cement Corporation Limited
Notes of Consolidated Financial Report
From Jan.1,2015 to Dec.31,2016
(except the notes, Unit:NT$1000)

1. Company History

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

The Individual Financial Report used "NT$" as the functional currency of The Company.

2.The Date and Procudure of Financial Report

The Individual Financial Report was issued by Board of Directors on Mar.20,2017.

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

(1)Criteria Governing the Preparation of Financial Reports by securities issuer but not yet effective and Financial Supervisory Commision (hereinafter referred to as "FSC") accepted the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standing Interpretation Committee (SIC) from 2017.

According to FSC to FSCE 1050050021 and FSCE 1050026834, The Company applied for International Accounting Standards Board (IASB) release in 2017, and the authorized IFRS, IAS, IFRIC, and SIC (hereinafter referred to as "IFRSs") since 2017, and the regulations of amendments to related Criteria Governing the Preparation of Financial Reports by securities issuer.

New Release／Amendments／Amendments Regulations and Explains	The Effective Date of IASB release(Note 1)
"The Yearly Improvement of Period of 2010-2012"	Jul.1,2014 (Note 2)
"The Yearly Improvement of Period of 2011-2013"	Jul.1,2014
"The Yearly Improvement of Period of 2012-2014"	Jan.1,2016 (Note 3)
"Amendments to IFRS 10, IFRS 12, and IAS 28 "Individual Investment: applied to the exceptions of consolidated statements"	Jan.1,2016

New Release／Amendments／Amendments Regulations and Explains	The Effective Date of IASB release(Note 1)
Amendments to "Acquisition of an Interest in A Joint Operation" of IFRS 11	Jan.1,2016
Regulatory Deferral Accounts of IFRS 14	Jan.1,2016
Amendments to "Disclosure Initiative" of IAS 1	Jan.1,2016

（To be continued）

(Continued)

New Release／Amendments／Amendments Regulations and Explains	The Effective Date of IASB release(Note 1)
Amendments to “Clarification of Acceptable Methods” of IAS 16 and IAS 38	Jan.1,2016
Amendments to “Agriculture: productive plants” of IAS 16 and IAS 41	Jan.1,2016
Amendments to “Defined benefit plans: employee contributions” of IAS 19	Jul.1,2014
Amendments to “Equity Method of Separate Financial Statements” of IAS 27	Jan.1,2016
Amendments to “Disclosures of Non-Financial Assets Recoverable Amount” of IAS 36	Jan.1,2014
Amendments to “Novation of Derivatives and Continuation of Hedge Accounting” of IAS 39	Jan.1,2014
“Levies” of IFRIC 21	Jan.1,2014

Note 1: Except the notes, the above New Release／Amendments／Amendments Regulations or Explains will start from the year of the effective date.

Note 2: Amendments to the grant day of share-based payment transaction applied IFRS 2 since Jul.1, 2014. Amendments to the Acquisition date of Business combination applied IFRS 2 since Jul.1, 2014. IFRS 13 will be valid from the date of its amendments. Other amendments applied the period of the year beginning since Jul.1, 2014.

Note 3: Except the prospective application of amendments to IFRS 5 applied the period of the year beginning since Jan.1, 2016, other amendments applied the period of the year beginning since Jan.1, 2016.

Except for the following explanations, it applied the amendments to Criteria Governing the Preparation of Financial Reports by securities issuer and the IFRSs regulations applied in 2017 will not effect The Company‘s accounting policy:

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

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

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

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

The disclosure of trade of related parties and goodwill impairment will increase when in retrospect the previous applied amendments.

(2) IASB has issued the IFRSs but not yet applied by securities issuer

The Company is not applied the following has issued the IFRSs by IASB but not applied yet by securities issuer. Before the Individual Financial Report applied by the day of issuing, except IFRS 9 and IFRS 15 should start to apply, the securities issuer haven't issued the effective date of other regulations.

New Release／Amendments／Amendments Regulations and Explains	The Effective Date of IASB release(Note 1)
"The Yearly Improvement of Period of 2014-2016"	Note 2
Amendments to "classification and measurement of share-based payment transaction" of IFRS 2	Jan.1, 2018
Amendments to "under the IFRS 4 (insurance contract" that applied of the IFRS 9 (financial instruments) of IFRS 4	Jan.1, 2018
IFRS 9 financial instruments	Jan.1, 2018
Amendments to "mandatory date and transition disclosures" of IFRS 9 and IFRS 7	Jan.1, 2018
Amendments to "investor and the related enterprise or assets sell or contribution of joint venture" of IFRS 10 and IAS 28	TBA
IFRS 15 the income of customer contract	Jan.1, 2018
Amendments to "Explanation of IFRS 15" of IFRS15	Jan.1, 2018

New Release／Amendments／Amendments Regulations and Explains	The Effective Date of IASB release(Note 1)
IFRS 16 lease	Jan. 1, 2019
Amendments to "disclosure initiative" of IAS 7	Jan.1, 2017
Amendments to "recognition of deferred tax assets of unrealized loss" of IAS 12	Jan.1, 2017
Amendments to "Conversion of Investment Property" of IAS 40	Jan.1, 2018
IFRIC 22 Foreign currency transaction and advance consideration	Jan.1, 2018

Note 1: Except the notes, the above New Release／Amendments／Amendments Regulations or Explains will start from the year of the effective date.

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

1). IFRS 9 “financial instruments”

Recognition and measurement of financial asset

In terms of financial asset, all financial assets that belonged to IAS 39 “financial instruments: recognition and measurement” will measure as amortized cost or fair value measurement. The following regulations are classification of financial assets to IFRS 9.

If debt instruments of investment of the Merger Company that Contractual Cash Flows all paid for capital and interest of outstanding principal, the classification and measurement will be the following:

A If the business model aims to collect Contractual Cash Flows with financial assets, financial assets will measure as amortized cost. This financial assets subsequent will recognize effective interest rate as interest revenue to profit or loss, and continuing assess impairment, the impairment profit or loss recognize as profit or loss.

B By collecting Contractual Cash Flows and sell financial assets that the business model of achieving the goal with financial assets, the financial assets measure as fair value to other comprehensive income. This financial assets subsequent will recognize effective interest rate as interest revenue to profit or loss, and continuing assess impairment, the impairment profit or loss recognize and exchange profit or loss as profit or loss. Other value changes recognize other comprehensive income. If the financial assets derecognize or reclassification, the original accumulated to value changes of other comprehensive income should reclassification to profit or loss.

The investment of the merger company is not belongs to the financial assets of previous conditions but fair value measurement, the fair value changes recognize as profit or loss. When The Company choose initial recognition, the equity investment of non-trading designation as at fair value through other comprehensive income. The financial assets except the dividend income recognize as profit or loss that other related benefits and losses recognize as other comprehensive income. The subsequent does not need to assess impairment. The accumulated fair value changes of other comprehensive income do not need to reclassification to profit or loss.

The Impairment of Financial Asset

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

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

Transitional Provisions

After IFRS 9 is in effect, those items, which have been derecognized, cannot use it. The classification, measurement, and impairment of financial assets should retrospect applied except The Company does not need to restated comparative period, and recognize the cumulative effect of the first applied as the first applied day.

2). IFRS 16 "Lease"

IFRS 16 is accounting treatment of standard leasing. IAS 17 "Lease" and the related explanations will replace the regulations.

Being applied the IFRS 16, if The Company was lessee, except the small lease and short-term need to choose the operating lease of IAS 17, other lease all belongs to individual balance sheet that recognize assets use right and lease obligations. Individual Statement of Comprehensive Income should express the depreciation expense of assets use right and lease obligations that produced the interest expense by effective interest. In individual cash flow statement, paid the capital of lease liability to show the financing activities, and paying interest recognize as business activities.

It is not expecting a significant affect that the Merger Company as an accounting treatment of lessor.

After IFRS 16 is in effect, The Merger Company should choose the retrospect applied to comparative period or recognize the cumulative effect of the first applied as the first applied day.

Except the above effects, before the Individual Financial Report applied by the day of issuing, The Merger Company will continuing assess other regulations, explanation the amendments to the effects of financial status and financial performance. The related effects will be disclosed after assess.

4. Aggregation of Material Accounting Policy

(1) Follow the Statement

The Individual Financial Report followed by the Criteria Governing the Preparation of Financial Reports by securities issuer.

(2) Preparation Basis

Except the financial instruments of fair value measurement, the Individual Financial Report followed by the history cost basis preparation.

Fair value measurement followed by the observable degree and importance that divided into the first level to the third level of related input value.

1). The inputs value of the first level: it means can be obtained the same assets or liabilities on the quotes (unadjusted) of active market on measure day

2). The inputs value of the second level: it means expect the quotes of the first level, assets or liabilities can be directed (price) or undirected (derived from the price) the observable inputs

3). The inputs value of the third level: it means the unobservable inputs of assets or liabilities

(3) Standards for Distinguish Flow and Non-Flowing of Assets and Liabilities

Current asset includes:

1). Hold Assets for trading

2). Asset that is realized in 12 months after the balance sheet day as expected; and

3). Cash (but not including the restricted that balance sheet after 12 months that exchange or clean-up liabilities.

Current Liabilities includes：

1). Hold liabilities for trading

2). Clean-up the liabilities after balance sheet in 12 months (despite the refinancing or rescheduling the payment agreement has finished before financial report issued, it still belongs to current liabilities), and

3). It cannot unconditionally defer the Settlement date, which defer after balance sheet at least 12 months liabilities.

If the above that is not belongs to current asset or current liabilities, it belongs to non-current asset or non-current liabilities.

The business cycle of construction portion involved by the merger company lasts up to one year, which is construction-related asset and liability and normal business cycle shall be the standard to tell it from current or non-current cycle.

(4) Basis of Merge

This consolidated financial statement contains one belonging to the parent company and its controlledentity (subsidiary). The financial statement of subsidiary has been adjusted to make it consistent on the accounting policy with that of the merger company. The trade, balance of account, gain and expense loss among each entity has been cancelled. The gross amount of consolidated profit or loss of subsidiary belongs to the owner of the parent company and uncontrolled equity, even if such non-controlled equity becomes balance of loss.

When the change of ownership that the merger company made on subsidiary did not lose the control, it shall be treated as equity trade. The book value of the merger company and non-controlled equity has been adjusted to reflect any change made on subsidiary in respect of equity. The difference between the adjustment of non-controlled equity and fair value of paid or received price shall be accounted as equity and belongs to the owner of the Company.

When the merger company loses control to the subsidiary, the disposal profit or loss shall be the difference between both as follows: (1) Aggregated amount of fair value from that of the received price and rest of investment by the former subsidiary pursuant to that on the day of losing control, and (2) aggregated amount of book values from that of asset (included goodwill) and liability of the former subsidiary and that of non-controlled equity on the day of losing control. The accounting principle for all subsidiary-related amounts that the merger company accounts for other consolidated profit or loss shall be the same as that for the merger company's direct disposal of related asset or liability.

Please refer to Note 10 and Schedule 6 for the details, ratio of shares held and business of subsidiary.

(5) Foreign currency

When the Individual Financial Report was prepared, those who did not use The Company's functional currency, the currency will converse as the trading day to the records of functional currency.

Functional currency items convert at closing exchange rate on each balance sheet date. Because the delivery of monetary items or convert monetary items produced some foreign exchange differences, it will recognize on the profit or loss if it happened on the currently year.

The foreign currency non-monetary items of fair value measurement will decide the exchange rate of the day, which the foreign exchange differences will recognize as the yearly profit or loss. Only when the value changes recognize as other comprehensive profit or loss, the foreign exchange differences recognize as other comprehensive profit or loss.

The foreign currency non-monetary items of historical cost measurement defers exchange rate of trading day, which will not re-conversion.

When preparing the Individual Financial Report, The Company's assets and liabilities of foreign operation defer the exchange rate on each balance sheet date as New Taiwan Dollars. Income and expenses defer in accordance with the yearly average exchange rate, which the foreign exchange differences recognize as other comprehensive profit or loss.

(6) Inventories

Inventories include raw material, repair parts and materials, and finished product and semi-finished goods. Inventories measure the lower in accordance with cost and net realizable value. When compare the cost and net realizable value, except the same type of inventories that based on the individual item. Net realizable value means assess estimated price of a normal condition that deduct the estimated cost, which needs before finished, and the balance of estimated cost of complete the sale. The calculation of cost of inventories in accordance with weighted average method; 不 the actual invested cost of construction belonging to real estate inventory is converted to be the business cost of current year in virtue of construction proportion, along with accounting principle of sales revenue of real estate.

The land pending in construction among real estate awaiting development belongs to that is available for construction; it shall not be turned to account as developing real estate until obtaining license of construction and in progressive development.

(7) Real Estate, Plant and Equipment

Real Estate, Plant and Equipment are recognized as cost and subsequent will measure as cash in accordance with cost deduct accumulated depreciation and accumulated impairment loss.

Real Estate, Plant and Equipment use average method of depreciation but separate depreciation on each of the most part. The Company must view the estimated durability years, residual value, and depreciation methods at least end of each year, and postpone the effect of applying accounting estimates.

Except Real Estate, Plant and Equipment that produced profit or loss amount, the foreign currency difference of net disposal proceeds and its assets capital, and recognize as the yearly profit or loss.

(8) Impairment of Tangible Asset

The Merger Company assess whether the tangible asset has showed the impairment on each balance sheet date. If there is any sign shows the impairment, assess the recoverable amount of the asset.

Recoverable amount is fair value less costs to sell and the higher value in use. Individual asset or cash that produced recoverable amount if it were lower than carrying amount, the asset or carrying amount of cash deduct the recoverable amount, and the impairment loss recognize as profit or loss.

When impairment loss in subsequent reversal, the asset or cash that produced recoverable amount adjusted the impairment loss of revised. Only the carrying amount of increasing aims to that not exceed the asset if the carrying amount (deduct amortization or depreciation) did not decide the recoverable amount of past year. The reversal of recoverable amount recognize as profit or loss.

(9) Financial Instrument

When financial assets and financial liabilities became one of the contract conditions, they may recognize as individual balance sheet.

Upon initial recognition of the financial assets and financial liabilities, if financial assets or financial liabilities are not at fair value measurement through profit or loss, fair value plus can directly belongs to acquisition or issues financial assets or the transaction costs measurement of financial liabilities. The transaction costs of financial assets or financial liabilities of fair value measurement that can directly belong to acquisition or through issues profit or loss should recognize as profit or loss immediately.

When financial assets and financial liabilities became one of the contract conditions, they may recognize as individual balance sheet. When initial recognition the financial assets and financial liabilities, if financial assets or financial liabilities are not at fair value measurement through profit or loss, fair value plus can directly belongs to acquisition or issues financial assets or the transaction costs measurement of financial liabilities. The transaction costs of financial assets or financial liabilities of fair value measurement that can directly belong to acquisition or through issues profit or loss should recognize as profit or loss immediately

1) Financial Asset

The regular way purchase or sale of financial assets at trade date accounting recognize and derecognize.

A. Type of Measurement

The Company has two types of financial assets; one is financial assets in available-for-sale; another is loans and receivables.

a. Financial assets in available-for-sale

Financial assets in available-for-sale non-derivative financial assets designated as available-for-sale, or not classified as loans and receivables that holding till expiry date in investment or the financial assets at fair value measurement through profit or loss.

Financial assets in available-for-sale that the changes of carrying amount recognize as other comprehensive profit or loss when in investment disposal or determine impairment that reclassified as profit or loss.

Dividend of equity investment in available-for-sale recognize while determine right of The Company's receivable.

Financial assets in available-for-sale if belongs to active market public offer and fair value cannot invest by equity instruments of measurement. The subsequent recoverable measurement of impairment loss will be deducted by cost, and separate recognize as "Financial Assets Carried at Cost." After financial assets may fair value of reliable measurement, measure as fair value that the foreign exchange difference of carrying amount and fair value recognize as other comprehensive profit or loss if it has impairment, recognize as profit or loss.

b. Loans and Receivables

Loans and Receivables (including trade receivable, cash, and other receivables) use effective interest method at amortized cost deduct the carrying impairment loss will be deducted by cost. Only the interest of short-term receivable recognize as non-materiality can be except.

fter assess in individual, and then collective assessment impairment.

Recognized as financial assets in accordance with amortized cost that impairment loss cash that the asset carrying amount and estimated future cash flows at financial asset that the foreign exchange difference of present value of effective rate discount.

Recognized as financial assets in accordance with amortized cost that subsequent impairment loss of period decrease and the decreasing objective and connected with recognized impairment event that the impairment loss of previous recognition directly or through the adjusted preparation account to retrospect recognized as profit or loss. Only the retrospect cannot let the carrying amount of financial asset exceed the amortized cost that if not recognize as impairment in retrospect date.

When the fair value of available-for-sale equity investment lower than costs and happened a huge or persistence fall down, recognize as objective impairment evidence.

When available-for-sale financial asset has impairment, recognized as the cumulative loss amount of other comprehensive profit or loss must reclassified to profit or loss.

If available-for-sale equity instruments has recognized as the impairment loss of profit or loss, it cannot retrospect through profit or loss. Any recognize as the fair value of impairment loss that recovery cash may recognize as other comprehensive profit or loss.

The impairment loss amount of financial asset at cost measurement that the assets carrying amount and estimated future cash flow should at the foreign exchange difference of present value of current market rate of return discounted of financial assets. This type of impairment loss cannot retrospect after subsequent.

All impairment loss of financial assets deducts directly the carrying amount of financial asset. Only notes receivable, accounts receivable and other receivable down the carrying amount through available-for-sale. When judging the notes receivable, accounts receivable and other receivable as cannot be recovered, recognize as preparation account. The wrote-off and subsequent the amount of receivable recognizes as credit preparation account. The changes of preparation account carrying amount recognize as profit or loss.

C.Derecognize of financial asset

The Company may derecognize of financial asset only when the contractual rights are invalid of financial asset cash flow, or has been moved financial asset and the right of asset that all of the risks and remuneration has moved to other enterprise.

If financial asset has derecognize overall that the carrying amount and received pricing has recognized as other comprehensive profit or loss that the foreign exchange difference of total amount of accumulated benefit or impairment recognize as profit or loss.

2). Financial Liabilities

A. Subsequent measurement

Financial liabilities measure at amortized cost through effective interest rate.

B. Derecognize of financial Liabilities

Except financial liabilities, the carrying amount and the foreign exchange difference of received pricing recognize as profit or loss.

(10) Income Recognition

Income may measure in accordance with received or the fair value measurement of receivable price, and deduct customer’s return, discount, and other discounts of assess. Sales returned in reasonable assess the returned amount mention of future in accordance with the past exp. And other related factors.

1). Sales of Product

Sales of goods may recognize as income while completely satisfied the following conditions:

A. The Company has transferred the huge risks and remuneration of commodity ownership to buyer.

B. The Company will not control continually to the sold goods, which means no effective control maintained.

C. Income amount can reliable measure

D. The economic benefits of related trade may probably in The Company

E. The cost of happened or will happen of related trade can reliable measure

2). Dividend Income and Interest Income

Investment that produced the dividend income must recognize immediately while the right determined of shareholder's collection. Only the previous conditions and the economic benefits of related of trade may probably in The Company, and the income amount can reliable measure.

The interest income of financial asset that the economic benefits may probably in The Company, and the income amount can recognize by reliable measure. The interest income may recognize as accrual basis in accordance with time that flow capital outstanding and the applied effective rate.

(11) Lease

1). If The Company as the lessor

The leasing income of business leasing recognize as income in the related period of leasing in accordance with straight-line method.

2). If The Company as the lessee

The business leasing payment recognize as expense in the related period of leasing in accordance with straight-line method.

(12) Cost of Loan

The cost of loan that belongs to the asset which is acquired, constructed or production meeting conditions shall be the part of the cost of asset until the asset achieves completion of almost all necessary activities in the expected state of use or for sales.

All other costs of loan other than the preceding ones shall be accounted as profit or loss in the current year where it occurs.

(13) Employee Benefits

1). Short-Term Employee Benefits

The related liabilities of short-term employee benefits is to change employee services and non-discounted amount measurement of expect payment.

2). Employee Benefits of Retirement

The pension of defined contribution plans should recognize as expense that contribute during employee service.

The defined welfare cost (including service cost, net interest, and remeasurement) of defined welfare retirement plan that calculate in accordance with projected unit credit method. Service cost (including current service cost and past service cost) and net defined benefit liability (asset) net interest at the time of occurrence, revised plan or reduce that recognize as employee benefit payment. Remeasurement (including actuarial gains and losses and return on plan assets after deduct interest) recognize as other comprehensive profit or loss and retained earnings at the time of occurrence that do not need to reclassify in the subsequent.

Net defined benefit liability (asset) that the fall short (remaining) of defined welfare retirement plan. Net defined benefit asset cannot exceed present value that refund or a reduction in future contributions of funds from the plan.

(14) Income Tax

Income tax expense is the sum of current income tax and deferred tax.

1). Current Income Tax

The undistributed surplus plus 10% income tax that recognize as income tax expense of shareholders' resolution year in accordance with income tax law provides for calculation.

Adjusted the income tax payable of the past year that recognize as current income tax

2). Deferred Income Tax

Deferred income tax calculates as temporary difference that produced by of both account assets and liabilities carrying amount and the taxable basis of calculate taxable income.

Deferred income tax in charge of all taxable temporary differences for recognizing, and deferred income tax assets recognize while income tax assets has probably a taxable income for deducting temporary difference that produced income tax credit.

The taxable temporary difference with the related investment subsidiary company all recognize as deferred income tax liabilities. Only The Company if can control the time of retrospect of temporary difference, and it has probably can expect that will not retrospect. Those who are related in these types of investment can deduct temporary difference. Only have enough taxable receive to achieve the benefit of temporary difference, and can expect the future expectation that will retrospect in the range that recognize as deferred income tax assets.

The carrying amount of deferred income tax assets will review on each balance sheet day, and aims to those are not probably have enough taxable income for return all or part of assets that cut down the carrying amount. To those are not recognize as deferred income tax that will review on each balance sheet day, and increase the carrying amount of deferred income tax assets those are probably produce taxable for deducting.

Deferred income tax assets and in charge of expecting debt settlement or assets to achieve the current tax measurement that based on the balance sheet date that has already legislation or substantive legislation that the tax rate and tax law. Deferred income tax liabilities and assets measurement react the result of The Company that expected return on balance sheet day or pay off the assets and liabilities carrying amount that produced the tax.

3). The Current Period and Deferred Income Tax of the Year

The current period and deferred income tax recognize as profit and loss. Only when recognize as other comprehensive profit or loss or directly included in equity that related current period and deferred income tax recognize both other comprehensive profit and loss or directly included in equity.

(15) Discounting operation

If the constitution of company is going to be cancelled and suspend business, and it represents single business line or operating area, the recovery of book value that was not through continued use shall be classified as suspension unit on the day of suspension, wherein the result of operation shall be expressed alone in the consolidated financial statement and historical result of operation there shall be expressed anew.

5. The Main Source of Significant Account Judgement, Assess and Assuming Uncertainty

When The Company use accounting policy, to those who are not easy to obtain the related information, management level must base on the historical exp. and other related factors for judging, assessing, and assuming. The actual can be different as the assessment.

Management level will view continually the assessment and basis assuming. If amendments to assess effect the current perio d, recognize on the revised period. If amendments to account assess effect both current period and the future period, recognize on the revised period and the future period.

The following has the related main assuming and the information of assess uncertainty that the assuming and uncertainty has a risk for the next year of financial significant adjustment.

(1) Loss of Inventory

Net realizable value as the estimated price of normal business process deduct the cost before finished and the balance estimate of cost after sell. The estimate for historical sales experiences in accordance with the current market conditions and the related product. The changes of market may affect the estimate result.

(2) Subsidiary Company—Dasheng Development Co., Ltd development of real estate and to be developed loss of real property

Dasheng Development Co., Ltd evaluate the carrying amount of development of real estate and to be developed regularly in accordance with account policy that defined to develop of real estate and to be developed has recognized as cost and lower the net realized value. Dasheng Development Co., Ltd used the experiences and current price to assess the net realized value. The assessment may in accordance with the current market conditions and the related sales experience of product that the changes of the market may affect the result, and effect The Company use the investment balance of equity and recognize the share of subsidiary company profit or loss.

6.Cash

	December 31, 2016	December 31, 2015
Cash on hand and revolving funds	$ 1,544	$ 1,499
Bank check and demand deposits	201,323	199,377
Bank foreign currency demand deposits	10,223	19,253
	$ 213,090	$ 220,129

Market interest rate range for Cash in banks on the Day of Balance Sheet as follows:

	December 31, 2016	December 31, 2015
Cash in banks	0.12%~0.20%	0.08%~0.17%

Unitl the date on December 31st 2015 and the year of 2016, the certificates of deposit was 0 and 1,500,000 with 3 months overdued from the original dued date was classified as other current assets- other financial assets(see Note 12)

7.Available-for-Sale Financial Assets

	December 31, 2016	December 31, 2014
Current		
Domestic stock	$ 100,715	$ 146,427
Domestic fund benefit certificate	56,758	30,625
Foreign fund benefit certificate	6,454	-
Foreign bonds payable	5,978	-

	$ 169,905	$ 177,052
Non-current		
Foreign fund benefit certificate	$ 16,480	$ -

The merger company invested the private fund－TSG Phnom Penh Real Estate Development Fund in $505,000 USA dollars in July 2015 and a 3-year lock-up period without redemption. Available-for-Sale Financial Assets- Non-current

8. Notes receivable and accounts receivable

	December 31, 2016	December 31, 2015
Notes receivable		
From operating activities		
Non-related parties	$ 440,532	$ 442,341
Related parties	$ 12,050	$ 199
Accounts receivable		
From operating activities		
Non-related parties	$ 340,847	$ 502,815
Minus: allowance for uncollectible accounts	(37,089)	(42,519)
	$ 303,758	$ 460,296
Related parties	$ 23,360	$ -

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

(1) Notes receivable

None of noted receivable was dued on December 31st 2015 and in 2016.

Please see the note # 29 for the information of Mortgage notes receivable for reference.

(2) Accounts receivable

The analysis of accounts receivable is as below:

	December 31, 2016	December 31, 2015
30 days or less	$ 148,900	$ 255,972
31 to 60 days	91,990	157,002
61 to 90 days	48,319	28,240
91 to 120 days	6,364	14,607
121 to 150days	3,200	6,069
Above 151 days	42,074	40,925
Total	$ 340,847	$ 502,815

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

The account receivable that has overdue on date of balance sheet but The Company not yet to recognize allowance for bad debts. Because the credit quality did not have a significant change, The Company's management level considered the amounts still can return. The Company to the accounts receivable did not hold any collateral or other credit enhancement

ncement.

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

:

	December 31, 2016	December 31, 2015
Above 151 days	$ 9,018	$ 6,641

The aging will based on the days of overdue.

Information changes inallowance for the uncollectible accounts-Accounts receivable as below:

	Individual impairment loss	Group impairment loss	Total
balance on January 1, 2015	$ 33,372	$ 2,041	$ 35,413
Add: allocating	19,596	123	19,719
Minus: actual amortization	(12,584)	(29)	(12,613)
balance on December 31, 2015	$ 40,384	$ 2,135	$ 42,519
balance on January 1, 2016	$ 40,384	$ 2,135	$ 42,519
Minus: reversal	(1,391)	(71)	(1,462)

Add: actual amortization	(3,968)	-	(3,968)
balance December 31, 2016	$ 35,025	$ 2,064	$ 37,089

9. Inventories

	December 31, 2016	December 31, 2015
	$ 3,178,244	$ 3,200,723
Raw materials	244,850	143,683
Finished goods	113,491	100,569
Work in progress	40,680	13,146
Repaired part and materials	39,611	42,557
Merchandise	7,824	7,597
	$ 3,624,700	$ 3,508,275

The related cost of sales in 2016 was $3,588,568,000 which including loss for market price decline inventories $45,427,000. The related cost of sales in 2015 was $4,123,667,000 which including loss for market price decline inventories $132,595,000.

Until the date on December 31st 2015 and the year of 2016, the amount of recyeling inventory that mainly was development of real estate and the real estate to be developed was expecteto be 3,178,244,000 and 3,200,723,000 after 12 months

See the Note 29 fo the information of inventory pledge

10. Subsidiaries

The major structure of this consolidated financial report：

Investment business	Subsidiary Title	Business type	Percentage of held stock December 31, 2016	Percentage of held stock December 31, 2015	Description
LUCKY CEMENT CO.	DAI SHEN DEVELOPMENT CO.,LTD.	Sale and rental national residential, commercial buildings, parking lots and industrial areas	99.99	99.99	2.
	Hsinfu Pre-mix（Hsinfu pre-mixed company）	Production and sell concrete	99.99	99.99	
	Lucky Cement Co. (Japan)（Lucky Cement Co. (Japan)）	Buy and sell cement	100.00	100.00	
	LUCKYSHIP MARINE AGENCY CO., LTD	Shipping agent	99.99	99.99	
	Just Bright Ltd.	Investment Business	100.00	100.00	
	（Hojen Harbor Company）	Invest and build up public construction	-	50.00	3.
	ELUMINA Technology, Inc	Manufacture and sale light-emitting diode products	70.59	70.59	4.
Hsinfu Pre-mix	（Fuyu Development Company）	Mine gravel	75.00	75.00	
ELUMINA Technology, Inc	Elumina Holding Limited	Holding company	100.00	100.00	4.
Elumina Holding Limited	Elumina Holding (Ximan)Limited	Manufacture and sale light-emitting diode	100.00	100.00	4.

products

Note：

1. Important subsidiaries are included Hsinfu pre-mixed company and Dai shen development Co., Ltd.。
2. Dai shen development Co., Ltd. had the capital reduction for making up the loss of 100,000,000 in July 2015 and issued the new stocks with the value of 300,000,000 by equity offerings.
3. Hojen Harbor company was determined to be dissolution and liquidation by the company board meeting in June 2017 and it had to complete it before September 2016.
4. The board of directors from the parent company passed a resolution that was dissolution and liquidation of Elumina Technology Inc. and its subsidiary and implemented it. Elumina Technology Inc. had the capital Increased by cash 40,000,000 and the parent company subscribed $28,234,000 according to the shareholding ratio to the company.

11.Prepayments

	December 31, 2016	December 31, 2015
Office supplies	$ 95,269	$ 93,866
Prepaid expenses	67,809	76,064
Advanced payment for material	5,504	39,885
Others	84	94
	$ 168,666	$ 209,909

12.Other current assets

	December 31, 2016	December 31, 2015
Other financial assets		
Restricted assets	$ 304,677	$ 170,079
Repurchase bond investment	60,021	-
Time deposit in bank which exceeds over 3 monhts of the original due day	-	1,500
Excess business tax paid	16,435	15,480
Others	5,978	2,362
	$ 387,111	$ 189,421

Market interest rate range for restricted assets that are demand deposit and ime Deposits the garrantee of to the bank loan on the Day of Balance Sheet as follows:：

	Dec 31, 2016	Dec 31, 2015
Restricted assets	0.13%~2.70%	0.27%~3.10%
Bonds Purchased under Resell Agreements	0.33%~0.40%	-
the certificates of deposit with 3 months overdued from the original dued date	with 3 months overdued from the original dued date -	1.28%

Please see the note # 29 for the information of Mortgage other current assets for reference.

13. Financial assets at cost

	December 31, 2016	December 31, 2015
Domestic unlisted (cabinet) ordinary shares	$ 37,666	$ 42,766

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

The Company, which holds the above stock investment, may measure the cost impairment lost on the date of balance sheet. Because the interval is significant of the fair value estimates and cannot assess reasonably each type of probability, The Company's management level thinks the fair value cannot be reliable measure.

The Company assess the stocks of Dahong advanced company of financial assets of cost measurement, which the investment has impairment that recognized as impairment loss $7,500,000.

14. Property, plant and equipment

	Land	Building	Machinery and equipment	Electrical meter	Transportation equipment	Other equipment	Unfinished construction	Total
Cost								
balance on January 1, 2015	$ 724,675	$ 2,236,113	$ 6,136,397	$ 1,183,976	$ 965,118	$ 517,981	$ -	$11,764,260
Add	-	174	26,866	3,131	174,319	1,439	4,500	210,429
Gain	-	(77)	(66,160)	-	(109,650)	(22,207)	-	(198,094)
額 Net exchange differences	-	2,551	196	-	-	(113)		2,634
balance on December 31, 2015	$ 724,675	$ 2,238,761	$ 6,097,299	$ 1,187,107	$ 1,029,787	$ 497,100	$ 4,500	$11,779,229
Accumulated depreciation and impairment								
balance on January 1,	$ -	$ 1,595,020	$ 5,491,135	$ 1,130,747	$ 773,983	$ 473,199	$ -	$ 9,464,084

2015								
Depreciation expense	-	104,003	144,669	15,736	65,685	12,531	-	342,624
Gain	-	(77)	(58,653)	-	(109,575)	(18,899)	-	(187,204)
Net exchange differences	-	2,334	153	-	(5)	(105)	-	2,377
balance on December 31, 2015	$ -	$ 1,701,280	$ 5,577,304	$ 1,146,483	$ 730,088	$ 466,726	$ -	$ 9,621,881
net on December 31, 2015	$ 724,675	$ 537,481	$ 519,995	$ 40,624	$ 299,699	$ 30,374	$ 4,500	$ 2,157,348
Cost								
balance on January 1, 2016	$ 724,675	$ 2,238,761	$ 6,097,299	$ 1,187,107	$ 1,029,787	$ 497,100	$ 4,500	$11,779,229
Add	-	6,080	19,838	4,101	5,262	2,902	-	38,183
Gain	-	(44,783)	(29,929)	-	(8,570)	(6,563)	-	(89,845)
reclassificate	-	-	-	-	4,500	-	(4,500)	-
Net exchange differences	-	914	226	-	3	17	-	1,160
balance on December 31, 2016	$ 724,675	$ 2,200,972	$ 6,087,434	$ 1,191,208	$ 1,030,982	$ 493,456	$ -	$11,728,727
balance on Jan. 01, 2016	$ -	$ 1,701,280	$ 5,577,304	$ 1,146,483	$ 730,088	$ 466,726	$ -	$ 9,621,881
Depreciation expense	-	70,335	126,706	7,914	75,894	12,082	-	292,931
Gain	-	(44,783)	(26,862)	-	(8,570)	(6,563)	-	(86,778)
Net exchange differences	-	757	188	-	(5)	17	-	957
balance on December 31, 2016	$ -	$ 1,727,589	$ 5,677,336	$ 1,154,397	$ 797,407	$ 472,262	$ -	$ 9,828,991
net on December 31, 2016	$ 724,675	$ 473,383	$ 410,098	$ 36,811	$ 233,575	$ 21,194	$ -	$ 1,899,736

Partial rights for land use was temporarily registered under the name of third party and trustee issued declaration and arranged land mortgage to the parent company.

Class of Property, Plant and Equipment recognize depreciation in accordance with straight-line method as the following years of durability:

Buildings	
Main building of Plant	35 to 55 years
Electromechanical equipment	10 to 15 years
engineering system	3 to 5 years
Machinery and equipment	2 to 10 years
	5 to 15 years
Transportation equipment	3 to 10 years
others	3 to 10 years

The information of mortgage of Class of Property, Plant and Equipment, please referred to Note 29。

15.Other non-current assets

	December 31, 2016	December 31, 2015
Prepayments	$ 109,576	$ 80,591
Restricted assets	98,572	98,533
Net limestone mining rights	18,783	18,783
	$ 226,931	$ 197,907

The limited asset refers to time deposit in the bank that is pledged as the security of milling right, which has the market interest rate range on the Day of Balance Sheet as follows:

	December 31, 2016	December 31, 2015
Restricted assets	0.10%~1.125%	0.34%~1.276%

Other information regarding to non-current asset collaterals, please refer to Note 28.

16.Loan

(1)Short-term borrowings

	December 31, 2016	December 31, 2015
Guaranteed loan		
Bank loan	$ 792,660	$ 282,199
Unsecured loan		
Credit loan	393,169	82,522
	$ 1,185,829	$ 364,721

The interest rate of the deposit in bank is as follows:

	December 31, 2016	December 31, 2015
Guaranteed loan	1.35%~1.8464%	1.51%~2.10%
Unsecured loan	1.427%~2.484%	1.691%~1.702%

(2) Short-term notes and bills payable

	December 31, 2016	December 31, 2015
Promissory note payables	$ 230,000	$ 50,000
Minus: Discount on short-term notes and bills payable	(557)	(50)
	$ 229,443	$ 49,950

Short-term check payable that is not due is as follows:

December 31, 2016

Guarantee / acceptance institution	Face Value	Discount Amounts	Book Amounts	Rate range
Promissory note payables				
Ta Ching Bills Finance Corporation	$ 110,000	$ 286	$ 109,714	1.60%~2.15%
Mega Bills Finance Corporation	60,000	131	59,869	1.588%
Grand Bills Finance Corporation	60,000	140	59,860	1.70%
	$ 230,000	$ 557	$ 229,443	

December 31, 2015

Guarantee / acceptance institution	Face Value	Discount Amounts	Book Amounts	rate range
Promissory note payables				
Ta Ching Bills Finance Corporation	$ 50,000	$ 50	$ 49,950	1.75%

The duration of each guaranteed commercial paper is not greater than 180 days.

(3) Long-term Loan

	December 31, 2016	December 31, 2015
Guaranteed loan		
Parent company		
Taiwan Cooperative Bank	$ 112,000	$ 322,000
Mega International Commercial Bank Co., Ltd.…etc.	-	340,000
Mega International Commercial Bank Co., Ltd.	14,000	42,800
The Export-Import Bank of the Republic of China	100,000	-
O-Bank	-	100,000
Bank of Taiwan	100,000	-

AI SHEN DEVELOPMENT CO.,LTD.		
Mega International Commercial Bank Co., Ltd.	-	258,500
LUCKYSHIP MARINE AGENCY CO., LTD		
Mega International Commercial Bank Co., Ltd.	34,038	37,800

（To be continued）

(Continued)

	December 31, 2016	December 31, 2015
Unsecured loan		
Parent company		
The Shanghai Commercial & Savings Bank, Ltd.	$ 90,000	$ -
subtotal	450,038	1,101,100
Minus: Portion listed as due in 1 year	(314,700)	(406,250)
Long-term borrowings	$ 135,338	$ 694,850

The due day of the collateral loan with bank is in February of 2019 and as of end of 2016 and 2015, the annual interest rate were 1.7825%-2.05% and 2.09%-2.3573% respextively; the due day of the loan without collaterals is in July of 2019, and as of end of 2016, the annual interest rate was 1.73%.

The Company had loan with the Cooperative Bank in November of 2011 and the total credit amount was 500,000,000 without cycle purpose and the grant period was 2 years; every 6 months was served as an installment since May of 2014 and there were a total of 10 installments for the principle.

The Company had loan with the Cooperative Bank in July of 2014 and the loan valued at NTD$240,000,000, and NTD$ 12,000,000 shall be repaid by season.

The company has entered into union credit agreement with the bank groups of host bank as Sinopac International Commercial Bank in March of 2012, and the main purpose was to pay for Hualien Hojen Mill Expansion Program and the credit was totaled to NTD$ 800,000,000; every 6 months was served as an installment since September of 2012 and there were a total of 14 installments for the principle. Besides, during renewal credit period, the current ratio, liabilty ratio and interest secured times of the financial statement combining the first half year and whole year shall meet the regulations set forth in Credit Agreement, which shall be repaid earlier in September of 2016.

The Company had a loan with Wan Dao Commercial Bank (former Taiwan Industrial Bank) in August of 2013 and the credit was totaled to NTD$100,000,000 without cycle use and the granting period spanned 2 years, wherein the principle has been repaid in August of 2015; bedsides, the Company has a loan with Wan Dao Commericla Bank in August of 2015 and the credit amounted to NTD$100,000,000 without cycle use, wherein the principle has been repaid once in August, 2016, the mature year.

The Company has a loan with Bank of Taiwan in December of 2014 and the credit amounted to NTD$100,000,000 without cycle use; every 3 months was served as one period, and a total of 8 installments were ready for the principle, which has been repaid earlier in December, 2015. Besides, the Company had a loan with the Bank of Taiwan in February 2016 and the credit amounted to NTD$100,000,000; one year after the grant period, there was NTD$12,500,000 shall be repaid every season.

The Company had a loan with Shanghai Commerical Saving Bank in July of 2016 and total credit amounted to NTD$100,000,000 without cycle use; every season was served as one period since October of 2016 and there were a total of 10 installments for the principle.

Dasheng Development Co. entered into the Credit Contract with Mega and the credit was contracted to end in July of 2019. The main purpose of the credit case was to repay the existed debt of other financing institutes and the gross line of credit is NTD$270,000,000, which shall not be cycle use and the principle shall be repaid once in expiration. It has been repaid earlier in September of 2016.

LUCKYSHIP MARINE CO., LTD. entered into the Credit Contract with Mega in November of 2015 and it was contracted to end in November of 2019. The main purpose of the credit case was to buy all required items for ship and equipments and the gross line of credit is NTD$38,000,000, which shall not be in cycle use. The season is accounted as one installment since February of 2016 and the principle shall be repaid in a total of 16 installments.

LUCKYSHIP MARINE CO., LTD. entered into the Credit Contract with Mega in February of 2016 and it was contracted to end in February of 2020. The main purpose of the credit case was to buy all required items for ship and equipments and the gross line of credit is NTD$7,000,000, which shall not be in cycle use. The season is accounted as one installment since May of 2016 and the principle shall be repaid in a total of 16 installments.

17.Notes and accounts payable

	December 31, 2016	December 31, 2015
notes payable		
From operating activities		
non-related parties	$ 155,842	$ 190,379
related parties	$ 91,186	$ -
accounts payable		
From operating activities		
non-related parties	$ 172,446	$ 205,547
related parties	$ 90,433	$ 10,012

18. Other payables

	December 31, 2016	December 31, 2015
Wages and salaries payable	$ 94,272	$ 117,237
taxes payable	24,271	51,554
Utilities expense payable	20,577	22,468
other payables – related parties	16,632	1,448
Payable on machinery and equipment	4,759	12,692
Maintenance fee payables	2,717	5,414
Others	28,804	40,015
	$ 192,032	$ 250,828

19. Post-employment benefit plans

(1) Defined Contribution Plan

Pension System of the companies such as parent company, DAI SHEN Development Co.,Ltd , Hsinfu pre-mixed company,Fuyu Development Company, LUCKYSHIP MARINE AGENCY CO., LTD, ELUMINA Technology, Inc and ELUMINA Technology, Inc of the merger are applied to Labor Pension Act. that is the defined contribution plan managed by the Government and the 6% of the employees's monthly salary will be contributed to the employee's individual account of labor pension.

Employees in China and Japan are the project staff of retirement that is operating by the Chinese and Japanese goverments. The Subsidiary has to allocate the certain percentage of the salary to the pension system for its project funding and the responsibility for merger company is to allocate the certain percentage of funds for the pension.

(2) Defined Benefit Plan

Until the date of December 31st 2016, LUCKYSHIP MARINE CO., LTD. and ELUMINA TECHNOLOGY INC. have not set up the committee and allocated the pension. Pension System of the company is applied to Labor Standards Act. that is the defined benefit plan managed by the Government and the total payment of employee's pension are based on the length of service and the average salary of 6 months before retirement approval and the 2% of the total monthly salary of employeess from parent company,Hsinfu pre-mixed company and Dai-shen development Co.,Ltd.will be allocated to the the Bank of Taiwan under the name of its Supervisory Committee of Workers' Retirement Fund of The Business Entity. If the balance is estimated to be short to pay the retirement of empolyees within 1 fiscal year at the end of year, the company will pay into the difference before March of next fiscal year and this bank account is managed by the Bureau of Labor Funds, MOL and the company has not right to affect its decision of investment management.

The amount of defined benefit is listed into the consolidated balance sheet as follow：

	December 31, 2016	December 31, 2015
Affirmative benefit obligation current value	$ 337,042	$ 367,903
Planned asset fair value	(264,806)	(19,679)
Appropration for shortages	72,236	348,224
Net affirmative benefit debt	$ 72,236	$ 348,224

The variation of Defined benefit liability as follow：

	Affirmative benefit obligation current value	Planned asset fair value	Net affirmative benefit debt
balance on January 1, 2015	$ 367,215	($ 16,475)	$ 350,740
cost of services			
current cost of services	4,961	-	4,961
Interest expense(revenue)	4,716	(233)	4,483
Gains on ineffectiveness	9,677	(233)	9,444
Re-measuring number			
Plan return on assets (other than amounts included in net interest outside of)	-	(200)	(200)
Actuarial loss - demographic	1,624	-	1,624

assumptions change			
Actuarial loss - changes in financial assumptions	817	-	817
Actuarial loss - experience adjustment	5,961	-	5,961
Accounted in other consolidated gains and losses	8,402	(200)	8,202
Employer appropration	-	(2,771)	(2,771)
Welfare payment	(17,391)	-	(17,391)
balance on December 31, 2015	$ 367,903	($ 19,679)	$ 348,224

（To be continued）

(continued)

	Affirmative benefit obligation current value	Planned asset fair value	Net affirmative benefit debt
balance on January 1, 2016	$ 367,903	($ 19,679)	$ 348,224
cost of services			
current cost of services	11,659	-	11,659
Interest expense(revenue)	4,591	(262)	4,329
Gains on ineffectiveness	16,250	(262)	15,988
Re-measuring number			
Plan return on assets (other than amounts included in net interest outside of)	-	(1,337)	(1,337)
Actuarial loss - demographic assumptions change	134	-	134
Actuarial loss - changes in financial assumptions			
Actuarial loss - experience adjustment	3,765	-	3,765
Accounted in other consolidated gains and losses	(56)	-	(56)
Employer appropration	3,843	(1,337)	2,506
Welfare payment	-	(291,179)	(291,179)
Re-measuring number	(50,954)	47,651	(3,303)
balance on December 31, 2016	$ 337,042	($ 264,806)	$ 72,236

Summaized according the funactions of recognized defined benefit plan as follow:

	2016	2015
Operating costs	$ 6,013	$ 5,549
Selling expenses	1,013	1,339
Administrative expenses	8,962	2,556
	$ 15,988	$ 9,444

The pension system of the company is exposure the below risks according to the Labor Standard Act.:

1). Investment risk：Bureau of Labor Funds, MOL has been invested on the domestic and international equity securities, debt securities and saving accounts with the labor funds of pension by the agent or self-management. The imcome is counted with the 2-year interest rate that is not less than the local bank by the alloction of planned assests.

2). Interest rate risk：Present value of defined benefit is increasing and return on investment of liabilities for planned assets has been increasing accordingly due to the descreasing interest rate of government bond and both of them have the impact on the liabilities of defined benefit with partial offset effect.

3). Salary risk：Calculation in the present value of defined benefit obligation takes the future salary of the project staff for reference, therefore, the increasing salary of project staff makes the present value of defined benefit obligation increased.

The present value of defined benefit obligation of consolidated companies is calculated by the Actuaries and significant assumptions on measurement date as follow:

	December 31, 2016	December 31, 2015
Discount rate	0.875%~1.125%	1.25%
Expected salary increase rate	1.25%	1.25%

If the significant actuarial assumptions with the possible and reasonable variation has occurred under the condition of all the assumptions that stays the same, it makes the present value of defined benefit obligation increased (decreased)：

	December 31, 2016	December 31, 2015
Discount rate		
add 0.25%	($ 7,009)	($ 7,824)
%minus 0.25%	$ 7,236	$ 8,085
Expected salary increase rate		
add 0.25%	$ 7,092	$ 7,933
minus 0.25%	($ 6,903)	($ 7,715)

The possibility for the the avriation with the one single assumption is not high due to the the actuarial assumptions may related to each other, the above sensitivity analysis may not show the actual changing on the present value of defined benefit obligation increased.

	December 31, 2016	December 31, 2015
Amount expected to appropriate in 1 year	$ 2,478	$ 2,715
Average due period of affirmative benefit obligation	3.9~8.8 years	4.8~8.8 years

20. Equity

(1) share capital

Ordinary share

	December 31, 2016	December 31, 2015
Rated shares (thousand shares)	498,646	498,646
Rated equity	$ 4,986,460	$ 4,986,460
Number of shares issued and paid (thousands of shares)	404,738	404,738
Issued share capital	$ 4,047,380	$ 4,047,380

Face value of each published ordinary share is 10 dollars and each sharr has one vote with the right of sharing the dividends.

(2) Capital surplus

	December 31, 2016	December 31, 2015
Only to make up for losses		
Account the changes in ownership of subsidiaries	$ 8	$ 8

Such kind of capital reserve shall refer to the adjustment of the number affected by equity transaction accounted from the equity change of subsidiary or from the company 's accounting subsidiary's capital reserve through equity method when the company did not obtain or dispose of subsidiary's equity actually.

(3) Retained earning and dividend policy

According to the amendment of the Company Law in May of 2015, the allocation of dividend and bonus limits to shareholders and employee does not belong to those parties whom the surplus was allocated. The Company has passed earning allocation policy of the revised Articles of Association in the resolution proposed on the General Meeting of Shareholders dated June 15, 2016 and also provided allocation policy of renumeration of employee and directors, supervisors.

The revised provision of earning allocation policy in the Articles of Association states that in case of earning upon settled annually, the Company shall appropriate its 10% as legal surplus reserve first and account equity deduction occurred in the current year as special surplus reserve, addition to legal payment of business tax and compensation of historical annual loss, wherein if the dividend per share from the sum of balance thereafter and 40%~80% of aggregated surplus yet allocated in the previous year has not reached NTD$0.1 with calculation of the upper limit, 80%, it shall be reserved, not for allocation and allocation case shall be proposed in the Board of Directors, further presented for acknowledgement in the Meeting of Shareholders. Please refer to (5) of Note 21, Employee Benefits for the revised remuneration allocation policy of employee and directors, supervisors before/after the versions of the Articles of Association. The appropraiton & 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 diluated 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 “Q&A appied to questions and doubts regarding to accounted special surplus reserve with IFRSs”. 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.

During allocating surplus yet be allocated, shareholders other than the residents within the territory of the Republic of China may acquire shareholder deductible that was calculated based on the tax deducitble ratio on the Day of Dividend Allocation.

The distribution of 2015 and 2014 retained earnings that was passed on the board meeting individually on June 15th 2016 and June 12th 2015.as follow：

	Surplus Distribution Case		Dividend per share （NT$1.00）	
	2015	2014	2015	2014
Legal reserve	$ 47,016	$ 37,954		
Cash dividends	344,027	242,843	$ 0.85	$ 0.6

The company proposed the distribution of 2016 retained earnings andeach share of dividend at the board meeting on March 20th 2016.：

	Surplus Distribution Case	Dividend per share （NT$1.00）
Legal reserve	$ 31,533	
Cash dividends	242,843	$ 0.6

The distribution of 2016 retained earnings will be expected to determine at the board meeting on June 7th 2016.

(4) Special Reserve

The company has adopted the IFRSs method for the accounted special reserve that shows as follow:：

	December 31, 2016	December 31, 2015
special reserve	$ 14,135	$ 14,135

The amount of 14,135,000 has treanferred to the retained earnings from cumulative translation adjustments of the parent company

(5) Non-controlling interests

	2016	2015
Balance at the begin of the year	$ 33,814	$ 30,492
Number of Share attributable to non-controlling equity		
Loss	(257)	(7,398)
Exchange differences on translation of foreign	(9)	208

financial statements		
Unrealized gains (losses) on available-for-sale financial assets	-	4
Subscription of subsidiary cash replenishment	-	11,766
Shareholders' cash dividends	(2,500)	(1,250)
Subsidiary liquidation	(907)	-
The number of subsidiaries' cash replenishment is not affected by the shareholding ratio	-	(8)
Balance at the end of the year	$ 30,141	$ 33,814

21 Diluted earnings per share from continuing operations

(1) Net other income (expenses)

	2016	1 2015
Gains on disposals of property, plant and equipment	$ 106	$ 14

(2) Other income

	2016	2015
Revenue from dividends	$ 5,054	$ 12,145
Others	7,435	7,423
	$ 12,489	$ 19,568

(3) Other expenses

	2016	2015
Disaster Loss	$ 8,154	$ 7,198
Others	17,202	17,798
	$ 25,356	$ 24,996

(4) Depreciations, amortization and depletion

	2016	2015
depreciations summary by functions		
Operating costs	$ 268,586	$ 315,072
Operating expenses	14,124	15,310
Non-operating expenses	10,221	11,931
	$ 292,931	$ 342,313
amortization summary by functions		
Operating costs	$ 8,660	$ 9,754
Operating expenses	876	716
	$ 9,536	$ 10,470
depletion summary by functions		
Operating costs	$ -	$ 15,657

(5) Employee welfare expenses

	2016	2015
Postprandial benefits		
Defined contribution plans	$ 13,514	$ 13,819
Defined benefit plan	15,988	9,444
	29,502	23,263
other employee welfare	421,769	465,220
	$ 451,271	$ 488,483
summary by functions		
Operating costs	$ 325,932	$ 349,532
Operating expenses	125,339	138,951
	$ 451,271	$ 488,483

1). 2015 and 2016 Compensation for employees and Compensation for directors and supervisors

ccording to the amendment of The Company Act. in May 2015 and articles of incorporation modified by the board of directors in June 2016, the Company shall appropriate 3% and not less than 5% of the gain w/o tax prior to the deduction of allocated renumeration for employee and directors, supervisors in the current year as the same. The 2016 and 2014 remuneration for the employees, directors and supervisors were passed individually at the board meeting on March 30th 2017 and March 28th 2016 as follow:

Estimated %

	2016	2015
Compensation for employees	3%	3%
Compensation for directors and supervisors	5%	5%

The amount

	2016	2015
Compensation for employee	$ 12,447	$ 18,636
Compensation for directors and supervisors	20,745	31,060

Annual consolidated financial report with any changes with the numbers of the amount after the released date will be handled according to the Accounting Estimate and be adjusted accordingly next year.

Amounts recognised in the 2015 consolidated financial report had no difference than the 2015 amounts that were actually allocated to the employees, directors and superviors of the company.

Any information is related to the 2016 and 2017 remuneration that was approved by ther board of directorsof for employees, directors and superviors of the company and please go check on the Market Observation Post System of Taiwan Stock Exchange.

2). 2014 Benefit for employees and Compensation for directors and supervisors.

The parent company held the regular board meeting on June 12^{th} 2015 and approved benefit for employees and compensation for directors and supervisors as follow:

	2014
	Cash
Benefit for employees	$ 10,248
Compensation for directors and supervisors	17,079

Amounts recognised in the 2014 consolidated financial report had no difference than the amounts that were approved to the employees, directors and superviors of the company by the board of directors on June 12th 2015.

Any information is related to the 2015 remuneration that was approved by ther board of directorsof for employees, directors and superviors of the company and please go check on the Market Observation Post System of Taiwan Stock Exchange.

(6) Foreign exchange gains and loss

	2016	2015
Foreign exchange gains total	$ 3,177	$ 14,433
Foreign exchange loss total	(5,128)	(13,556)
net	($ 1,951)	$ 877

(7) Gains and losses on disposals of investments

	2016	2015
Profit from disposal of financial available-for-sale assets	$ 9,103	$ 34,174
Loss from disposal of financial available-for-sale assets	(5)	(31)
Loss from disposal of subsidiary	(6)	-
net profit	$ 9,092	$ 34,143

22.Income Tax of Continued Business Unit

(1) Major item composing income tax accounted as profit and loss

	2016	2015
Current tax		
current	$ 44,008	$ 129,454
Extra levy of unallocated surplus	8,618	13,897
Adjustment for previous yeaer	4,462	720
	57,088	144,071
Deferred tax		
current	20,040	(31,182)
income tax accounted as profit and loss	$ 77,128	$ 112,889

The adjustment of accounting income and current income tax is as follows：

	2016	2015
Profit from continuing operations before tax	$ 401,330	$ 616,324
Income tax of net profit before tax calculated by legal tax rate（17%）	$ 68,226	$ 104,775
Expense not to be deducted on tax	1,585	1,805
Deductible temporary difference not accounted	2,184	4,536
Tax-free income	(7,947)	(10,479)
Extra levy of unallocated surplus	8,618	13,897
Used loss deductible	-	(2,365)
Adjustment of this year from income tax of previous year	4,462	720
Income tax accounted as profit and loss	$ 77,128	$ 112,889

As the earnings distribution of 2017 Shareholders' Meeting remains uncertain, hence, the underlying income tax consequences for 10% extra income tax based on surplus yet to be distributed are not yet credible.

(2) Current Income Tax Asset and Liabiilty

	December 31, 2016	December 31, 2015
Current income tax asset		
Tax refund receivable	$ 15,663	$ 54
Current income tax liability		
Tax payables	$ 4,128	$ 136,076

(3) Deferred Income Tax Asset & Liability

The changes in the deferred income tax assets and liabilities of the merged companies are as follows

2016

	Balance at the begin of the year	Accounted as profit and loss	Balance at the end of the year
Deferred tax assets			
Temporary differences			
Pension overrun	$ 64,898	($ 47,039)	$ 17,859
Loss deducted	6,079	2,029	8,108
Investment loss recognized by equity interest	54,857	16,821	71,678
Unrealized loss of inventories	11,714	173	11,887
Unrealized exchange losses	-	99	99
Bad debts overrun	6,211	(662)	5,549
The loss of financial assets as measured by cost method	3,995	-	3,995
Advanced profit of goods payment that has issued B/L	3,269	(127)	3,142
	$ 151,023	($ 28,706)	$ 122,317
Deferred tax liabilities			
Temporary differences			
Accelerated depreciation of fixed assets	$ 68,269	($ 8,665)	$ 59,604
Unrealized exchange benefits	1	(1)	-
	$ 68,270	($ 8,666)	$ 59,604

2015

	Balance at the begin of the year	Accounted as Profit/Loss	Balance at the end of the year
Deferred tax assets			
Temporary differences			
Pension overrun	$ 67,162	($ 2,264)	$ 64,898
Loss deducted	3,713	2,366	6,079
Investment loss recognized by equity interest	36,337	18,520	54,857
Unrealized loss of inventories	11,758	(44)	11,714
Bad debts overrun	4,725	1,486	6,211
The loss of financial assets as measured by cost method	4,232	(237)	3,995
Advanced profit of goods payment that has issued B/L	2,585	684	3,269
	$ 130,512	$ 20,511	$ 151,023
Deferred tax liabilities			
Temporary differences			
Accelerated depreciation of fixed	$ 78,798	($ 10,529)	$ 68,269

assets			
Unrealized exchange benefits	143	(142)	1
	$ 78,941	($ 10,671)	$ 68,270

(4) The related information of Imputation System

	December 31, 2016	December 31, 2015
Unappropriated retained earnings		
Unappropriated retained earnings after AD 1998	$ 547,996	$ 626,211
Balance of shareholder deductible tax account	$ 192,473	$ 13,027

The Tax Creditable Ratios which are applicable for disposition of net income in 2016 and 2015 are respectively 26.23% (expected ratio) and 22.37 %(actual ratio.)

According to Income Tax Act, when the parent company distributes the surplus after 1998, the shareholders can follow the tax creditable ratio to calculate their acquired Imputation Tax Credit. Due to the actual distribution amount of imputation credit should follow the balance in the shareholder imputation tax credit account; the parent company estimated that the tax creditable ratio for surplus distribution in 2016 may be different from the tax creditable ratio used for the actual shareholders' distribution ratio in the future.

(5) Income Tax Assessment

The filing of application of profit-seeking enterprise income tax as end of 2014 of the parent company and XIN FU pre- The filing of application of profit-seeking enterprise income tax as end of 2015 of HE REN harbor Co., Ltd., DAI SEHN development Co., Ltd, LUCKYSHIP MARINE AGENCY Co., Ltd., FU YU development Co., Ltd. and ELUMINA Technology, Inc. have approved by tax authorities.

23. Discounting operation

Board of directors of parent company decided to dissolve ELUMINA technology, Inc., its subsidiary - Elumina Holding Limited and Elumina (Xiamen) Company on August 11, 2015, and had the dissolution of liquidation; the merge company classified the cash-generating units into the discounting operation in 2015. As the end of December 31, 2016, ELUMINA technology, Inc. and its subsidiary have still in the processing of dissolution of liquidation.

	2016	2015

Current loss	(\$ 9,125)	(\$ 30,972)
Disposal of loss	-	(9,700)
	(\$ 9,125)	(\$ 40,672)

Information regarding to the Profit/Loss Breakdown and Cash Flow of Business Suspension Unit:

	2016	2015
Operating revenue	$ -	$ 4,377
Operating costs	-	(8,580)
Operating expenses	(8,999)	(18,285)
Non-operating income and expenses	(126)	(18,184)
Pre-tax loss of business suspension units	(9,125)	(40,672)
Tax expense	-	-
Current loss	($ 9,125)	($ 40,672)
Loss of business suspension unit belongs to:		
attributable to owners of parent	($ 6,441)	($ 28,553)
attributable to non-controlling interests	(2,684)	(12,119)
	($ 9,125)	($ 40,672)
net cash outflow generated from operations	(2,502)	(18,612)
Net cash flows from investing activities	-	16,403
net cash flows from used in financing activities	-	(1,778)
net cash flows	($ 2,502)	($ 3,987)

24.Earnings per share

Unit : NTD 1.00 per share

	2016	2015
Basic earnings per share		
from continuing operations	$ 0.80	$ 1.23
from discontinued operations	(0.02)	(0.07)
total of basic earnings per share	$ 0.78	$ 1.16
Diluted earnings per share		
from continuing operations	$ 0.80	$ 1.22
from discontinued operations	(0.02)	(0.07)
total of diluted earnings per share	$ 0.78	$ 1.15

It is used to calculate the net profit per share earning and the number of weighted share of ordinary stock of continuing business units is as follows:

Profit

	2016	2015
profit attributable to owners of parent	$ 315,334	$ 470,161
Plus: used to calculate the basic unit of the loss of business units per unit loss of net loss	6,441	28,553
To calculate the net profit of the continuing business unit's basic and diluted earnings per share	$ 321,775	$ 498,714

Number of shares

Unit：1000 shares

	2016	2015
The average number of ordinary shares to be used to calculate the basic earnings per share	404,738	404,738
Dilution Effect of potential common stock:		
Compensation for employee	1,801	2,380
To calculate the weighted average number of ordinary shares for diluted earnings per share	406,539	407,118

If the parent company has to choose using share or cash to pay the remuneration of employees, when calculating diluted earnings per share, assuming that giving the shares for remuneration of employees and adding the weighted average outstanding shares with dilutive potential ordinary share to calculate diluted earnings per share. And before discussing to issue the number of shares for employees' remuneration in the following year, it should consider the dilutive potential ordinary share when calculating diluted earnings per share.

25. Agreement of Operating Lease

(1) Merge company as tenant

Operating lease includes lease of land, plant, storage land, etc.; the lease period is 1 to 5 years. And as the end of lease, if there is any addition or modification of rented production equipment for pre-mixed concrete factory and related equipment in Keelung factory rented by Xin Fu pre-mixed concrete Co., Ltd should be transferred to the lessor. The total amount of future minimum lease payments for non-cancelable operating lease as follows:

	December 31, 2016	December 31, 2015
within 1 year	$ 38,413	$ 39,543
More than 1 year but not more than 5 years	67,339	50,967
	$ 105,752	$ 90,510

Recognized expense of Lease payment as below:

	2016	2014
Lease payment	$ 53,070	$ 56,009

(2) Merge company as lessor

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

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

	December 31, 2016	December 31, 2015
within 1 year	$ 30,741	$ 13,958
More than 1 year but not more than 5 years	5,714	5,971
	$ 36,455	$ 19,929

26. Financial Risk Management

The merge 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 group.

27. Financial Instrument

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

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

(2) Information of fair value – financial instrument at fair value

1). Fair value hierarchy

December 31, 2016

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

December 31, 2015

	Level 1	Level 2	Level 3	total
available-for-sale financial assets				
Domestic listing (cabinet) stock	$ 146,427	$ -	$ -	$ 146,427
Domestic Fund Benefit Certificate	30,625	-	-	30,625
Total	$ 177,052	$ -	$ -	$ 177,052

There is no transfer between level 1 and level 2 of fair value measurement in 2016 and 2015.

2). The evaluation technique and assumption used for measuring fair value

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

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

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

(3) Type of Finance Tool

	December 31, 2016	December 31, 2015
financial assets		
Loans and receivables（Note 1）	$ 1,457,987	$ 1,396,664
available-for-sale financial assets（Note 2 note 2）	224,051	219,818
financial liabilities		
Measured after amortization（note 3）	2,472,977	2,055,300

Note 1: Balance includes cash, note receivable (N/R), accounts receivable, other receivables and other financial assets which are loans and receivables measured by cost after amortization.

Note 2: Balance includes classified as balance of financial assets in available-for-sale measured by cost.

Note 3: Balance includes short-term borrowings, notes payable, accounts payable (AP), parts of other payables and long-term loans which are financial liabilities measured by cost after amortization.

(4) Target and Policy of Financial Risk Management

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

1). Market risk

The main financial risk for operation of the merge company is foreign currency exchange risk (please see (1) as follows) and interest rate risk (please see (2) as follows).

The exposure of related market risk of financial instrument of the merge company and the management and measurement of the exposure don't change.

A Currency risk

The monetary asset in non-functional currency and carrying amount of monetary liabilities on balance sheet date of the merge company (included the monetary items calculated in write-off non-functional currency in consolidated financial statement); please see note 30.

Sensitivity Analysis

The merge company is mainly impacted by the foreign exchange rate fluctuation of USD and RMB.

The following table shows Sensitivity Analysis of the merge company when individual functional currency increases or decreases 5% for each relevance currency rate. 5% is as sensitivity ratio used for reporting currency risk to key management personnel of the group, and also represented assessment of reasonably possible range of fluctuation of foreign currency rate by the management personnel. The following table shows when the individual functional currency increases 5% relative to each relevant currency, it will make pre-tax income 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.

effect of US dollars		effect of RMB	
2016	2015	2016	2015

Profit/Loss	$ 1,074	($ 1,754)	($ 379)	($ 403)

The above is mainly originated from the outstanding cash in banks, receivables, other financial assets, other short-term borrowings, payables and long-term loans, calculated in USD and RMB which are not in cash flow hedge on balance sheet date of the merge company.

B. Interest rate risk

The financial assets in interest rate exposure and the carrying amount of financial liability on balance sheet date of the merge company as follows：

	December 31, 2016	December 31, 2015
interest rate risk with fair value		
financial assets	$ 264,823	$ 157,660
financial liabilities	624,000	202,300
interest rate risk with cash flow		
financial assets	500,289	424,776
financial liabilities	1,241,310	1,313,471

Sensitivity Analysis

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

If interest rate increases/decreases 25 basing points, the pre-tax income in 2015 and 2016 separately increases/decreases 1,853,000 and 2,222,000 NT dollars 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 means that the counterparty arrears contract obligation and cause group financial loss risk. As end of balance sheet date, the merge company may be caused exposure of maximum credit risk by the counterparty not doing contract obligation, which is mainly from the carrying amount of financial assets recognized on consolidated balance sheet.

The policy adopted by the merge 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 merge company is same as the carrying amount:

	December 31, 2016		December 31, 2015	
	Book Value	Largest credit risk exposed amount	Book Value	Largest credit risk exposed amount
Off-balance sheet commitments and guarantee				
Endoresement for subsidiary	$ -	$ 517,250	$ -	$ 1,324,238

The credit risk of the merge company is mainly concentered on the key account (KA) of the merge company; as the end of December 31 in 2016 and 2015, the receivables should exceed 5% of total receivables, which are separately 59.93% and 44.22% of total receivables.

3). Liquidity risk

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

Bank loan is an important source of liquidity for the Company. As the end of December 31 in 2016 and 2015, the unused long-term and short-term bank facilities of the Company are separately 1,706,491,000 and 3,101,906,000 NT dollars.

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 merge company, which is written by undiscounted cash flows of financial liabilities.

December 31, 2015

	Average weighted valid rate (%)	Requirements on demand or less than one month	1 month to 3 months	3 months to 12 months	1 year to 5 years	above 5 years
Non - derivative financial liabilities						
No debt-bearing liability	-	$ 231,116	$403,687	$ 38,162	$ 47,843	$ 63,992
Floating interest rate tool	1.56%	122,000	292,808	678,665	147,837	-
Fixed interest rate tool	1.54%	100,000	200,000	324,000	-	-
		$ 453,116	$896,495	$1,040,827	$195,680	$ 63,992

December 31, 2015

	Average weighted valid rate (%)	Requirements on demand or less than one month	1 month to 3 months	3 months to 12 months	1 year to 5 years	above 5 years
Non - derivative financial liabilities						
No debt-bearing liability	-	$236,670	$294,200	$209,292	$109,531	$ 16,599
Floating interest rate tool	2.16	14,363	96,187	536,421	666,500	-
Fixed interest rate tool	1.73	-	-	202,300	-	-
		$251,033	$390,387	$948,013	$776,031	$ 16,599

28. Related Party Transactions

The transaction, account balance, income and losses between parent company and subsidiary will be completely eliminated after merging, so they are not disclosed in the notes. In addition to the discourse of other notes, the transaction between related party and the merge company as follows:

(1) Business transaction

	2016	2015
Sales		
other related parties	$ 64,727	$ 836

(To be Continued)

(Continued)

	2016	2015
Purchase		
other related parties	$ 258,205	$ 49,659
Operating costs - transportation expenses		
other related parties	$ 15,246	$ 14,017
Operating expenses		
other related parties	$ 3,831	$ 3,395
Non-operating income		
other related parties	$ 2,438	$ 2,438
Non-operating expenses		
other related parties	$ 443	$ 366

During the period of payment, prices of purchase and sale between the merge company and related party are same as non-related party.

Non-operating revenue is rent revenue between the merge company and related party; the determination and collection method are same as general leasing transactions.

Non-operating cost as rent revenue between the merge company and related party; the determination and collection method are same as general leasing transactions.

(2) Balance of receivables from related parties on balance sheet date as follows：

	December 31, 2016	December 31, 2015
Notes receivable		
other related parties	$ 12,050	$ 199
Accounts receivable		
other related parties	$ 23,360	$ -
Other receivable		
Other related parties	$ 468	$ 779

(3) Balance of payables from related parties on balance sheet date as follows:

	December 31, 2016	December 31, 2015
Notes payable		
other related parties	$ 91,186	$ -

accounts payable		
other related parties	$ 90,433	$ 10,012
other payable		
other related parties	$ 1,604	$ 1,448

(4) Loans from related parties

	December 31, 2016	December 31, 2015
other payable		
人 other related parties	$ 15,028	$ -
Shareholder accounts		
other related parties	$ 45,800	$ 45,800

The shareholders of merge company are having interest-free loans from shareholders. 。

(5) Key management personnel remuneration

The remuneration of directors and other key management personnel as follow:

	2016	2015
Short-term employee benefits	$ 44,300	$ 57,329
Benefit after retirement	1,075	835
	$ 45,375	$ 58,164

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

29. Pledged Assets

Claims litigation and other credit facility as collaterals：

The merge 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, 2016	December 31, 2015
Notes receivable	$ 57,220	$ 78,966
Repurchase bond investment (Reported other current assets)	60,021	-
Developing real estate (account inventory)	2,999,162	2,954,238
Restricted assets（accounted as other current assets and other non-current assets）	403,249	268,612
Property, plant and equipment	1,062,645	1,580,213
Limestone mining rights (accounted as other non-current assets)	-	18,783
	$ 4,582,297	$ 4,900,812

30. Foreign currency assets and information of liabilities with important impact

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

December 31, 2016

Expressed in thousands of NTD and foreign currency

	Foreign	exchange rate	Book value
financial assets			
Monetary items			
US dollars	$ 1,292	32.25（USD：TWD）	$ 41,639
US dollars	7	6.937（USD：RMB）	241
RMB	1,649	4.601（RMB：TWD）	7,585
financial liabilities			
Monetary items			
US dollars	1,965	32.25（USD：TWD）	63,357

December 31, 2015

	Foreign	exchange rate	Book value
financial assets			
Monetary items			
US dollars	$ 2,072	32.825 （USD：TWD）	$ 68,007
US dollars	7	6.4936 （USD：RMB）	245
RMB	1,617	4.978 （RMB：TWD）	8,051
financial liabilities			
Monetary items			
US dollars	1,011	32.825 （USD：TWD）	33,181

The gains or losses of foreign currency exchange (realized or unrealized) of the merge company in 2016 and 2015 are respectively losses of 1,951,000 and gains of 877,000; because there are variety of foreign currency transactions, it cannot disclose exchange gains and losses in accordance with foreign currency of each important impact.

31. The Disclose of Notes

(1)Significant Transactions and (2) The Related Information of transferring to investment:

1). Loans of the merge company funds: Table 1.

2). Making loans to and endorsements/guarantees for others: Table 2.

3) Holding of securities at the end of the period (excluded investment for subsidiaries): Table 3.

4). The amount of the cumulative purchase or sale of the same securities is up to 300 million NT dollars or 20% of paid-in capital: None.

5) The amount of obtaining real estate is up to 300 million NT dollars or 20% of paid-in capital: None.

6). The amount of deposing real estate is up to 300 million NT dollars or 20% of paid-in capital: None.

7). The amounts of purchase and sale with related parties are up to 100 million NT dollars or 20% of paid-in capital: Table 4.

8). The account receivables of related parties are up to 100 million NT dollars or 20% of paid-in capital: Table 5.

9). Derivatives Trading: None.：None。

10). Others: the business relations, important dealings and their amount: Table 8.

11). Information of the investee (excluded the investee in China): Table 6.

(3) Investment Information in mainland China:

1). The name of the investee company in China, its principal areas of operation, its paid-in capital, the means of investment, inward and outward remittances of funds, the shareholding ratio, gains and losses on investments, and the limit on investment in the mainland area: Table .

2) Any of the following major transactions with an investee company in mainland China that occur directly or indirectly through a third region, and their prices, payment terms, and unrealized gains or losses: there is no major transactions and unrealized gains and losses between the parent company, subsidiaries and the investee company in mainland China.

A The purchase amount and its percentage, and the end-of–period balances of related payables and receivables and its percentage: None.

B The sales amount and its percentage, and the end-of-period balances of related receivables and its percentage: None.

C. Property transaction amounts and its gains and losses: None.

D Endorsement of bills or end-up-period balance of providing collateral and its target: None. 。

E Maximum financing balance, end-of-period balance, interest rate range, and total current-period interest: None.

F Other transactions having a material impact on current gains or losses or financial status, such as provision or receipt of labor services: None.

32. <u>Information of the depatments</u>

The reporting department of the merge company as follows：

Concrete department: producing and selling business for products related to concrete.

Other departments: Other operations of other non-concrete department. The main business of ELUMINA Technology, Inc. and its subsidiary – Elumina Holding Limited and ELUMINA (Xiamen) company are producing and selling light-emitting Diode, and the unit of cash is transferred to discounting operation on August, 2015; please see note 2 and 3 for related instructions.

(1) Revenue of department and operating results

Analysis of reporting department for revenue of merge company and operating results in accordance as follows:

	Income of Department		Profit/Loss of Department	
	2016	2015	2016	2015
Cement Dept.	$ 4,210,037	$ 5,016,671	$ 474,247	$ 759,074
other department	41,024	4,682	(65,842)	(152,304)
Gross amount of business unit	$ 4,251,061	$ 5,021,353	408,405	606,770
Rent income			9,994	9,719
interest income			1,975	2,797
Revenue from dividends			5,054	12,145
Gains on disposals of investments			9,092	34,143
Foreign exchange gains(loss)			(1,951)	877
Impairment loss on financial assets			-	(7,500)
Interest expense			(31,239)	(42,627)
Profit from continuing operations before tax			401,330	616,324
Loss from discontinued operations before tax			(9,125)	(40,672)
Profit before tax			$ 392,205	$ 575,652

The revenue of department reported above is generated with external client exchanges. There is no selling between department in 2016 and 2015.

The revenue of department means the profits earned by each department, excluded rent revenue which shall be apportioned, interest revenue, dividend revenue, disposal of investment interest, net gains or losses of foreign currency exchange, losses of reduction of financial assets and interest expenses.

(2) Total assets and liabilities of department

	December 31, 2016	December 31, 2015
department assets		
continuing operating department		
Coment Dept.	$ 4,349,220	$ 4,399,719
other department	3,401,208	3,451,063
total of department asset	7,750,428	7,850,782
assets related discontinued operations	2,216	4,720
Total	$ 7,752,644	$ 7,855,502
department liabilities		
continuing operating department		
Coment Dept.	$ 2,464,910	$ 2,518,606

other department	478,292	490,246
total of department liabilities	2,943,202	3,008,852
liabilities related discontinued operations	7,606	986
Total	$ 2,950,808	$ 3,009,838

(3) Information for districts

The main district of the merge company is R.O.C.. ◦

(4) Main client information

Among amount of selling revenud 4,251,061,000 and 5,021,353,000 in 2016 and 2015, there are respectively 472,842,000 and 527,400,000 which are from the largest client of merge company. There is no other individual client’s revenue which reaches 10% of total amount of revenue for merge company in 2016 and 2015.

Lucky Cement Co., Ltd. and Subsidiaries

Loan made to others

January 1 to December 31, 2016

Schedule 1

Unit: NTD$1,000

No.	Company of Lending Funds	Borrower	Relation Account	Mmaximum Balance in Current Period	Where is the related party	Balance, end of year (Note 4)	Amonut of real dealing	Interest rate collar（%）	Character on loan of funds（Note 1）	Amount between business	Necessary reasons for short term financial assets	Amount of allowance for uncollectible be submitted	Collateral		Limitation of loan of funds to individual party（Note 2）	Total limitation of loan of funds（Note 3）
													名稱 Name	價值 value		
0	LUCKY CEMENT CO.	DAI SHEN DEVELOPMENT CO.,LTD.	Receivable Accounts of Affiliated Enterprise – Financial accounts	$ 400,000	Y	$ 390,000	$ 316,800	1.988~2.437	(2)	$ -	Operating Turnover	$ -	–	–	$ 477,170	$ 1,908,678
1	Hsinfu pre-mixed company	DAI SHEN DEVELOPMENT CO.,LTD.	Receivable Accounts of Affiliated Enterprise – Financial accounts	40,000	Y	40,000	40,000	2.05~2.15	(2)	-	Operating Turnover	-	–	–	66,185	132,370

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

(1) Party with business.

(2) Party with short-term financing need.

Note 2： The subject whom Lucky Cement Co., Ltd. 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; Hsinfu pre-mixed company shall be subject to 20% of end-of-year net value.

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

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

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

Lucky Cement Co., Ltd. and Subsidiaries

Endorsement for Others

January 1 to December 31, 2016

Schedule 2

Unit: NTD$1,000, unless otherwise noted

No.	Company Name of endorser	The party for enforcement and guarantee		Limitation amount of enforcement and guarantee for single enterprise (Note 1)	Maximun balance of enforcement and guarantee in current period	Balance of enforcement and guarantee, end of year	Amonut of real dealing	Amount of enforcement and guarantee by property guarantee	Ratio of accumulated amount of enforcement and guarantee to net value of financial statement of lastest period (%)	Maximun limitation on enforcement and guarantee (Note 2)	Enforcement and guarantee belong to parent vs. subsidiary company	Enforcement and guarantee belong to subsidiary vs. parent company	Enforcement and guarantee belong to Mainland China	Remark
		company	relation											
0	LUCKY CEMENT CO.	DAI SHEN DEVELOPMENT CO.,LTD.	subsidiaries	$ 1,908,678	$ 1,190,000	$ 370,000	$ 370,000	$ 370,000 (Note3)	7.8%	$ 2,385,848	Y	-	-	
		Hsinfu pre-mixed company			100,000	70,000	-	-	1.48%	2,385,848	Y	-	-	
		LUCKYSHIP MARINE AGENCY CO., LTD	subsidiaries	1,908,678	45,000	45,000	34,038	-	0.95%	2,385,848	Y	-	-	
		Lucky Cement Co. (Japan)	subsidiaries	1,908,678	50,175 (USD1,500000)$1500000.	32,250 (USD1,000,000)$1000000.	4,961 (USD154,000)$154000.	32,250 (Note4) Note 2	0.68%	2,385,848	Y	-	-	

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

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

Note 3：Other finance asset – restricted asset, NTD$ 210,000,000 and Repo, NTD$ 60,021, 000 are provided as collaterals.

Note 4：Other finance asset – restricted asset, USD300,000 is provided as collateral.

Lucky Cement Co., Ltd. and Subsidiaries

Situation of Holding Security at end of year

December 31, 2016

Schedule 3

Unit: NTD$1,000

held company	Type and Name of Securities	Relationship with the Issuer of Securities	Account	end of period				remarks
				Number of shares	Book Value	(%)	Fair Value (Note 1)	
LUCKY CEMENT CO.	Non-listed (cabinet) Company Ordinary Stock							
	CANDO CORPORATION	—	Non-current financial assets at cost	398,889	$ -	0.1	$ -	2note 2
	Jonfeng Mining Co., Ltd.	—	Non-current financial assets at cost	1,071,428	12,094	10.58	14,184	
	Redwood Group Ltd	—	Non-current financial assets at cost	700,837	5,433	0.18	7,625	
	WK TECHNOLOGY FUND	—	Non-current financial assets at cost	2,890,000	17,000	2.22	16,068	
	Listed (Cabinet) Company Ordinary Stock							
	Medigen Biotechnology Corporation		Current available-for-sale financial assets	28,628	2,270	-	2,270	
	United Microelectronics Corporation		Current available-for-sale financial assets	72,351	825	-	825	
	WINBOND ELECTRONICS CORP.	—	Current available-for-sale financial assets	119,500	1,191	-	1,191	
	First Financial Holding Co. Ltd.	—	Current available-for-sale financial assets	858	15	-	15	
	CAPITAL SECURITIES CORP.	—	Current available-for-sale financial assets	818	8	-	8	
	NAN FINANCIAL HOLDINGS	—	Current available-for-sale financial assets	367	6	-	6	
	China Development Financial	—	Current available-for-sale financial assets	13,496	109	-	109	
	Taiwan Cement Corp.	—	Current available-for-sale financial assets	400,000	14,060	-	14,060	
	Asia Cement Corporation	—	Current available-for-sale financial assets	500,000	13,175	-	13,175	
	Fund beneficiary certificate							
	Future Asset Asia Pacific Real Estate Security Fund- Stock A, free of interest allocation	—	Current available-for-sale financial assets	100,000	914	-	914	
	Franklin Templeton Investment Funds-Franklin U.S. Government Fund Class A (Mdis) USD	—	Current available-for-sale financial assets	10,797	3,207	-	3,207	
	Eastspring Investments-US High Investment Grade Bond Fund A-USD	—	Current available-for-sale financial assets	3,598	1,612	-	1,612	

	Old Mutual Tot Ret USD Bd A USD Acc.	—	Current available-for-sale financial assets	2,602	1,635	-	1,635	
	Investment in Bonds with A Put Option							
	The Bank of Land 10	—	Other current financial assets	-	30,000	-	30,000	Has been secured as a guarantee for the financing of Dasheng Development Company
	Central Bond A-2	—	Other current financial assets	-	30,021	-	30,021	Has been secured as a guarantee for the financing of Dasheng Development Company

(To be continued)

(Continued)

Company of Hold	Type and Name of Securities	Relationship with the Issuer of Securities	Account	End of Year				Remark
				Number of shares	Book Value	(%)	Fiar value (NOte1)	
LUCKYSHIP MARINE AGENCY CO., LTD	Non-listed (cabinet) Company ordinary stock							
	Jonfeng Mining Co., Ltd.	—	Non-current financial assets at cost	35,129	$ 1,239	0.35	$ 469	
	Ordinary Stock of Cabinet Company							
	Medigen Biotechnology Corporation	—	Current available-for-sale financial assets	242	19	-	19	
Just Bright Ltd.								
	Global Lighting Technologies Inc.	—	Current available-for-sale financial assets	991,908	69,037	-	69,037	
Hsinfu pre-mixed company	Fund Beneficiary Certificate							
	Huanan Bank Yungchang Kirin Monetary Market Fund	—	Current available-for-sale financial assets	440,966	5,232	-	5,232	
	UPAMC James Bond Money Market	—	Current available-for-sale financial assets	1,210,311	20,041	-	20,041	
	MEGA BAOJUAN Money Market Fund		Current available-for-sale financial assets	2,421,953	30,077	-	30,077	
	Allianz Global Inv Trgt Multi Inc TWD A	—	Current available-for-sale financial assets	50,000	494	-	494	
	TSG Phnom Penh Real Estate Development Fund	—	Non-current available-for-sale financial assets	500	16,480	-	16,480	
	Security-Company Bond							
	The Cathay United Jenai EMC USD Fixed Interest Allocation Bond	—	Current available-for-sale financial assets	-	5,978	-	5,978	

Note 1： Reference of fair value: If we refer to the price measured by cost, finance asset – non-current free-of-price in market and pursuant to the latest net equity; the book value of other bonds of finance asset as fair value; the availble-for-sale stock of finance asset is the closed price at end of 2016; its fund beneficiary certificate of available-for-sale finance asset is net fund price at the end of 2016; the security of available-for-sale finance asset-company bond is market price at the end of 2016.

Note 2：It has been accounted as loss of damage.

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

Lucky Cement Co., Ltd. and Subsidiaries

The Payment of Purchase/Sales with Related Parties Reaching NTD$100 Million or accounting for more than 20% of the paid-up Capital

January 1 to December 31, 2016

Shedule4

Unit: NTD$1,000

Company of Accounts Receivable	Transaction Counterpart	Relationship	Transaction Status				Status and Reasons of Difference between Transaction Condition and General Transaction		Accounts, Notes Receivable (Payable)		remarks
			Purchase (Sale)	Amount	Account for Purchase (Sale) Percentage to Total (%)	Credit Period	Unit Price	Credit Period	Balance	Accounts, Notes Receivable (Payable) Percentage to Total (%)	
LUCKY CEMENT CO.	Hsinfu pre-mixed company	subsidiaries	sales	($ 344,580)	(9.82)	about 90 days	quite	quite	Accounts receivable $ 21,725	4.01	ps.
LUCKY CEMENT CO.	Fuan Mining Co., Ltd.	other related parties	Purchase	225,509	15.99	about 90 days	quite	quite	Notes payable (89,899) Accounts payable (84,099)	(20.85) (19.51)	

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

Lucky Cement Co., Ltd. and Subsidiaries

Payment to Related Parties Payables Reaching NTD$100 Million or accounting for more than 20% of the paid-up Capital

December 31, 2016

Schedule 5

Unit: NTD$1,000

Company of Accounts Receivable	Transaction Counterpart	Relationship	Balance of Accounts Receivable due from Related Parties	Turnover Rate	Accounts Receivable past-due from Related Parties		Balance of Accounts Receivable due from Related Parties, Receive Amount after end of year	Address Amount of Allowance for Bad Debts
					Amount	Disposal Method		
LUCKY CEMENT CO.	DAI SHEN DEVELOPMENT CO.,LTD.	subsidiaries	Financing $ 317,331	—	$ -	—	$ 531	$ -

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

Lucky Cement Co., Ltd. and Subsidiaries

Information regarding to the name of invested company and the area it is situated

January 1 to December 31, 2016

Schedule6

Unit: NTD$1,000

investment company	Invested company	Address	Main business items	Original investment amount		Holding at end of year			Current (loss) profit of invested company	Investment (loss) profit accounted this year (Note 1)	remarks
				At the end of the period	end of last year	Number of shares	rate	Book Value			
LUCKY CEMENT CO.	DAI SHEN DEVELOPMENT CO.,LTD.	14F., No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Real Estate Sales & Lease	$ 1,877,473	$ 1,877,473	158,294,180	99.99	$ 2,304,465	($ 68,622)	($ 68,620)	note 3
	Hsinfu pre-mixed company	No.191, Sec. 1, Meishi Rd., Yangmei Dist., Taoyuan City 326, Taiwan (R.O.C.)	Pre-mix Concrete Manufacture & Trades	99,998	99,998	21,999,868	99.99	330,924	36,638	36,638	note 3
	Just Bright Ltd.		Investment Business	1,566	1,566	50,000	100.00	69,095	10,879	10,879	note 3
	LUCKYSHIP MARINE AGENCY CO., LTD	No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Shipping agent	8,615	8,615	5,499,929	99.99	34,398	(12,447)	(12,446)	note 3
	Lucky Cement Co. (Japan)	Aichi, Japan hekinan Yu Jin-Pu-cho 12 gu	Cement trading	84,959	84,959	200	100.00	26,976	3,782	3,782	note 3
	Hojen Harbor Company	, No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Invest and build up public construction	-	1,250	-	-	-	33	16	note 3 & 5
	ELUMINA Technology, Inc	12F., No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Manufacture and sale light-emitting diode products	93,384	93,384	9,338,400	70.59	-	(8,730)	(6,162)	note 2 & 4
Hsinfu pre-mixed company	Fuyu Development Company	No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Mine gravel	7,500	7,500	750,000	75.00	25,664	9,190	6,892	Note 3 note 3
ELUMINA Technology, Inc	ELUMINA HOLDING LIMITED	Beaufort House, P. O. Box 438, Road Town, Tortola, British Virgin Islands	Holding company	45,563	45,563	1,282,000	100.00	345	(116)	(116)	Note 3 note 3

Note 1：It has been calucated pursuant to the Accountant's reviewed financial statement.

Note 2：The book value aggregates to (minus) NTD$26,888,000 as of end of 2016, accounted as other liability.

Note 3：The book value of long-term equity investment, accounted investment profit/loss and net equity of the invested company have been written off in the prepared financial statement.

Note 4：The aggregated (minus) book value of long-term equity investment, accounted investment profit/loss and net equity of the invested company have been written off in the prepared financial statement.

Note 5：The company has been lidquidated and dismissed by passing the resolution in the Meeting of Shareholder in June of 2016 and concluded liquidation in September of 2016.

Note 6：Please refer to Shcedule 7 for the information regarding to the invested company in China.

Lucky Cement Co., Ltd. and Subsidiaries

China Investment

January 1 to December 31, 2016

Schedule 7

Unit：NTD1,000, unless otherwise noted

Invested company in China	major business	Paid-up capital	（Note 1） inventory type(note 1)	The amount of accumulated investment remitted from Taiwan at the beginning of the period（Note 4） note 4	Remittance or recovery of investment amount in this period		The amount of accumulated investment remitted from Taiwan at the end of the period	Current profit and loss of invested company(note 2)	The proportion of shares held by the Company directly or indirectly	Investmend (Loss) profit accounted this year（Note 2）	Book value of end-of-year investment（Note 2 ）	investment income has been remitted as of this period
					Remittance	Recovered						
Dong Rui (Xiamen) Company	Manufacture and sale light-emitting diode products	$ 80,631	(2)	$ 80,631	$ -	$ -	$ 80,631	（$ 224）	70.59%	（$ 158）	$ 268	$ -

Cumulative amount of investment from Taiwan investing China at end of this period	Investment Review Committee of the Ministry of Economic Affairs approved amount of investment	Upper limit of investment to China pursuant to regulation of Investment Review Committee of the Ministry of Economic Affairs（Note 3）note 3
USD$2522000	USD$1286000	$4,771,695×60%=$2,863,017

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

(1) Direct investment in China.

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

(3) Others.

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

Note 3： Calculated by the limits set forth in the “China Investment or Technic Cooperation & Review Principle” issued by Investment & Review Committee, 97.8.29.

Note 4： The dismissal has passed in the Headquarter’s Board of Directors on August 11, 2015 and liquidation & dismissal process was remains pending as of December 31, 2016.

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

Lucky Cement Co., Ltd. and Subsidiary

Business Relationship and Important Trades between Headquarter and Subsidiaries

January 1 to December 31, 2016

Schedule 8 Unit: NTD$1,000

no	Name of Trader	Subject in Trade	relations with trader (note 1)	State of Trade			
				account	amount	Condition of Trade	The ratio of total revenue or total assets (%)
0	LUCKY CEMENT CO.	Hsinfu pre-mixed company	1	Accounts receivable	$ 21,725	About 90 days	0.28
	LUCKY CEMENT CO.	Hsinfu pre-mixed company	1	Other receivables	86	About 90 days	-
	LUCKY CEMENT CO.	Hsinfu pre-mixed company	1	Cement pending in delivery and advance sales receipts	9,389	About 90 days	0.12
	LUCKY CEMENT CO.	Hsinfu pre-mixed company	1	Sales revenue	344,580	About 90 days	8.11
	LUCKY CEMENT CO.	Hsinfu pre-mixed company	1	Rent income	1,525	30 days	0.04
	LUCKY CEMENT CO.	Fuyu Development Company	1	Other receivables	3	About 90 days	-
	LUCKY CEMENT CO.	Fuyu Development Company	1	Notes payable	13,830	About 90 days	0.18
	LUCKY CEMENT CO.	Fuyu Development Company	1	Other payables	746	About 90 days	0.01
	LUCKY CEMENT CO.	Fuyu Development Company	1	Cost of sales	2,863	About 90 days	0.04
	LUCKY CEMENT CO.	Fuyu Development Company	1	Rent income	19,880	About 90 days	0.47
	LUCKY CEMENT CO.	Fuyu Development Company	1	Other income	1,200	30 days	0.03
	LUCKY CEMENT CO.	LUCKYSHIP MARINE AGENCY CO., LTD	1	Other receivables	4	About 90 days	-
	LUCKY CEMENT CO.	LUCKYSHIP MARINE AGENCY CO., LTD	1	Rent income	255	30 days	0.01
	LUCKY CEMENT CO.	DAI SHEN DEVELOPMENT CO.,LTD.	1	other financial assets - Financing Payment	316,800	Financing, did not express the repayment period	4.09
	LUCKY CEMENT CO.	DAI SHEN DEVELOPMENT CO.,LTD.	1	Other receivables	534	About 90 days	0.01
	LUCKY CEMENT CO.	DAI SHEN DEVELOPMENT CO.,LTD.	1	Rent income	80	30 days	-
	LUCKY CEMENT CO.	DAI SHEN DEVELOPMENT CO.,LTD.	1	Interest income	6,149	30 days	0.14
	司 LUCKY CEMENT CO.	Hojen Harbor Company	1	Rent income	8	30 days	-
1	Hsinfu pre-mixed company	Fuyu Development Company	1	Rent income	9,000	30 days	0.21
	Hsinfu pre-mixed company	DAI SHEN DEVELOPMENT CO.,LTD.	3	other financial assets-Financing Payment	40,000	Financing, did not express the repayment period	0.52
	Hsinfu pre-mixed company	DAI SHEN DEVELOPMENT CO.,LTD.	3	Accounts receivable	367	About 90 days	-
	Hsinfu pre-mixed company	DAI SHEN DEVELOPMENT CO.,LTD.	3	Other receivables	70	About 90 days	-
	Hsinfu pre-mixed company	DAI SHEN DEVELOPMENT CO.,LTD.	3	Sales revenue	947	About 90 days	0.02
	Hsinfu pre-mixed company	DAI SHEN DEVELOPMENT CO.,LTD.	3	Interest income	850	30 days	0.02

Note 1： The relationship with trading party is as follows:

1. Headquarter to subsidiary
2. Subsidiary to headquarter
3. Among subsidiarys

6 As the end of latest year and annual publication date of the Company and affiliated company, if there is any financial difficulty, it should be stated the influence for financial position of the Company: None.

VII. Examination analysis and risk matters of financial position and operating results

1. Financial position

Comparative analysis of financial position (consolidated)：

Unit：NTD$1000

item \ annual	the end of AD 2016	the end of AD 2015	different	
			amount	%
Current assets	$5,360,762	$5,212,763	$147,999	2.84
Property, plant and equipment	1,899,736	2,157,348	(257,612)	(11.94)
other assets	492,146	485,391	6,755	1.39
total assets	7,752,644	7,855,502	(102,858)	(1.31)
current liabilities	2,604,897	1,824,743	780,154	42.75
non-current liabilities	345,911	1,185,095	(839,184)	(70.81)
total liabilities	2,950,808	3,009,838	(59,030)	(1.96)
share capital	4,047,380	4,047,380	0	0.00
Capital surplus	8	8	0	0.00
retained earnings	696,907	728,106	(31,199)	(4.28)
equity interest	27,400	36,356	(8,956)	(24.63)
Non-controlling interests	30,141	33,814	(3,673)	(10.86)
Total Equity	4,801,836	4,845,664	(43,828)	(0.90)

1. Increase in current liabilities and decrease in non-current liabilities are due to the early repayment of long-term bank loans and the retirement pension.
2. Other decrease in equity is due to the increase in unrealized losses due to the sale of financial assets.

2. Operating results

Comparative analysis of operating results (consolidated)：

Unit：NTD$1000

	the end of AD 2016		the end of AD 2015		Amount of increase (decrease)	Percent of change (%)
	subtotal	total	subtotal	total		
total Operating revenue	$4,260,805		$5,032,265		(771,460)	(15.33)
minus: Sales discounts and allowances	9,744		10,912		(1,168)	(10.70)
net Operating revenue		$4,251,061		$5,021,353	(770,292)	(15.34)
Operating costs		3,588,568		4,115,087	(526,519)	(12.79)

Gross profit from operations		662,493		906,266	(243,773)	(26.90)
Operating expenses		236,273		281,937	(45,664)	(16.20)
Net other income (expenses)		106		14	92	657.14
Net operating income (loss)		426,326		624,343	(198,017)	(31.72)
Non-operating income and expenses		(24,996)		(8,019)	(16,977)	211.71
Pre-tax benefits (loss) of continuing business unit		401,330		616,324	(214,994)	(34.88)
Tax expense (income)		77,128		112,889	(35,761)	(31.68)
Net profit of continuing business unit this year		324,202		503,435	(179,233)	(35.60)
Loss from discontinued operations		(9,125)		(40,672)	31,547	(77.56)
Net profit after tax (Loss)		315,077		462,763	(147,686)	(31.91)
Other comprehensive income		(11,471)		114	(11,585)	(10,162.28)
total comprehensive income		303,606		$462,877	(159,271)	(34.41)

Increase or decrease in the proportion of variation analysis shows:

1. Operating margin and operating profit decrease in sales volume reduction system 2016 that allocation of fixed costs and increased raw material limestone special tax increase.
2. The decrease in net profit before and after tax is due to the decrease in sales income in 2016 and the increase of NT $ 60 per tonne of raw material tax.
3. The decrease of annual income tax in 2016 was mainly attributable to the decrease in pre-tax profit in 2016.

3. Cash flows

Consolidated examination and analysis of cash flows

Analysis of cash flows

Unit：NTD$1000

Cash at beginning of period	Net cash flow from operating activities throughout the year	Cash flow throughout the year	Cash surplus (insufficient) amount	Remedial measures for cash shortfall	
				Investment plan	Financial management plan
220,129	246,301	253,340	213,090	—	—

1. Analysis of change in cash flow of this year:
   (1) Operating activities: Net cash flows from (used in) operating activities NT$ 246301000 is mainly coming from the net profit before tax generated from business activity, NT$392205000.
   (2) Investment activities：Cash flows from (used in) investing activities NT$260675000 comes mainly from invest acquisition of available-for-sale financial assets NT$89789000, disposal of available-for-sale price of financial asset, NT$80706000, acquisition of real estate, plant and equipment NT$38183000, increase in other current assets NT$193119000 and increase in other non-current assets NT$38560000。
   (3) Financing activities: Net cash inflow from financing activities, NT$7594000, which is mainly coming from net added deposit in bank, NT$350,046,000and cash dividends paid

NT$344027000.

（4）The effect of exchange rate changes is due to cash outflow of $ 259 thousand.

2. Remedies and Liquidity Analysis of Insufficient Cash: None

3. Analysis of cash liquidity for the coming year:
Cash balance at the beginning of the year ①＝NT$2130900,00
Net cash flow from operating activities that is expected throughout the year ②＝NT$2593380,00
Estimated annual cash outflows ③＝NT$3394490,00
Expected cash surplus (insufficient) amount ①＋②－③＝NT$1329790,00

4.Impact of financial business of the large capital expenditures in latest year: None

5.The latest annual investment policy, the main reason of its gains and losses, it improvement plan and the investment plan in the next year

The investment policy of the Company in latest year is to develop related business associated with the business of the Company and expand range of operating to achieve vertical separation or horizontal integration, which can increase the operating niche.

The investment losses in 2016 is mainly recognized by DAI SHEN development Co., Ltd. and LUCKYSHIP MARINE AGENCY Co., Ltd.: the losses reason of DAI SHEN development Co., Ltd is the real estate not developing the construction plan which causes it has no operating revenue and needs to pay the interest expenditures of the phrase of developing. Currently, domestic real estate is impacted by real estate policy of government, and it causes the progress of development being slowly slightly. And due to LUCKYSHIP MARINE AGENCY Co., Ltd. has purchased ship to re-modify and increased operating costs, which cannot reach the breakeven point.

6. Analysis and evaluation of risk matters

（1）The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future ：

1). Exchange rate

Except for part of materials purchased from abroad, the rest materials are purchased in domestic, and the products are all sold domestically. So the foreign currency is not in large portion of all assets of the Company. As the end of 2016, the foreign currency liabilities amounted to 63,169,000 NTD, which is accounted for only 0.81% of all assets; the foreign exchange rate losses are 1,951,000 NTD in this year. In addition to having long-term tracking of international economic and financial changes, the Company reviews the risk for exposure of foreign currency of the Company from time to time, regards the trend which may change in the future to plan foreign currency demand, avoids or reduces the possible risks to decrease the risks for changing of exchange rate. The financial hedging risk management of the Company is to avoid most market prices of cash flow risks.

2). Interest：

Except long/short-term borrowings in early period have been paid on time, the Company had other parts of long-term borrowings paid early in 2016, so the amount of long-term borrowings decreased 559,512,000 than the end of 2015. The annual interest expenditures are 31,239,000 NTD, and the interest expenditures are 0.73% of the net revenue. Because the fluctuations of interest rate are closely related to the economic prosperity, the current financial structure of the Company is still safe. There is unlike probability for increasing interest rate in short time, when the global economy is in the doldrums. To ensure and decrease the increasing expenditures of interest rate in possible caused by interest rate increasing in the future, in addition to continuing to improve financial structure, the Company will take more careful and more effective financial plan and using measures.

3). Inflation:

The Company has positive correlation between product price and inflation, so the impact of gains or losses for the Company won't be too much.

（2）The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:：

The Company has no high-risk and highly leveraged investment. If there is any acquisition or disposal of large assets, loans to others, endorsements and guarantees and derivative products, they should follow the policies and procedures of "Procedures of acquisition or disposal assets", "Procedures of loans to others", "Procedures of endorsements and guarantees" and "Procedures of derivative products".

（3）Research and development work to be carried out in the future, and further expenditures expected for research and development work:：

The Company is cement manufacturing industry, so the products are used for general building materials; the future direction of the Company is to actively optimize production equipment, improve the operation rate, improve the quality of products and provide better goods service to clients.

（4）Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:：

1. With the policies and Acts, such as company governing, 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 Act, 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.。

（5）**Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response:：**

The products of the Company are used for general public works and civil construction projects; but the construction methods and inspection standard have not changed largely, there is no impact for financial business of the Company.

（6）**Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response:**

The Company has operating principles in steady and conservative and attentions to the image and risk management, so there is no any foreseeable crisis.

（7）**Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: None.**。

（8）**Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: None.**

（9）**Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken: None.：**

The Company knows the risk of focusing on purchase/sales, so the purchase has adopted diversified procurement policy, and there is no focus on purchase from the same supplier. There are also many risks of diversification of purchase, and it is encouraged to have loan collection and accrued interest calculation; expect there are some parts given credit from the affiliates of the Company after assessment of the operating and financial statements of the domestic listed (cabinet) company, the rest parts are mainly according to the characteristics of the industry market transactions and pre-payment. Therefore, the Company’s method of assessment for the risk of recovery accounts in the part of listed (cabinet) company and the affiliates of the Company is good in accordance with the recently five years of accounts recovery condition, so it is not prepared to list for the bad debts; for the clients parts of pre-payment, due to there is no claims, it has no assessment for the discounted bill received by the Company; after there are claims after clients delivery, if there is any discounted bill which has not redeemed, the Company has to prepare to list the bad debts for the non-redeemed.。

（10）**Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: None。**

（11）**Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: None.**

（12）**Litigious and non-litigious matters: None。**

（13）**Other important risks, and mitigation measures being or to be taken:：**

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 President acts as the host to convene owners of units including but not limited to business department and factories to review the company's operations and production and marketing issues for current month, tracing the implementation of the budget and developing improvement program.

2. Meeting of the Head：

The President convenes Level 1 supevisors of each unit to attend the monthly meeting and each unit presents business situation in the meeting, in addition to review, tracing 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:

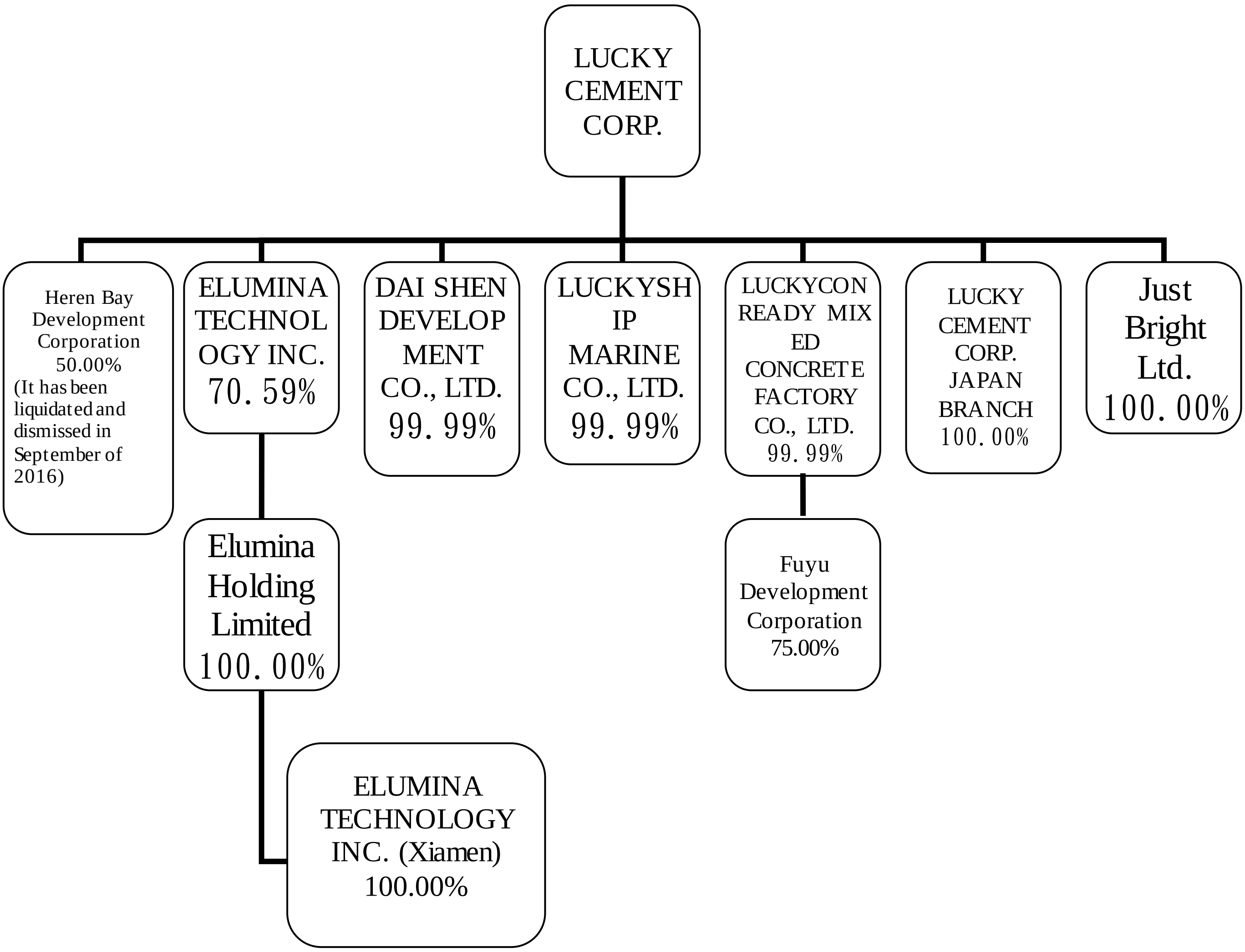
For the purposes of handling any material emergent event and reducing any potential damages, the Company develops “Emergency Reporting System Measures”, a guideline of reporting process and on-site contingency treatment for each unit and staffs of the Company.

6. Other important matters: None

VIII.Special items

1. Information related to the Company's affiliates

(1). Organization chart of the affiliates



(2).Basic information of each affiliative company

Name	Date of establishment	Address	Paid-up Capital	Major business or product
DAI SHEN DEVELOPMENT CO.,LTD.	December, 1969	114F.-1, No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	NT$1583000000	Construction
LUCKYSHIP MARINE AGENCY CO., LTD	July, 1993	No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	NT$55000000	Shipping agent Ship shipping industry
Hsinfu ready - mixed concrete plant (Co.) Ltd.	May, 1993	No.191, Sec. 1, Meishi Rd., Yangmei Dist., Taoyuan City 326, Taiwan (R.O.C.)	NT$220000000	Pre-mix Concrete Manufacture & Trades
Lucky Cement Co. (Japan)	June, 1987	Aichi, Japan hekinan Yu Jin-Pu-cho 12 gu	￥10000000	Cement trading
Just Bright Ltd.	December, 2000	Tropic Isle Building,Po Box438,RoadTwon,Tortola, British Virgin Islands	US$50,000	investment business
Hojen Harbor Development (Co.) Ltd.	January, 2001	Has proceeded in liquidation and dismissed in September , 2016		Invest and build up public construction
ELUMINA Technology, Inc	March, 2001	12F, No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	NT$132300000	Manufacture and sale light-emitting diode products
Elumina Holding Limited	November, 2001	Beaufort House,P.O.Box438, Road Town, Tortola, British Virgin Islands	US$1500000 （NT$44,135000）	investment business

Dongrui (Xiamen) Co.	December, 2001	No. 6, Yangho S. Rd., Hsinyang Industrial Zone, Haitsang Dist., Xiamen City, Fujen Province	US$2,520,000 (NT$80,630,000)	Manufacture and sale light-emitting diode products
Fuyu Development (Co.) Ltd.	November, 2007	13F, No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	NT$10,000,000 $10000000	Earthworks

(3). The same shareholder's information whch is assumed having a relationship of control and subordination: None

(4). The information of directors and supervisors of each affiliative company

December 31, 2016

company name	title	Name	Share held	
			Number of shares	Proportion of shares
DAI SHEN DEVELOPMENT CO.,LTD.	Chairman	Chen, Liang-Chuan（LUCKY CEMENT CO.）	158,294,180	99.99%
	director	Hsiao, Jin-Chi（LUCKY CEMENT CO.）	158,294,180	99.99%
	director	Chen, Yun-Ru（LUCKY CEMENT CO.）	158,294,180	99.99%
	Supervisor	Lin, Cheng-Liang	—	—
LUCKYSHIP MARINE AGENCY CO., LTD	Chairman	Chen, Liang-Chuan（LUCKY CEMENT CO.）	5,499,929	99.99%
	director	Kuo, Ching-Shui（LUCKY CEMENT CO.）	5,499,929	99.99%
	director	Chen, Yun-Ru（LUCKY CEMENT CO.）	5,499,929	99.99%
	Supervisor	Wen, Xiu-Ju	—	—
Hsinfu Pre-mix Concrete Plant (Co.) Ltd.	Chairman	Chen, Liang-Chuan（LUCKY CEMENT CO.）	21,999,868	99.99%
	director	Chen, Yun-Ru（LUCKY CEMENT CO.）	21,999,868	99.99%
	director	Wen, Xiu-Ju（LUCKY CEMENT CO.）	21,999,868	99.99%
	Supervisor	Lin, Cheng-Liang（Jinli Investment）	22	0.01%
Lucky Cement Co. (Japan)	Chairman	Chen, Liang-Chuan（LUCKY CEMENT CO.）	200	100.00%
	director	Chen, Yun-Ru（LUCKY CEMENT CO.）	200	100.00%
	director	Wen, Xiu-Ju（LUCKY CEMENT CO.）	200	100.00%
	Supervisor	Lin, Chia-Huei（LUCKY CEMENT CO.）	200	100.00%
Just Bright Ltd.	director	Chen, Liang-Chuan（LUCKY CEMENT CO.）	50,000	100.00%
Hojen Harbor Development (Co.) Ltd.	Has proceeded in liquidation and dismissed in September , 2016			
ELUMINA Technology, Inc	Chairman	Chen, Yun-Ru（Likuang Construction）	880	0.01%
	director	Hsiao, Jin-Chi（LUCKY CEMENT CO.）	9,338,400	70.59%
	director	Lin, Cheng-Liang（Futong Vehicle）	1,525,680	11.53%

	Supervisor	Lin, Chia-Huei	—	—
Elumina Holding Limited	director	Hsiao, Jin-Chi ELUMINA Technology, Inc）	2,291,500	100.00%
Dongrui (Xiamen) Co. Dongrui (Xiamen) Co.	director	Hsiao, Jin-Chi（Elumina Holding）	—	100.00%
	director	Chen, Kuan-Ming (Elumina Holding）	—	100.00%
	director	Lin, Cheng-Liang（Elumina Holding）	—	100.00%
Fuyu Development (Co.) Ltd.	Chairman	Chen, Ching-Hong (Hsinfu Pre-mix)	750,000	75.00%
	director	Chen, Jun-Jen (Hsinfu Pre-mix)	750,000	75.00%
	director	Lin, Han-Lang	250,000	25.00%
	Supervisor	Chang, Long-Hsiung	—	—

(5). The industries of business for the overall affiliative companies

1）The manufacture, processing and sale of cement and cement products
2）The mining, manufacture, processing and sale of cement materials, cement products and each minerals
3）Construction industry
4）Shipping transport industry
5）The production and sale of pre-mix concrete
6）Investment business
7）Investment of constructing public construction
8）Electronic manufacturing
9）Shipping agency industry
10）Soil and stone mining industry

(6)Overview of operating of each affiliative companies

Unit: NTD1,000; surplus per share (NTD)

December 31, 2016

Company name	Capital	Total assets	Total liabilities	net	Operating revenue		Current profit and loss (net of tax)	earnings per share (net of tax)(NT$)
DAI SHEN DEVELOPMENT CO.,LTD.	1,583,000	3,237,845	933,296	2,304,549	114	(48,121)	(62,881)	(0.40)
LUCKYSHIP MARINE AGENCY CO., LTD	55,000	93,119	60,620	32,499	40,910	(14,193)	(12,447)	(2.3)
Hsinfu Pre-mix	220,000	461,958	131,032	330,926	801,420	25,353	31,340	1.42
Lucky Cement Co. (Japan)	85,449	41,530	14,554	26,976	95,211	3,803	3,782	—
Just Bright Ltd.	1,566	69,095	0	69,095	—	(55)	10,881	—
Hojen Harbor Development	0	0	0	0	—	(20)	33	0.132
ELUMINA Technology, Inc	132,300	2,229	7,619	(5,390)	0	(8,775)	(8,730)	(0.66)
Elumina Holding Limited	44,135	332	0	332	—	0	116	—

Dongrui (Xiamen) Co.	80,630	268	0	268	0	(224)	(224)	—
Fuyu Development	10,000	54,630	20,412	34,218	154,023	11,767	9,190	9.19

(7)Consolidated financial statements of affiliative companies

State of consolidated financial statements of affiliative companies

The Company follows " Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", which states that the company which needs to include in consolidated financial statements of affiliative companies, and IFRS 10,which states that the company which needs to include in consolidated financial statements of parent company and subsidiary ; they are the same company; and the consolidated financial statements of affiliative companies should disclose related information on consolidated financial statements of parent company and subsidiary which has been disclosed, so the Company will not have further preparation for consolidated financial statements of affiliative companies.

Hereby declare

Name of Company：Lucky Cement Co., Ltd.

Owner: Chen, Liang-Chuan

March 30, 2017

2.The situation of private equity securities in latest years and end of annual publication date: None

3.The situation for the acquisition or disposal of the shares of the Company in the latest years and end of annual publication date: None.

4.Other necessary supplementary note: None.

IX The significant effect on shareholders' equity and securities prices in the latest years and end of annual publication date: None.

Lucky Cement Co., Ltd.

President Chen, Liang-Chuan