Stock Code：1108

# Lucky Cement Corporation and Subsidiaries

## Consolidated Financial Statements for the Years Ended December 31, 2015 and 2014 and Independent Auditors' Report



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REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Lucky Cement Corporation as of and for the year ended December 31, 2015, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Lucky Cement Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Lucky Cement Corporation

By

Chen, Liang-Chuan
Chairman
March 28, 2016

## Independent Auditors' Report

The Board of Directors and Shareholders
Lucky Cement Corporation

We have audited the accompanying consolidated financial statements of Lucky Cement Corporation and subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2015 and 2014, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended. The preparation of the consolidated financial statements is the responsibility of the management. The responsibility of the certified public accountants is to express opinions on the consolidated financial statements based on the audit results.

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China in order to reasonably believe that the consolidated financial statements are free from material misstatement. The audit work included spot checks to obtain the amounts listed in the consolidated financial statements and the audit evidence of the disclosed issues, assessing the accounting principles adopted by the management in the preparation of the consolidated financial statements, and making significant accounting estimates, and evaluating the overall expression of the consolidated financial statements. We believes that this check can provide a reasonable basis for the opinions expressed.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2015 and 2014, and its consolidated financial performance and its consolidated cash flows for the years then ended on accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards(IFRS), International Accounting Standards(IAS), IFRIC Interpretations(IFRIC), and SIC Interpretations(SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

We have also audited the parent company only financial statements of Lucky Cement Corporation for the years ended December 31, 2015 and 2014 on which we have issued an unmodified opinion.

Deloitte & Touche

| | | |
|---|---|---|
| Accountants Huang, Hai-Yue | | Accountants Wu, En-Ming |
| The approval number of Securities and Futures Commission<br>No. 0920131587<br>of Taiwan-Finance-Securities | & | The approval number of Securities and Futures Commission<br>No. 0920123784<br>of Taiwan-Finance-Securities |

March 28, 2016

Lucky Cement Corporation and Subsidiaries

Consolidated Balance Sheets

December 31, 2015 and 2014

In Thousands of New Taiwan Dollars

| Code | Assets | December 31, 2015 Amount | % | December 31, 2014 Amount | % |
|---|---|---|---|---|---|
| | Current Assets | | | | |
| 1100 | Cash（Note 4 & 6） | $ 220,129 | 3 | $ 261,107 | 3 |
| 1125 | Available-for-sale financial assets（Note 4 & 7） | 177,052 | 2 | 141,895 | 2 |
| 1150 | Notes receivable, net (Note 4, 5, 8 & 29） | 442,341 | 5 | 584,884 | 7 |
| 1160 | Notes receivable due from related parties, net (Note 4, 5, 8 & 28） | 199 | - | 1,903 | - |
| 1170 | Accounts receivable, net（Note 4, 5 & 8） | 460,296 | 6 | 557,441 | 6 |
| 1180 | Accounts receivable due from related parties, net (Note 4, 5, 8 & 28） | - | - | 11 | - |
| 130X | Inventories (Note 4, 5, 9 & 29） | 3,508,275 | 45 | 3,570,708 | 43 |
| 1200 | Other receivable（Note 4 & 28） | 5,087 | - | 3,817 | - |
| 1220 | Current tax assets（Note 4 & 22） | 54 | - | 85 | - |
| 1410 | Prepayments（Note 11） | 209,909 | 3 | 205,124 | 2 |
| 1470 | Other current assets（Note 12 & 29） | 189,421 | 2 | 234,595 | 3 |
| 11XX | Total Current Assets | 5,212,763 | 66 | 5,561,570 | 66 |
| | Non-Current Assets | | | | |
| 1543 | Non-current financial assets at cost（Note 13 & 29） | 42,766 | 1 | 56,266 | 1 |
| 1600 | Property, plant, and equipment（Note 4, 14 & 29） | 2,157,348 | 27 | 2,300,176 | 27 |
| 1840 | Deferred tax assets（Note 4 & 22） | 151,023 | 2 | 130,512 | 2 |
| 1920 | Guarantee deposits paid | 93,695 | 1 | 93,936 | 1 |
| 1990 | Other non-current assets（Note 15 & 29） | 197,907 | 3 | 220,819 | 3 |
| 15XX | Total Non-Current Assets | 2,642,739 | 34 | 2,801,709 | 34 |
| 1XXX | Total Assets | $ 7,855,502 | 100 | $ 8,363,279 | 100 |

| Code | Liabilities and Equity | December 31, 2015 Amount | % | December 31, 2014 Amount | % |
|---|---|---|---|---|---|
| | Current Liabilitie | | | | |
| 2100 | Short-term borrowings（Note 16 & 29） | $ 364,721 | 5 | $ 395,113 | 5 |
| 2110 | Short-term notes and bills payable（Note 16 & 29） | 49,950 | 1 | 108,683 | 1 |
| 2150 | Notes payable（Note 17） | 190,379 | 2 | 313,962 | 4 |
| 2160 | Notes payable to related parties（Note 17 & 28） | - | - | 51 | - |
| 2170 | Accounts payable（Note 17） | 205,547 | 3 | 224,162 | 3 |
| 2180 | Accounts payable to related parties（Note 17 & 28） | 10,012 | - | 6,742 | - |
| 2219 | Other payables（Note 18 & 28） | 250,828 | 3 | 197,092 | 2 |
| 2230 | Current tax liabilities（Note 4 & 22） | 136,076 | 2 | 13,068 | - |
| 2320 | Long-term liabilities, current portion（Note 16 & 29） | 406,250 | 5 | 793,428 | 10 |
| 2310 | Advance receipts（Note 27） | 194,815 | 2 | 261,617 | 3 |
| 2399 | Other current liabilities（Note 28） | 16,165 | - | 19,899 | - |
| 21XX | Total Current Liabilities | 1,824,743 | 23 | 2,333,817 | 28 |
| | Non-Current Liabilities | | | | |
| 2540 | Long-term borrowings（Note 16 & 29） | 694,850 | 9 | 912,800 | 11 |
| 2640 | Net defined benefit liability（Note 4 & 19） | 348,224 | 4 | 350,740 | 4 |
| 2645 | Guarantee deposits received | 27,951 | - | 26,067 | - |
| 2655 | Shareholder accounts（Note 28） | 45,800 | 1 | 45,800 | 1 |
| 2570 | Deferred tax liabilities（Note 4 & 22） | 68,270 | 1 | 78,941 | 1 |
| 25XX | Total Non-Current Liabilities | 1,185,095 | 15 | 1,414,348 | 17 |
| 2XXX | Total Liabilities | 3,009,838 | 38 | 3,748,165 | 45 |
| | Equity Attributable to the Owner Company（Note 20） | | | | |
| 3110 | Ordinary share | 4,047,380 | 52 | 4,047,380 | 49 |
| 3200 | Capital surplus | 8 | - | - | - |
| | Retained earnings | | | | |
| 3310 | Legal reserve | 87,760 | 1 | 49,806 | 1 |
| 3320 | Special reserve | 14,135 | - | 14,135 | - |
| 3350 | Un-appropriated retained earnings | 626,211 | 8 | 445,049 | 5 |
| 3300 | Total Retained Earnings | 728,106 | 9 | 508,990 | 6 |
| 3400 | Other Equity | 36,356 | - | 28,252 | - |
| 31XX | Total Equity Attributable to Owners of Parent | 4,811,850 | 61 | 4,584,622 | 55 |
| 36XX | Non-Controlling Interests | 33,814 | 1 | 30,492 | - |
| 3XXX | Total Equity | 4,845,664 | 62 | 4,615,114 | 55 |
| | Total Liabilities and Equity | $ 7,855,502 | 100 | $ 8,363,279 | 100 |

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

# Lucky Cement Corporation and Subsidiaries
## Consolidated Statements of Comprehensive Income
## For the Years Ended December 31, 2015 and 2014

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

| Code | | 2015 Amount | 2015 % | 2014 Amount | 2014 % |
|---|---|---|---|---|---|
| | Operating Revenue（Note 4 & 28） | | | | |
| 4110 | Sales revenue | $ 5,032,265 | 100 | $ 5,083,836 | 100 |
| 4190 | Less：Sales discounts and allowances | 10,912 | - | 8,253 | - |
| 4100 | Net sales revenue | 5,021,353 | 100 | 5,075,583 | 100 |
| 5000 | Operating costs（Note 9, 21 & 28） | 4,115,087 | 82 | 4,336,946 | 86 |
| 5900 | Gross Profit from operations | 906,266 | 18 | 738,637 | 14 |
| | Operating expenses（Note 21 & 28） | | | | |
| 6100 | Selling expense | 135,878 | 3 | 129,842 | 2 |
| 6200 | Administrative expenses | 146,059 | 3 | 134,413 | 3 |
| 6000 | Total Operating Expenses | 281,937 | 6 | 264,255 | 5 |
| 6500 | Net other income(expenses)（Note 21） | 14 | - | 59 | - |
| 6900 | Net operating income | 624,343 | 12 | 474,441 | 9 |
| | Non-Operating Income and Expense（Note 4, 21 & 28） | | | | |
| 7100 | Interest income | 2,797 | - | 2,890 | - |
| 7110 | Rent income | 9,719 | - | 8,116 | - |
| 7190 | Other income | 19,568 | - | 17,424 | - |
| 7225 | Gain or loss on disposals of investments | 34,143 | 1 | 44,599 | 1 |
| 7230 | Foreign exchange gains or loss | 877 | - | ( 5,271) | - |
| 7590 | Miscellaneous disbursements | ( 24,996) | - | ( 12,607) | - |
| 7670 | Impairment loss | ( 7,500) | - | - | - |
| 7510 | Total Non-Operating Income and Expenses | ( 42,627) | ( 1) | ( 56,307) | ( 1) |
| 7000 | Miscellaneous disbursements | ( 8,019) | - | ( 1,156) | - |

(To be continued)

(Continued)

| Code | | 2015 Amount | 2015 % | 2014 Amount | 2014 % |
|---|---|---|---|---|---|
| 7900 | Profit (loss) from continuing operations before tax | 616,324 | 12 | 473,285 | 9 |
| 7950 | Tax expense（Note 4 & 22） | 112,889 | 2 | 70,993 | 1 |
| 8000 | Profit from continuing operations | $ 503,435 | 10 | $ 402,292 | 8 |
| 8100 | Profit (loss) from discontinued operations（Note 4 & 23） | ( 40,672 ) | ( 1 ) | ( 35,225 ) | ( 1 ) |
| 8200 | Profit | 462,763 | 9 | 367,067 | 7 |
| | Other comprehensive income | | | | |
| 8310 | Items that will not be reclassified subsequently to profit or loss: | | | | |
| 8311 | Re-measurement of defined benefit plans（Note 19） | ( 8,202 ) | - | 14,637 | - |
| 8360 | Components of other comprehensive income that will be reclassified to profit or loss： | | | | |
| 8361 | Exchange differences on translation | 1,426 | - | 1,239 | - |
| 8362 | Unrealized gains (losses) on valuation of available-for-sale financial assets | 6,890 | - | ( 4,101 ) | - |
| 8300 | Other comprehensive income or loss, net | 114 | - | 11,775 | - |
| 8500 | Total comprehensive income | $ 462,877 | 9 | $ 378,842 | 7 |
| | Profit (loss), attributable to： | | | | |
| 8610 | Attributable to owner of parent | $ 470,161 | 9 | $ 379,540 | 7 |
| 8620 | Attributable to non-controlling interests | ( 7,398 ) | - | ( 12,473 ) | - |
| 8600 | | $ 462,763 | 9 | $ 367,067 | 7 |

(To be continued)

(Continued)

| Code | | 2015 Amount | 2015 % | 2014 Amount | 2014 % |
|---|---|---|---|---|---|
| | Comprehensive income attributable to: | | | | |
| 8710 | Attributable to owner of parent | $ 470,063 | 9 | $ 390,167 | 7 |
| 8720 | Attributable to non-controlling interests | ( 7,186 ) | - | ( 11,325 ) | - |
| 8700 | | $ 462,877 | 9 | $ 378,842 | 7 |
| | Earnings per share（Note 24） | | | | |
| | From continuing operations and discontinuing operations | | | | |
| 9750 | Basic | $ 1.16 | | $ 0.94 | |
| 9850 | Diluted | $ 1.15 | | $ 0.93 | |
| | From continuing operations | | | | |
| 9710 | Basic | $ 1.23 | | $ 0.99 | |
| 9810 | Diluted | $ 1.22 | | $ 0.98 | |

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

Lucky Cement Corporation and Subsidiaries

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2015 and 2014

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

| | | Equity Attributable to Shareholders of the Parent (Note20) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Retained Earnings | | | Others | | | | |
| Code | | Share Capital | Capital Surplus | Legal Reserve | Special Reserve | Un-appropriated Retained Earnings | Exchange differences on translation of foreign financial statements | Unrealized gains (losses) on available-for-sale financial assets | Total | Non-controlling Interests (Note 19) | Total Equity |
| A1 | Balance, January 1, 2014 | $ 4,047,380 | $ 7 | $ 31,862 | $ 14,135 | $ 263,852 | ($ 8,093) | $ 40,355 | $ 4,389,498 | $ 13,906 | $ 4,403,404 |
| | 2013 Appropriation and Distribution of Retained Earnings： | | | | | | | | | | |
| B1 | Legal Reserve | - | - | 17,944 | - | ( 17,944) | - | - | - | - | - |
| B5 | Cash Dividends－NT$ 0.45 Per Share | - | - | - | - | ( 182,132) | - | - | ( 182,132) | - | ( 182,132) |
| C7 | Changes in equity of associates and joint ventures accounted for using equity method | - | ( 7) | - | - | 7 | - | - | - | - | - |
| M5 | Difference between consideration and carrying amount of subsidiaries disposed | - | - | - | - | ( 12,911) | - | - | ( 12,911) | 27,911 | 15,000 |
| D1 | Net income in 2014 | - | - | - | - | 379,540 | - | - | 379,540 | ( 12,473) | 367,067 |
| D3 | Other comprehensive income (loss) in 2014 | - | - | - | - | 14,637 | 82 | ( 4,092) | 10,627 | 1,148 | 11,775 |
| D5 | Total comprehensive income (loss) in 2014 | - | - | - | - | 394,177 | 82 | ( 4,092) | 390,167 | ( 11,325) | 378,842 |
| Z1 | Balance, December 31, 2014 | 4,047,380 | - | 49,806 | 14,135 | 445,049 | ( 8,011) | 36,263 | 4,584,622 | 30,492 | 4,615,114 |
| | 2014 Appropriation and Distribution of Retained Earnings` | | | | | | | | | | |
| B1 | Legal Reserve | - | - | 37,954 | - | ( 37,954) | - | - | - | - | - |
| B5 | Cash Dividends－NT$ 0.6 Per Share | - | - | - | - | ( 242,843) | - | - | ( 242,843) | - | ( 242,843) |
| C7 | Changes in equity of associates and joint ventures accounted for using equity method | - | 8 | - | - | - | - | - | 8 | ( 8) | - |
| O1 | Changes in non-controlling interests | - | - | - | - | - | - | - | - | 10,516 | 10,516 |
| D1 | Net income (loss) in 2015 | - | - | - | - | 470,161 | - | - | 470,161 | ( 7,398) | 462,763 |
| D3 | Other comprehensive income (loss) in 2015 | - | - | - | - | ( 8,202) | 1,218 | 6,886 | ( 98) | 212 | 114 |
| D5 | Total comprehensive income (loss) in 2015 | - | - | - | - | 461,959 | 1,218 | 6,886 | 470,063 | ( 7,186) | 462,877 |
| Z1 | December 31, 2015 餘額 | $ 4,047,380 | $ 8 | $ 87,760 | $ 14,135 | $ 626,211 | ($ 6,793) | $ 43,149 | $ 4,811,850 | $ 33,814 | $ 4,845,664 |

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

Lucky Cement Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2015 and 2014

In Thousands of New Taiwan Dollars

| Code | | 2015 | 2014 |
|---|---|---|---|
| | Cash Flow from Operating Activities | | |
| A00010 | Profit from continuing operations before tax | $ 616,324 | $ 473,285 |
| A00020 | loss from discontinued operations before tax | ( 40,672 ) | ( 35,225 ) |
| A10000 | Profit before Tax | 575,652 | 438,060 |
| A20000 | Adjustments: | | |
| A20300 | Provision for bad debt expense | 19,719 | 1,737 |
| A20100 | Depreciation expense | 342,624 | 327,333 |
| A20200 | Amortization expense | 26,319 | 56,687 |
| A23500 | Impairment loss on financial assets | 7,500 | - |
| A20900 | Interest expense | 43,219 | 58,351 |
| A21200 | Interest income | ( 2,799 ) | ( 2,894 ) |
| A21300 | Dividend income | ( 12,145 ) | ( 6,546 ) |
| A22500 | Loss (gain) on disposal of property, plant and equipment | 9,686 | ( 59 ) |
| A23100 | Loss (gain) on disposal of investments | ( 34,247 ) | ( 44,621 ) |
| A30000 | Changes in operating assets and liabilities | | |
| A31130 | Notes receivable | 142,543 | 2,962 |
| A31140 | Notes receivable due from related parties | 1,704 | ( 1,803 ) |
| A31150 | Accounts receivable | 77,426 | ( 15,030 ) |
| A31160 | Accounts receivable due from related parties | 11 | 3,791 |
| A31180 | Other receivable | ( 1,892 ) | 1,983 |
| A31200 | Inventories | 62,433 | 57,041 |
| A31230 | Prepayments | ( 4,785 ) | 11,793 |
| A31240 | Other current assets | ( 7,734 ) | ( 499 ) |
| A32130 | Notes payable | ( 123,583 ) | ( 13,689 ) |
| A32140 | Notes payable to related parties | ( 51 ) | ( 105 ) |
| A32150 | Accounts payable | ( 18,615 ) | 6,458 |
| A32160 | Accounts payable to related parties | 3,270 | 4,786 |
| A32180 | Other payable | 54,419 | ( 8,445 ) |
| A32210 | Receipts in advance | ( 66,802 ) | 25,725 |
| A32230 | Other current liabilities | ( 3,734 ) | 8,361 |
| A32240 | Net defined benefit liability | ( 10,718 ) | ( 13,547 ) |

(To be continued)

(Continued)

| Code | | 2015 | 2014 |
|---|---|---|---|
| A33000 | Cash inflow generated from operations | 1,079,420 | 897,830 |
| A33100 | Interest received | 3,422 | 2,935 |
| A33300 | Interest paid | ($ 43,635) | ($ 59,483) |
| A33500 | Income taxes paid | ( 21,063) | ( 10,127) |
| AAAA | Net cash flows from (used in) operating activities | 1,018,144 | 831,155 |
| | Cash Flow from Investing Activities | | |
| B00300 | Acquisition of available-for-sale financial assets | ( 157,897) | ( 51,653) |
| B00400 | Proceeds from disposal of available-for-sale financial asset | 163,877 | 57,116 |
| B01400 | Proceeds from capital reduction of financial assets at cost | 6,000 | 6,133 |
| B02700 | Acquisition of property, plant and equipment | ( 210,429) | ( 192,747) |
| B02800 | Proceeds from disposal of property, plant and equipment | 1,568 | 59 |
| B03800 | Increase in refundable deposits | 241 | ( 2,592) |
| B06600 | Decrease (increase) in other financial assets | 52,938 | 49,010 |
| B06800 | Decrease (increase) in other non-current assets | ( 3,407) | ( 71,651) |
| B07600 | Dividends received | 12,145 | 6,546 |
| BBBB | Net cash flows from (used in) investing activities | ( 134,964) | ( 199,779) |
| | Cash flows from (used in) financing activities | | |
| C00100 | Increase (decrease) in short-term loans | ( 30,392) | ( 215,317) |
| C00600 | Increase (decrease) in short-term notes and bills payable | ( 59,000) | ( 10,000) |
| C01600 | Proceeds from long-term debt | 286,850 | 268,000 |
| C01700 | Repayments of long-term debt | ( 891,978) | ( 456,217) |
| C03000 | Increase in guarantee deposits received | 1,884 | 2,050 |
| C04500 | Cash dividends paid | ( 242,843) | ( 182,132) |
| C05800 | Change in non-controlling interests | 10,516 | 15,000 |
| C09900 | Other financing activities | - | ( 10,000) |
| CCCC | Net cash flows from (used in) financing activities | ( 924,963) | ( 588,616) |
| DDDD | Effect of exchange rate changes on cash | 805 | 1,774 |
| EEEE | Net increase (decrease) in cash | ( 40,978) | 44,534 |
| E00100 | Cash at beginning of period | 261,107 | 216,573 |
| E00200 | Cash at end of period | $ 220,129 | $ 261,107 |

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

Lucky Cement Corporation and Subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2015 and 2014
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

**1. Company History**

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

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

**2. The Date and Procedure of Financial Report**

The accompanying consolidated financial statements were reported to the Board of Directors and issued on March 28, 2016.

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

(1) Criteria Governing the Preparation of Financial Reports by securities issuer and Financial Supervisory Commission approved the International Financial Reporting Standards (IFRS) issued in 2013, International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standing Interpretation Committee (SIC).

According to Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC, the 2013 IFRSs version and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers should be adopted by the Group starting 2015.
Except for the following explanations, it applied the amendments to Criteria Governing the Preparation of Financial Reports by securities issuer and the 2013 IFRSs regulations will not affect the Group's accounting policy.

A. The amendments to IAS 1, "Presentation of other comprehensive income"
According to the amendments to IAS 1, the items of other comprehensive income are grouped into two categories: ① items

that may not be reclassified subsequently to profit or loss; and ② items that may be reclassified subsequently to profit or loss when specific conditions are met. In addition, income tax on items of other comprehensive income is also required to be allocated on the same basis.

Retrospective application of the above amendments by the Group in 2015, the items that may not be reclassified subsequently to profit or loss include remeasurement of defined benefit plans. Items that may be reclassified subsequently to profit or loss include exchange differences arising on translation of foreign operations in financial statements, unrealized gains (losses) on available-for-sale financial assets and the share of other comprehensive income of associates and joint ventures accounted for using equity method (except the share of the remeasurement of defined benefit plans). However, the application of the aforesaid amendments does not affect the net profit, other comprehensive income after tax and the comprehensive income for the year.

(2) The IFRSs issued by IASB but not endorsed by FSC

The Group does not apply the following IFRSs issued by the IASB but not yet endorsed by the FSC. The FSC announced the scope of accredited IFRSs on March 10, 2016 that have been issued by IASB before January 1, 2016 and will be applied from January 1, 2017 (excluding IFRS 9 "Financial Instruments" and IFRS 15 " Revenue from Contracts with Customers" and other IFRSs that have not yet in force or the effective date has not been determined. In addition, the FSC also announced that the public companies should begin applying IFRS 15 from 2018 in Republic of China. As of the date that the consolidated financial statements were authorized for issue, the initial adoption to the following standards and interpretations is still subject to the effective date to be published by the FSC.

| New, Revised or Amended Standards and Interpretations | Effective Date Issued by IASB (Note 1) |
|---|---|
| Annual Improvements to IFRSs 2010 - 2012 Cycle | July 1, 2014（Note 2） |
| Annual Improvements to IFRSs 2011 - 2013 Cycle | July 1, 2014 |
| Annual Improvements to IFRSs 2012 - 2014 Cycle | January 1, 2016（Note 3） |
| IFRS 9 Financial Instruments | January 1, 2018 |
| Amendments to IFRS 9 and IFRS 7 Mandatory Effective Date of IFRS 9 and Transition Disclosure | January 1, 2018 |
| Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Effective date to be determined by IASB |
| Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception | January 1, 2016 |
| Amendment to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations | January 1, 2016 |
| IFRS 14 Regulatory Deferral Accounts | January 1, 2016 |
| IFRS 15 Revenue from Contracts with Customers | January 1, 2018 |
| IFRS 16 Leases | January 1, 2019 |
| Amendment to IAS 1 Disclosure Initiative | January 1, 2016 |
| Amendment to IAS 7 Disclosure Initiative | January 1, 2017 |
| Amendment to IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses | January 1, 2017 |
| Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization | January 1, 2016 |
| Amendment to IAS 16 and IAS 41: Agriculture：Bearer Plants | January 1, 2016 |
| Amendment to IAS 19 Defined Benefit Plans: Employee Contributions | July 1, 2014 |
| Amendment to IAS 27 Equity Method in Separate Financial Statements | January 1, 2014 |
| Amendment to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets | January 1, 2014 |
| Amendment to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting | January 1, 2014 |
| IFRIC 21 Levies | January 1, 2014 |

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

Note 2： The amendment to IFRS 2 will be applied to the day-based basic share payment transaction after July 1, 2014; The Group following the acquisition date on July 1, 2014 will begin to apply the amendments to IFRS 3 and IFRS 13 takes effect when it is amended. The remaining amendments are effective for annual periods beginning on or after January 1, 2016.

Note 3： The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

Except for the following, the initial application of the above new standards and interpretations have not had any material impact on the Group's accounting policies:

A. IFRS 9, "Financial Instruments"

Recognition and impairment of financial assets

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

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

① If the objective of the Group's business model is to hold the financial asset to collect the contractual cash flows such assets are measured at the amortized cost. Interest revenue should be recognized in profit or loss by using the effective interest method, continuously assessed for impairment and the impairment loss or reversal of impairment loss should be recognized in profit and loss.

② If the objective of the Group's business model is to hold the financial asset both to collect the contractual cash flows and to sell the financial assets such assets are measured at fair value through other comprehensive income and are continuously assessed for impairment. Interest revenue should be recognized in profit or loss by using the effective interest method. A gain or loss on a financial asset measured at fair value through other comprehensive income should be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When such financial asset is derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

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

Impairment of financial assets

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

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

B. IFRS 16 "Leases"

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

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

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

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

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

## 4. Summary of Significant Accounting Policies

(1) Statement of compliance

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

(2) Basis of preparation

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

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

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

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

(3) Classification of current and noncurrent assets and liabilities Current assets include:
① Assets held primarily for the purpose of trading;
② Assets expected to be realized within 12 months after the reporting period; and
③ Cash and cash equivalents (excludes the asset which is restricted from exchanging or paying off the liabilities more than 12 months after the reporting period.)

Current liabilities include:
① Liabilities held primarily for the purpose of trading;
② Liabilities due to be settled within 12 months after the reporting period(even if a long-term refinancing or rescheduling payment agreement is completed after the end of each reporting period and before the issuance of the financial statements, it is also a current liability.); and
③ Liabilities cannot be unconditionally deferred the settlement period to at least 12 months after the end of each reporting period.

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

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

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

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

(5) Foreign currencies

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

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

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

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

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

(6) Inventories

Inventories include raw materials, repair parts, supplies, finished goods, work in progress, merchandise, developing property and property to be developed. Inventories are stated at the lower of cost or net realizable value. The comparison of cost and net realizable value are based on individual items except for inventory in the same category. Under normal circumstances, the net realizable value refers to the balance between the estimated selling price minus the estimated costs to be incurred and the estimated costs required to complete the sale. Inventory cost calculation uses weighted average method.

Construction in progress and land to be built are priced at the lower of cost or market. The cost of construction land and buildings which have invested in various projects is listed under "Construction in progress and land to be constructed".

(7) Property, plant and equipment

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

Self-owned land does not recognize depreciation.

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

On de-recognition of the amount of profits or losses incurred in property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss in current year.

(8) Impairment of tangible assets

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

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

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

(9) Financial instruments

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

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

A. Financial assets

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

I. Measurement category

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

① Available-for-sale financial assets

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

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

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

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

② Loans and receivables.

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

II. Impairment of financial assets

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

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

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

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

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

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

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

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

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

III. De-recognition of financial assets

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

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

B. Financial liabilities

I. Subsequent measurement

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

II. De-recognition of financial liabilities

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

(10) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

A. Sales of Goods

Revenue from sales of goods is recognized when the goods are delivered and legal ownership is transferred.

B. Dividend and interest income

The dividend income generated by the investment is recognized when the rights of the shareholders to collect the funds are established.

Interest income is recognized on a time base, by reference to the outstanding principal amount and the applicable effective interest rate.

(11) Leasing

A. The Group as a lessor

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

B. The Group as a lessee

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

(12) Borrowing costs

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

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

(13) Employee benefits

A. Short-term employee benefits

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

B. Retirement benefits

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

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

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

(14) Taxation

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

A. Current Tax

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

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

B. Deferred Tax

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

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

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

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

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

C. Current and Deferred Taxes for the Year

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

(15) Discontinuing operations

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

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

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

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

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

(1) Estimated impairment of notes receivable and accounts receivable

When there is objective evidence showing signs of impairment, the Group considers the estimate of future cash flows. The amount of an impairment loss is measured as the difference between the asset's carrying amount and the estimated future cash flows discounted at the original effective interest rate of the financial asset. However, the impact of short-term receivable discounting is insignificant. The amount of impairment loss is recognized based on the difference between the c asset's arrying amount and the estimated future cash flow. If the actual cash flow in the future is less than expected, it may result in significant impairment loss. As of December 31, 2015 and 2014, the carrying amounts of notes receivable and accounts receivable were NT$902,836,000 and NT$1,144,239,000 respectively (the net amount after deducting the allowance for uncollectible accounts of NT$42,519,000 and NT$35,413,000 respectively).

(2) Inventory evaluation

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

## 6. Cash

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Cash on hand and revolving funds | $ 1,499 | $ 1,517 |
| Checking and demand deposits | 199,377 | 255,207 |
| Bank foreign currency demand deposits | 19,253 | 4,383 |
| | $220,129 | $261,107 |

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

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Cash in banks | 0.08%~0.17% | 0.08%~0.17% |

As of December 31, 2015 and 2014, certificate deposits with an original maturity of more than 3 months were NT$1,500,000 and NT$4,800,000 respectively, which were classified as other current assets – other financial assets. (Note 12)

## 7. Available-for-Sale Financial Assets

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Listed and OTC stocks | $146,427 | $124,986 |
| Domestic mutual funds | 30,625 | 16,909 |
| | $177,052 | $141,895 |

## 8. Notes Receivable and Accounts Receivable

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Notes receivable | | |
| From operating activities | | |
| Non-related parties | $442,341 | $584,884 |
| Related parties | $ 199 | $ 1,903 |
| | | |
| Accounts receivable | | |
| From operating activities | | |
| Non-related parties | $502,815 | $592,854 |
| Less: allowance for uncollectible accounts | ( 42,519) | ( 35,413) |
| | $460,296 | $557,441 |
| Related parties | $ - | $ 11 |

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

(1) Notes receivable

The Group did not have allowance for uncollectible accounts - notes receivablein on December 31, 2015 and 2014 that have not expired at the end of the reporting period for the balance sheet but have not been recognized.

The mortgage information of notes receivable, please see the Note 29 for reference.

(2) Accounts receivable

The analysis of accounts receivable is as below:

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| 30 days or less | $255,972 | $264,695 |
| 31 to 60 days | 157,002 | 145,704 |
| 61 to 90 days | 28,240 | 80,301 |
| 91 to 120 days | 14,607 | 28,509 |
| 121 to 150days | 6,069 | 5,407 |
| Above 151 days | 40,925 | 68,249 |
| Total | $502,815 | $592,865 |

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

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

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

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Above 151 days | $ 6,641 | $ 33,379 |

The aging will based on the days of overdue.

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

| | Individual impairment loss | Group impairment loss | Total |
|---|---|---|---|
| Balance on January 1, 2014 | $ 43,183 | $ 1,601 | $ 44,784 |
| Add: impairment | - | 2,012 | 2,012 |
| Less: write-off | ( 9,536) | ( 1,572) | ( 11,108 |
| Less: reversal | ( 275) | - | ( 275 |
| Balance on December 31, 2014 | $ 33,372 | $ 2,041 | $ 35,413 |
| | | | |
| Balance on January 1, 2015 | $ 33,372 | $ 2,041 | $ 35,413 |
| Add: impairment | 19,596 | 123 | 19,719 |
| Less: write-off | ( 12,584) | ( 29) | ( 12,613 |
| Balance on December 31, 2015 | $ 40,384 | $ 2,135 | $ 42,519 |

## 9. Inventories

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Construction in progress and land to be constructed | $ 3,200,723 | $ 3,223,099 |
| Raw materials | 143,683 | 133,809 |
| Finished goods | 100,569 | 101,396 |
| Work in progress | 13,146 | 42,642 |
| Repaired part and supplies | 42,557 | 60,836 |
| Merchandise | 7,597 | 8,926 |
| | $ 3,508,275 | $ 3,570,708 |

The cost of sales associated with inventory is NT$4,123,667,000 which included inventory valuation losses NT$43,747,000 in 2015. The cost of sales associated with inventory is NT$4,360,174,000 which included inventory valuation losses NT$62,024,000 in 2014.

As of December 31, 2015 and 2014, the estimated retrieved inventories over 12 months were NT$3,200,723,000 and NT$3,223,099,000 respectively, most of them are the construction in progress and the land to be built.

See the Note 29 for the information of inventory pledge.

## 10. Subsidiaries

The subsidiaries in the consolidated financial statements:

| Investment Business | Subsidiary Title | Business Type | Percentage of held stock December 31, 2017 | December 31, 2016 | Note |
|---|---|---|---|---|---|
| Lucky Cement Corp. | Dasheng Enterprise Co., Ltd.( Dasheng Enterprise) | Sale and rental national residential, commercial buildings, parking lots and industrial areas | 99.99 | 99.99 | (1) |
| | Luckicon Ready-mixed Concrete Factory Co., Ltd(Luckicon Ready-mixed Co.,) | Production and sell concrete | 99.99 | 99.99 | |
| | Lucky Cement Corp., Japan (Lucky Cement Japan) | Buy and sell cement | 100.00 | 100.00 | |
| | Luckyship Marine Co., Ltd (Luckyship Co.,) | Mainly providing parent company maintenance services as its main business | 99.99 | 99.99 | |
| | Just Bright Ltd. | Investment Business | 100.00 | 100.00 | |
| | Hojen Harbor Development Co., Ltd. (Hojen Harbor Company) | Manufacture and sale light-emitting diode products | 50.00 | 50.00 | |
| | ELUMINA Technology Inc. (ELUMINA Inc.) | Manufacture and sale light-emitting diode products | 70.59 | 70.59 | (2) |
| Luckicon Ready-mixed Concrete Factory Co., Ltd | Fuyu Development Company | Mine gravel | 75.00 | 75.00 | |
| ELUMINA Technology Inc. | Elumina Holding Limited | Holding company | 100.00 | 100.00 | |
| Elumina Holding Limited | ELUMINA(Xiamen) Technology Inc. | Manufacture and sale light-emitting diode products | 100.00 | 100.00 | |

Note：

(1) Dasheng Enterprise made a capital reduction in November 2014 to make up for the loss of NT$130,000,000 and increased the capital by issuing a new share of NT$130,000,000 in cash at the same time. In July 2015, the capital reduction was made up for a loss of NT$ 100,000,000 and issued the new share of NT$300,000,000 in cash at the same time.

(2) ELUMINA Technology Inc. made a capital reduction in November 2014 to make up for the loss of NT$63,700,000 and it increased the capital by NT$65,000,000 in cash at the same time. The Company increased the ELUMINA’s capital by NT$50,000,000 in cash. The shareholding ratio increased from 55.49% to 70.59%. The capital increased by NT$40,000,000 in cash and the Company subscribed NT$28,234,000 according to the shareholding ratio of ELUMINA in September 2015. The Company's board of directors resolved to dissolve ELUMINA Technology Inc. and its subsidiaries on August 11, 2015.

## 11. Prepayments

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Office supplies | $ 93,866 | $ 91,854 |
| Prepaid expenses | 76,064 | 82,774 |
| Advanced payment for material | 39,885 | 30,445 |
| Others | 94 | 51 |
| | $209,909 | $205,124 |

## 12. Other Financial Assets

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Other financial assets | | |
| Restricted assets | $170,079 | $189,717 |
| Certificate deposits with an original maturity of more than 3 months | 1,500 | 4,800 |
| Bond investment under repurchase agreement | - | 30,000 |
| Excess business tax paid | 15,480 | - |
| Others | 2,362 | 10,078 |
| | $189,421 | $234,595 |

Other Financial Assets are including restricted assets, bond investment under repurchase agreement and certificate deposits with an original maturity of more than 3 months. The market interest rate range on the balance sheet date is as follows:

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Restricted assets | 0.27%~3.10% | 0.40%~3.00% |
| Certificate deposits with an original maturity of more than 3 months | 1.28% | 0.88% |
| Bond investment under repurchase agreement | - | 0.55% |

Please see the Note 29 for the mortgage information of other financial assets for reference.

## 13. Financial Assets at Cost

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Domestic unlisted (OTC) ordinary shares | $ 42,766 | $ 48,766 |
| Domestic Emerging common stock | - | 7,500 |
| | $ 42,766 | $ 56,266 |

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

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

The Group's assessment of Dahong Advanced Company's stock with financial assets measured at cost in 2015 has resulted in depreciation of its investment, and it has recognized a loss of impairment of NT$7,500,000.

Please see the Note 29 for the mortgage information of financial assets measured at cost for reference.

## 14. Property, Plant and Equipment

| | Land | Building | Machinery and equipment | Electrical equipment | Transportation equipment | Other equipment | Unfinished construction | Total |
|---|---|---|---|---|---|---|---|---|
| Cost | | | | | | | | |
| Balance on January 1, 2014 | $ 724,675 | $ 2,133,506 | $ 6,091,581 | $ 1,183,976 | $ 937,839 | $ 523,813 | $ - | $1,1595,390 |
| Add | - | 108,688 | 47,734 | - | 31,337 | 4,988 | - | 192,747 |
| Disposal | - | - | ( 2,630 ) | - | ( 4,061 ) | ( 11,195 ) | - | ( 17,886 ) |
| Net exchange differences | - | ( 6,081 ) | ( 288 ) | - | 3 | 375 | - | ( 5,991 ) |
| Balance on December 31, 2014 | $ 724,675 | $ 2,236,113 | $ 6,136,397 | $ 1,183,976 | $ 965,118 | $ 517,981 | $ - | $11,764,260 |
| Accumulated depreciation and impairment | | | | | | | | |
| Balance on January 1, 2014 | $ - | $ 1,506,509 | $ 5,349,501 | $ 1,108,318 | $ 725,136 | $ 470,625 | $ - | $ 9,160,089 |
| Depreciation | - | 93,967 | 144,549 | 22,429 | 52,910 | 13,478 | - | 327,333 |
| Disposal | - | - | ( 2,630 ) | - | ( 4,061 ) | ( 11,195 ) | - | ( 17,886 ) |
| Net exchange differences | - | ( 5,456 ) | ( 285 ) | - | ( 2 ) | 291 | - | ( 5,452 ) |
| Balance on December 31, 2014 | $ - | $ 1,595,020 | $ 5,491,135 | $ 1,130,747 | $ 773,983 | $ 473,199 | $ - | $ 9,464,084 |
| Balance on December 31, 2014, net | $ 724,675 | $ 641,093 | $ 645,262 | $ 53,229 | $ 191,135 | $ 44,782 | $ - | $ 2,300,176 |
| 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 |
| Disposal | - | ( 77 ) | ( 66,160 ) | - | ( 109,650 ) | ( 22,207 ) | - | ( 198,094 ) |
| 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, 2015 | $ - | $ 1,595,020 | $ 5,491,135 | $ 1,130,747 | $ 773,983 | $ 473,199 | $ - | $ 9,464,084 |
| Depreciation | - | 104,003 | 144,669 | 15,736 | 65,685 | 12,531 | - | 342,624 |
| Disposal | - | ( 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 |
| Balance on December 31, 2015, net | $ 724,675 | $ 537,481 | $ 519,995 | $ 40,624 | $ 299,699 | $ 30,374 | $ 4,500 | $ 2,157,348 |

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

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

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

The mortgage information of Property, Plant and Equipment, please refer to Note 29.

## 15. Other Non-Current Assets

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Restricted assets | $ 98,533 | $ 98,493 |
| Prepayments | 80,591 | 87,886 |
| Net limestone mining rights | 18,783 | 34,440 |
| | $197,907 | $220,819 |

The restricted asset of other non-current assets has the market interest rate range on the end of reporting period is as follows:

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Restricted assets | 0.34%~1.276% | 0.35%~1.345% |

Other information regarding to non-current asset collaterals, please refer to Note 29.

## 16. Loans

(1) Short-term borrowings

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Secured borrowings | | |
| Bank loan | $282,199 | $283,781 |
| Unsecured borrowings | | |
| Credit loan | 82,522 | 111,332 |
| | $364,721 | $395,113 |

The interest rate of the bank loan is as follows：

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Secured borrowings | 1.51%~2.10% | 1.48%~2.26% |
| Unsecured borrowings | 1.691%~1.702% | 1.49% |

(2) Short-term notes and bills payable

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Commercial paper payable | $ 50,000 | $109,000 |
| Less: Discount on short-term notes and bills payable | 50 | 317 |
| | $ 49,950 | $108,683 |

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

December 31, 2015

| Guarantee / acceptance institution | Par Value | Discount Amounts | Carrying Amounts | Rate range |
|---|---|---|---|---|
| Commercial paper payable | | | | |
| Ta Ching Bills Finance Corporation | $ 50,000 | $ 50 | $ 49,950 | 1.75% |

December 31, 2014

| Guarantee / acceptance institution | Par Value | Discount Amounts | Carrying Amounts | Rate range |
|---|---|---|---|---|
| Commercial paper payable | | | | |
| Ta Ching Bills Finance Corporation | $ 60,000 | $ 184 | $ 59,816 | 2.800% |
| Mega Bills Finance Corporation | 49,000 | 133 | 48,867 | 2.308% |
| | $ 109,000 | $ 317 | $ 108,683 | |

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

(3) Long-term borrowings

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Secured borrowings | | |
| Bank loan | $ 1,101,100 | $ 1,696,100 |
| Foreign currency direct financing loan | - | 10,128 |
| Subtotal | 1,101,100 | 1,706,228 |
| Less: Long-term borrowings have maturity of 1 year or less. | 406,250 | 793,428 |
| Long-term borrowings | $ 694,850 | $ 912,800 |

Borrowing maturity date of bank secured borrowings is in March 2019. The annual interest rates of long-term borrowings were 2.09%~2.6057% and 2.0047%~3.4660% respectively for December 31, 2015 and 2014.

The Company borrowed money from Taiwan Cooperative Bank, and the total credit amount was NT$500,000,000 in November 2011. It may not be revolving and the grace period is 2 years. Every 6 months was served as an installment and paid by 10 installments for the principle from May 2014.

The Company borrowed money from Taiwan Cooperative Bank in November 2013, the amount was NT$60,000,000 and the total credit line was NT$240,000,000. It may not be revolving and the principle has repaid NT$ 12,000,000 every 3 months. It has been repaid earlier in February 2014. The Comapy borrowed money from Taiwan Cooperative

Bank in July 2014, the amount was NT$240,000,000 and the principle will be repaid NT$ 12,000,000 every 3 months.

In March 2012, the Company signed a joint credit contract with the banking group of Mega International Commercial Bank Co., Ltd. as the host bank. The main purpose of the credit application is to support the funds required for the expansion of the Heren mine in Hualien County and the total credit line is NT$800,000,000. Every 6 months was served as an installment and paid by 14 installments for the principle from September 2012. In the credit extension period, the Company's current ratio, liability ratio and the interest guarantee multiple in the consolidated financial statements should reach the requirements of the credit contract for the first half of the year and annual.

The Company borrowed money from Mega International Commercial Bank Co., Ltd. in April 2011 and the total credit line was NT$100,233,000. It may not be revolving. It was a short-term working capital loan originally and listed short-term borrowings. It has transferred to recognize medium-term loan in accordance with the credit contract, and repaid NT$7,200,000 per quarter from June 2014.

The Company borrowed money from the Export-Import Bank of the Republic of China in July 2014 and the total credit line was NT$100,000,000. The principle has repaid once in August 2015.

The Company borrowed money from Industrial Bank of Taiwan in August 2013 and the total credit line was NT$100,000,000. It may not be revolving and the grace period is 2 years. The principle has repaid once in August 2015. The Company borrowed money from Industrial Bank of Taiwan in August 2015 and the total credit line was NT$100,000,000. It may not be revolving.

The Company borrowed money from Bank of Taiwan in December 2014 and the total credit line was NT$100,000,000. It may not be revolving. Every 3 months was served as an installment and paid by 8 installments for the principle from February 2015. It has been repaid earlier in December 2015.

In August 2010, the subsidiary signed a joint credit contract with the banking group of Agricultural Bank of Taiwan as the host bank. The main purpose of the credit application is to support the funds required to repay the existing debt of the financial institution and the capital required to build townhouses. The first category borrowing is the long-term borrowings and the total credit line is NT$500,000,000 which cannot be revolving. The principal is repaid monthly from November 2010 and the principal is repaid in 5 years in installments. The settlement was completed in August 2015. The other borrowing is a long-term secured borrowings with a credit line of NT$400,000,000. It shall not be revolving. The borrowings shall be repaid on the maturity date set out in each application.

The subsidiary signed a direct financing contract with Chailease Finance Co., Ltd. in October 2012 for US$1,980,000. The principal is repaid from November 2012, it is a three-month period for a total of 12 instalments and the settlement was completed in August 2015. The interest rate of 4.5753% calculated on December 31, 2014.

The subsidiary signed a credit agreement with Mega International Commercial Bank Co., Ltd. in July 2015 with the maturity date on July 2019. The main purpose of the credit application was to repay the existing debts of other financial institutions. The total credit line was NT$270,000,000 which was not allowed to be revolving. .

The subsidiary signed a credit agreement with ega International Commercial Bank Co., Ltd. in November 2015 with the maturity date on November 2019. The main purpose of the credit application is to purchase ship equipment. The total credit line is NT$38,000,000 which cannot be revolving. The principal is repaid from February 2016, it is a three-month period for a total of 16 instalments.

## 17. Notes and Accounts Payable

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Notes payable | | |
| From operating activities | | |
| Non-related parties | $190,379 | $313,962 |
| Related parties | $ - | $ 51 |
| | | |
| Accounts payable | | |
| From operating activities | $205,547 | $224,162 |
| Non-related parties | $ 10,012 | $ 6,742 |

## 18. Other Payables

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Wages and salaries payable | $117,237 | $ 77,944 |
| Taxes payable | 51,554 | 60,071 |
| Utilities expense payable | 22,468 | 26,421 |
| Payable on machinery and equipment | 12,692 | - |
| Maintenance fee payables | 5,414 | 2,726 |
| Other | 41,463 | 29,930 |
| | $250,828 | $197,092 |

## 19. Post-Employment Benefit Plan

(1) Defined contribution plans

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

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

(2) Defined benefit plans

The Company, Dasheng Enterprise, Luckicon Ready-mixed Co., Luckyship Co., and ELUMINA Technology Inc. adopted the defined benefit plan in accordance with the Labor Standards Act is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company, Dasheng Enterprise and Luckicon Ready-mixed Co., contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the

Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy. Luckyship Co. did not set up and raise pension funds as of December 31, 2015.

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

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Present value of defined benefit obligation | $367,903 | $367,215 |
| Fair value of plan assets | ( 19,679) | ( 16,475) |
| Shortage of appropriation | 348,224 | 350,740 |
| Net defined benefit liabilities | $348,224 | $350,740 |

The changes of net defined benefit liabilities are follows：

| | Present value of defined benefit obligation | Fair value of plan assets | Net defined benefit liabilities |
|---|---|---|---|
| Balance on January 1,2014 | $ 392,192 | ($ 13,268) | $ 378,924 |
| Service cost | | | |
| Current service cost | 5,878 | - | 5,878 |
| Interest expense（income） | 4,136 | ( 296) | 3,840 |
| Recognize in profit or loss | 10,014 | ( 296) | 9,718 |
| Re-measurement | | | |
| Actuarial gain- changes in financial assumptions | ($ 7,745) | $ - | ($ 7,745) |
| Actuarial loss (gain) - changes in actuarial assumptions | 324 | - | 324 |
| Actuarial gain – experience adjustments | ( 7,199) | ( 17) | ( 7,216) |
| Recognized in other comprehensive income | ( 14,620) | ( 17) | ( 14,637) |
| Contributions from the employer | - | ( 2,894) | ( 2,894) |
| Benefits paid | ( 20,371) | - | ( 20,371) |
| Balance on December 31, 2014 | $ 367,215 | ($ 16,475) | $ 350,740 |

(to be Continued)

(Continued)

| | Present value of defined benefit obligation | Fair value of plan assets | Net defined benefit liabilities |
|---|---|---|---|
| Balance on January 1, 2015 | $ 367,215 | ($ 16,475) | $ 350,740 |
| Service cost | | | |
| Current service cost | 4,961 | - | 4,961 |
| Interest expense (income) | 4,716 | ( 233) | 4,483 |
| Recognize in profit or loss | 9,677 | ( 233) | 9,444 |
| Re-measurement | | | |
| Return on plan assets (excluding amounts included in net interest) | - | ( 200) | ( 200) |
| Actuarial loss - changes in financial assumptions | 817 | - | 817 |
| Actuarial loss - changes in demographic assumptions | 1,624 | - | 1,624 |
| Actuarial loss – experience adjustments | 5,961 | - | 5,961 |
| Recognized in other comprehensive income | 8,402 | ( 200) | 8,202 |
| Contributions from the employer | - | ( 2,771) | ( 2,771) |
| Benefits paid | ( 17,391) | - | ( 17,391) |
| Balance on December 31, 2015 | $ 367,903 | ($ 19,679) | $ 348,224 |

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

| | 2015 | 2014 |
|---|---|---|
| Operating costs | $ 5,549 | $ 5,906 |
| Selling expenses | 1,339 | 1,275 |
| Administrative expenses | 2,556 | 2,537 |
| | $ 9,444 | $ 9,718 |

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

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

② Interest risk: The decrease in the interest rate of the government bonds will increase the present value of the defined benefit obligations, but will also increase the debt investment remuneration of the plan assets. The effect of the two on the net defined benefit liabilities is partially offset.

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

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

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Discount rates | 1.25% | 1.25%~1.63% |
| Expected rates of salary increase | 1.25% | 1.25% |

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

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Discount rates | | |
| 0.25% increase | ($ 7,824) | ($ 8,193) |
| 0.25% decrease | $ 8,085 | $ 8,474 |
| Expected rates of salary increase | | |
| 0.25% increase | $ 7,933 | $ 8,316 |
| 0.25% decrease | ($ 7,715) | ($ 8,079) |

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

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| The expected contributions to the plan for the next year | $ 2,715 | $ 2,802 |
| The average duration of the defined benefit obligation | 4.8~8.8 years | 5.3~9.4 years |

**20. Equity**

(1) Share capital-Common Stock

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Authorized shares (in thousands) | 498,646 | 498,646 |
| Authorized capital | $ 4,986,460 | $ 4,986,460 |
| Issued and paid shares (in thousands) | 404,738 | 404,738 |
| Issued capital | $ 4,047,380 | $ 4,047,380 |

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

(2) Capital surplus

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Other | $ 8 | $ - |

Other of capital surplus is the capital surplus arising from the Company's failure to subscribe in the issuance of new shares to increase the capital of the subsidiary in according with the proportion to its shareholdings.

Capital surplus arising from investments using the equity method must not be used for any purpose.

(3) Retained earnings and dividend policy

In accordance with the articles of incorporation of the Company 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, and after the bonus of 3% for employees and 5% for directors and supervisors, 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. The appropriation & allocation ratio of the preceding surplus and stock to cash ratio shall be paid in cash dividend or stock dividend subject to real profit and situation of fund in the current year, with consideration of fund for investment and diluted level of surplus per share in the Meeting of Board of Directors. However, the allocated stock dividend shall be limited to 20% of the issued stock; in case that the aggregated equity deduction or equity deduction that is insufficient to account as surplus w/tax in the current year, it shall account equivalent amount of special surplus reserve from the aggregated surplus yet be allocated in the previous year and deduct it prior to the appropriation and allocation earlier. Thereafter, whenever equity deduction is turned, the turned amount shall be allocated as surplus. The allocation of related surplus shall be passed and acknowledged in the General Meeting of Shareholders held in the next year and shall be accounted in the current year.

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The amendments to Articles of Incorporation on earnings distribution policy had been approved by the Company's shareholders in its meeting held on June 15, 2016. The evaluated basis and actual distribution of remuneration for employees, directors and supervisors, please refer to the employee benefits in Note 21 (4).

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, Letter No. Jin-Kuang-Fa-Tzi No. 1030006415 and "Following the adoption of the International Financial Reporting Standards (IFRSs), the question and answer of the applicable special surplus reserve". Thereafter, whenever equity deduction is turned, the turned amount shall be allocated as surplus.

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

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

The appropriations of 2014 and 2013 earnings have been approved by shareholders in its meeting held on June 12, 2015 and June 17, 2014, respectively. The appropriations and dividends per share were as follows:

| | Appropriation of Earnings | | Dividend per share (NT$1.00) | |
|---|---|---|---|---|
| | 2014 | 2013 | 2014 | 2013 |
| Legal reserve | $ 37,954 | $ 17,944 | | |
| Cash dividends | 242,843 | 182,132 | $ 0.6 | $ 0.45 |

The Company proposed 2015 surplus distribution and dividend per share on March 28, 2016 are as follows:

| | Appropriation of Earnings | Dividend per share (NT$1.00) |
|---|---|---|
| Legal reserve | $ 47,016 | |
| Cash dividends | 344,027 | $ 0.85 |

The resolution on the 2015 surplus distribution was waiting for shareholders' meeting resolution which was scheduled to hold on June 15, 2016.

(4) Special reserve

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

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Special reserve | $ 14,135 | $ 14,135 |

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

(5) Non-controlling interests

| | 2015 | 2014 |
|---|---|---|
| Balance at the begin of the year | $ 30,492 | $ 13,906 |
| Number of share attributable to non-controlling equity | | |
| Loss | ( 7,398) | ( 12,473) |
| Exchange differences on translation of foreign financial statements | 208 | 1,157 |
| Unrealized gains (losses) on available-for-sale financial assets | 4 | ( 9) |
| Increase in non-controlling interests | 10,516 | 15,000 |
| The effect that the subsidiary did not subscribed the increased capital in cash according with the proportion of shareholdings | ( 8) | 12,911 |
| Balance at the end of the year | $ 33,814 | $ 30,492 |

## 21. Profit (Loss) from Continuing Operations

(1) Net other income (expense)

| | 2015 | 2014 |
|---|---|---|
| Gains on disposals of property, plant and equipment | $ 14 | $ 59 |

(2) Other income

| | 2015 | 2014 |
|---|---|---|
| Revenue from dividends | $ 12,145 | $ 6,546 |
| Revenue from selling scrap | - | 2,537 |
| Others | 7,423 | 8,341 |
| | $ 19,568 | $ 17,424 |

(3) Depreciation, amortization and depletion

| | 2015 | 2014 |
|---|---|---|
| Depreciations summary by functions | | |
| Operating costs | $315,072 | $299,626 |
| Operating expenses | 15,310 | 16,434 |
| Non-operating income and expenses | 11,931 | 8,590 |
| | $342,313 | $324,650 |
| Amortization summary by functions | | |
| Operating costs | $ 9,754 | $ 39,627 |
| Operating expenses | 716 | 2,015 |
| | $ 10,470 | $ 41,642 |
| Depletion summary by functions | | |
| Operating costs | $ 15,657 | $ 14,270 |

(4) Employee benefits

| | 2015 | 2014 |
|---|---|---|
| Post-employment benefits | | |
| Defined contribution plans | $ 13,819 | $ 12,580 |
| Defined benefit plans | 9,444 | 9,718 |
| | 23,263 | 22,298 |
| Other employee benefits | 465,220 | 386,169 |
| | $488,483 | $408,467 |
| Summarized by function | | |
| Operating costs | $349,532 | $285,757 |
| Operating expenses | 138,951 | 122,710 |
| | $488,483 | $408,467 |

The Company distributes employee bonuses and remunerations of directors and supervisors in 3% and 5% respectively in the current year's after-tax distributable surplus according to Articles of Incorporation. The employee bonus was NT$10,248,000 and the remuneration of directors and supervisors was NT$17,079,000 in 2014 when that estimated at 3% and 5% respectively.

According to the amendments of the Company Act in May 2015 and the amendments of the Company's Articles of Incorporation proposed by the board of directors in December 2015, the Company appropriated employee bonuses and remunerations of directors and supervisor in 3% and 5% respectively in the current year's profit before tax deducted the employee bonuses and remunerations of directors and supervisors. The employees' bonus estimated to be NT$18,636,000 and the remuneration of directors and supervisors was NT$31,060,000 and that were estimated based on 3% and 5% of the profit before tax respectively in 2015. The amount was distributed in cash by the resolution of board of directors on March 28, 2016, and will be reported after the resolution of the shareholders' meeting for the amendments of Articles of Incorporation, the shareholders' meeting will be held on June 15, 2016.

When the allocated amount of the annual consolidated financial statements by the resolution of board of directors changes before the issued date, the changes are adjusted to the original annual expenses. If the amount of the annual consolidated financial statements still changes after the issued date, it will be treated as changes in accounting estimates and adjusted for subsequent years.

The Company held regular shareholders' meetings on June 12, 2015 and June 17, 2014 respectively, and resolved to approve the employees' bonus and remuneration of directors' and supervisors for the year 2014 and 2013 respectively as follows. The employees' bonus and remuneration of directors' and supervisors recognized in the consolidated financial statements for the year 2014 and 2013 were reviewed without difference.

| | 2014 | 2013 |
|---|---|---|
| | Cash dividend | Cash dividend |
| Employees' bonus | $ 10,248 | $ 4,845 |
| Remuneration for directors and supervisors | 17,079 | 8,075 |

For information on the resolution of the board of directors in 2016 about the remuneration for employees, the directors and supervisors of the Company in 2015 and 2014, please check it on the Market Observation Post System of the Taiwan Stock Exchange.

(5) Gains and Losses on disposals of investments

| | 2015 | 2014 |
|---|---|---|
| Gains on Disposals of Available-for-Sale financial assets | $ 34,143 | $ 44,599 |

(6) Foreign exchange gains or losses

| | 2015 | 2014 |
|---|---|---|
| Total foreign exchange gains | $ 14,433 | $ 26,447 |
| Total foreign exchange losses | ( 13,556) | ( 31,718) |
| Net profit (loss) | $ 877 | ($ 5,271) |

## 22. Income Tax from Continuing Operations

(1) Income tax recognized as profit or loss

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

| | 2015 | 2014 |
|---|---|---|
| Current income tax | | |
| Created in current period | $143,351 | $ 16,217 |
| Adjustment of previous years | 720 | ( 613) |
| | 144,071 | 15,604 |
| Deferred income tax | | |
| Created in current period | ( 31,182) | 55,389 |
| Income tax expenses(income) of recognized in profit or loss | $112,889 | $ 70,993 |

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

| | 2015 | 2014 |
|---|---|---|
| Profit (loss) before tax from continuing operations | $616,324 | $473,285 |
| Income tax expense (income) calculated at statutory tax rate (17%) for profit (loss) before tax | $104,775 | $ 80,458 |
| Un-deductible expenses on tax | 1,805 | 848 |
| Unrecognized the subtractable temporary differences | 4,536 | 5,130 |
| Tax-free income | ( 10,479) | ( 16,780) |
| Basic tax should pay the difference | - | 1,337 |
| Tax on unappropriated retained earnings | 13,897 | 431 |
| Credited deductions | ( 2,365) | 182 |
| The reconciliation of Current income tax expense in the previous year is recognized in current year | 720 | ( 613) |
| Recognized income tax expense (income) in profit or loss | $112,889 | $ 70,993 |

As the status of the appropriation of retained earnings is uncertain in the shareholder meeting held in 2016, the potential income tax consequences of 10% tax on the unappropriated retained earnings in 2015 are not determined reliably.

(2) Current tax assets and liabilities

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Current tax assets | | |
| Tax refund receivable | $ 54 | $ 85 |
| Current tax liabilities | | |
| Income tax payable | $136,076 | $ 13,068 |

(3) Deferred tax assets and liabilities

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

2015

| | Balance on the beginning of the year | Recognized in profit or loss | Balance on the end of the year |
|---|---|---|---|
| Deferred tax assets | | | |
| Temporary differences | | | |
| Pension limit exceeded | $ 67,162 | ($ 2,264 | $ 64,898 |
| Loss deduction | 3,713 | 2,366 | 6,079 |
| Investment losses for using equity method | 36,337 | 18,520 | 54,857 |
| Unrealized inventory valuation losses | 11,758 | ( 44 | 11,714 |
| bad debt limit exceeded | 4,725 | 1,486 | 6,211 |
| Impairment loss on financial assets measured by cost method | 4,232 | ( 237 | 3,995 |
| Gross profit from advance receipts with an issued bill of lading | 2,585 | 684 | 3,269 |
| | $ 130,512 | $ 20,511 | $ 151,023 |
| Deferred tax liabilities | | | |
| Temporary differences | | | |
| Accelerated depreciation of Fixed assets | $ 78,798 | ($ 10,529 | $ 68,269 |
| Unrealized foreign exchange gains | 143 | ( 142 | 1 |
| | $ 78,941 | ($ 10,671 | $ 68,270 |

2014

| | Balance on the beginning of the year | Recognized in profit or loss | Balance on the end of the year |
|---|---|---|---|
| Deferred tax assets | | | |
| Temporary differences | | | |
| Pension limit exceeded | $ 67,122 | $ 40 | $ 67,162 |
| Loss deduction | 54,737 | ( 51,024 | 3,713 |
| Investment losses for using equity method | 47,068 | ( 10,731 | 36,337 |
| Unrealized inventory valuation losses | 11,673 | 85 | 11,758 |
| bad debt limit exceeded | 6,189 | ( 1,464 | 4,725 |
| Impairment loss on financial assets measured by cost method | 4,232 | - | 4,232 |
| Gross profit from advance receipts with an issued bill of lading | 3,873 | ( 1,288 | 2,585 |
| Others | 213 | ( 213 | - |
| | $ 195,107 | ($ 64,595 | $ 130,512 |
| Deferred tax liabilities | | | |
| Temporary differences | | | |
| Accelerated depreciation of Fixed assets | $ 88,147 | ($ 9,349 | $ 78,798 |
| Unrealized foreign exchange gains | - | 143 | 143 |
| | $ 88,147 | ($ 9,206 | $ 78,941 |

(4) The related information of imputation system

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Unappropriated retained earnings | | |
| Unappropriated retained earnings After 1998 | $626,211 | $445,049 |
| Balance in shareholders' imputation tax credit account | $ 13,027 | $ 16,914 |

The Tax Creditable Ratios which are applicable for disposition of net income in 2015 and 2014 are respectively 22.16% (estimated) and 6.49 (actual).

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. Since the deductible tax actually distributed to shareholders should be based on the balance of the shareholder deduction tax account on the date of dividend distribution, the Company's estimated tax deduction ratio for 2015 earnings distribution may be different from the tax deduction ratio is applicable to the actual allocation to shareholders in the future.

For the individual shareholder who is resident of Taiwan, the deductible tax amount of the allotted net dividends is 50% of the original deductible tax amount from January 1, 2015.

(5) Income tax approval

As of the end of 2013, income tax declaration cases of the Company, Luckicon Ready-mixed Co., Fuyu Development Company and ELUMINA Technology Inc. approved by the tax collection authorities.

As of the end of 2014, income tax declaration cases of Hojen Harbour Development Co., Ltd., Dasheng Enterprise and Luckyship Co., approved by the tax collection authorities.

**23. Discontinuing Operations**

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

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

| | 2015 | 2014 |
|---|---|---|
| Current loss | ($ 30,972) | ($ 35,225) |
| Disposal of gain (loss) | ( 9,700) | - |
| | ($ 40,672) | ($ 35,225) |

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

| | 2015 | 2014 |
|---|---|---|
| Operating revenue | $ 4,377 | $ 23,614 |
| Operating costs | ( 8,580) | ( 23,228) |
| Operating expenses | ( 18,285) | ( 34,203) |
| Non-operating income and expenses | ( 18,184) | ( 1,408) |
| Pre-tax loss of business suspension units | ( 40,672) | ( 35,225) |
| Tax expense | - | - |
| Current loss | ($ 40,672) | ($ 35,225) |
| Loss of business suspension unit belongs to: | | |
| Owners of the Company | ($ 28,553) | ($ 19,304) |
| Non-controlling interests | ( 12,119) | ( 15,921) |
| | ($ 40,672) | ($ 35,225) |
| Net cash outflows generated from operations | ( 18,612) | ( 34,091) |
| Net cash flows (outflows) from investing activities | 16,403 | ( 10,247) |
| Net cash flows (outflows) from financing activities | ( 1,778) | 45,529 |
| Net cash flows (outflows) | ($ 3,987) | $ 1,191 |

## 24. Earnings (Loss) per Share

Unit : NTD 1.00 per share

| | 2015 | 2014 |
|---|---|---|
| Basic earnings(loss) per share | | |
| From continuing operations | $ 1.23 | $ 0.99 |
| From discontinued operations | ( 0.07) | ( 0.05) |
| Total basic earnings (loss) per share | $ 1.16 | $ 0.94 |
| Diluted earnings per share | | |
| From continuing operations | $ 1.22 | $ 0.98 |
| From discontinued operations | ( 0.07) | ( 0.05) |
| Total diluted earnings per share | $ 1.15 | $ 0.93 |

Profit (loss) in the current year

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

Profit (loss)

| | 2015 | 2014 |
| --- | --- | --- |
| Profit attributable to owners of parent | $470,161 | $379,540 |
| Plus: used to calculate the basic unit of the loss of business units per unit loss of net loss | 28,553 | 19,304 |
| To calculate the net profit of the continuing business unit's basic and diluted earnings per share | $498,714 | $398,844 |

Number of share

Unit: 1000 shares

| | 2015 | 2014 |
| --- | --- | --- |
| The weighted average shares of ordinary stock which is used to calculate the basic earnings per share | 404,738 | 404,738 |
| Dilution Effect of potential ordinary stock: | | |
| Compensation or bonus for employee | 2,380 | 1,242 |
| To calculate the weighted average shares of ordinary stock for diluted earnings per share | 407,118 | 405,980 |

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

**25. Agreement of Operating Lease**

(1) The Group is the tenant

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

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

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Within 1 year | $ 39,543 | $ 35,784 |
| More than 1 year but no more than 5 years | 50,967 | 44,255 |
| | $ 90,510 | $ 80,039 |

Recognized expense of Lease payment as below:

| | 2015 | 2014 |
|---|---|---|
| Lease payment | $ 56,009 | $ 44,719 |

(2) The Group is the lessor

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

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

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Within 1 year | $ 13,958 | $ 9,370 |
| More than 1 year but no more than 5 years | 5,971 | 2,555 |
| | $ 19,929 | $ 11,925 |

**26. Financial Risk Management**

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

**27. Financial Instrument**

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

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

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

A. Fair value hierarchy

December 31, 2015

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Available-for-sale financial assets | | | | |
| Domestic listed (OTC) stock | $ 146,427 | $ - | $ - | $ 146,427 |
| Domestic Fund Benefit Certificate | 30,625 | - | - | 30,625 |
| Total | $ 177,052 | $ - | $ - | $ 177,052 |

December 31, 2014

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Available-for-sale financial assets | | | | |
| Domestic listed (OTC) stock | $ 124,986 | $ - | $ - | $ 124,986 |
| Domestic Fund Benefit Certificate | 16,909 | - | - | 16,909 |
| Total | $ 141,895 | $ - | $ - | $ 141,895 |

There is no transfer between level 1 and level 2 of fair value measurement in 2015 and 2014.

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

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

(3) Type of finance instruments

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Financial assets | | |
| Loans and receivables（Note 1） | $ 1,396,664 | $ 1,732,173 |
| Available-for-sale financial assets（Note 2 ） | 219,818 | 198,161 |
| Financial liabilities | | |
| Measured at amortized cost（Note 3） | 2,055,300 | 2,874,089 |

Note1: Balance includes cash, notes receivable (N/R), accounts receivable, other receivables and other financial assets which are loans and receivables measured by cost after amortization.

Note2: Balance includes classified as balance of financial assets in available-for-sale measured by cost.

Note3: 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) Objective and policy of financial risk management

The main financial instruments of the Group include receivables, payables and loans. The financial department of the Group provides services for each business unit, coordinates and enters into domestic and international financial market operations. The financial department of the Group supervises and manages the related financial risk of operation of the Group in accordance with the internal risk report for risk degree and extensive analysis of exposure. The risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The financial department reports on the managers of the Group to assess whether it meets the established business strategy and risk scope in each quarter.

A. Market risk

The main financial risk for operation of the Group 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 Group and the management and measurement of the exposure don’t change.

① Currency risk

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

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Assets Type | | |
| USD | $ 68,252 | $ 61,077 |
| RMB | 8,051 | 8,051 |
| Liabilities Type | | |
| USD | 33,181 | 33,699 |

Sensitivity Analysis

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

The following table shows sensitivity analysis of the Group when individual functional currency increases or decreases 5% for each relevance currency rate. 5% is as sensitivity ratio used for reporting currency risk to key management personnel of the Group, and also represented assessment of reasonably possible range of fluctuation of foreign currency rate by the management personnel. The following table shows when the individual functional currency increases 5% relative to each relevant currency, it will make pre-tax income 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 | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Profit (loss) | ($ 1,754) | ($ 1,369) | ($ 403) | ($ 403) |

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

② Interest rate risk

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

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Interest rate risk with fair value | | |
| -Financial assets | $ 157,660 | $ 238,357 |
| -Financial liabilities | 202,300 | 239,800 |
| Interest rate risk with cash flow | | |
| -Financial assets | 424,776 | 439,696 |
| -Financial liabilities | 1,313,471 | 1,970,220 |

Sensitivity Analysis

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

If interest rate increases/decreases 25 basis points, the profit before tax increases/decreases NT$2,222,000 and NT$3,826,000 in 2015 and 2014 respectively with all other variables held constant; the main reasons are floating rate loan, demand deposit and exposure in restricted asset interest rate risk of the Group.

B. Credit risk

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

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

| | December 31, 2015 | | December 31, 2014 | |
|---|---|---|---|---|
| | Book Value | Largest credit risk exposed amount | Book Value | Largest credit risk exposed amount |
| Off-balance sheet commitments and guarantee | | | | |
| Endorsement for subsidiary | $ - | $1,324,238 | $ - | $1,331,792 |

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

The credit risk of the Group is mainly concentered on the key account (KA) of the Group; as the end of December, 2015 and 2014, the receivables exceed 5% of total receivables, which are separately 44.22%and 29.14% of total receivables.

C. Liquidity risk

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

Bank loan is an important source of liquidity for the Group. As the end of December 31, 2015 and 2014, the unused long-term and short-term bank loan commitments of the Group are separately NT$3,101,906,000 and NT$1,572,748,000.

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

December 31, 2015

| | Weighted average valid rate (%) | Requirement: Pay at once or less than one month | 1 month to 3 months | 3 months to 12 months | 1 year to 5 years | Above 5 years |
|---|---|---|---|---|---|---|
| Non - derivative financial liabilities | | | | | | |
| 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 |

December 31, 2014

| | Weighted average valid rate (%) | Requirement: Pay at once or less than one month | 1 month to 3 months | 3 months to 12 months | 1 year to 5 years | Above 5 years |
|---|---|---|---|---|---|---|
| Non - derivative financial liabilities | | | | | | |
| No debt-bearing liability | - | $ 359,286 | $ 337,721 | $ 36,415 | $ 30,556 | $ 62,968 |
| Floating interest rate tool | 2.37 | 3,500 | 151,844 | 986,076 | 786,000 | 42,800 |
| Fixed interest rate tool | 2.04 | - | 98,100 | 141,700 | - | - |
| | | $ 362,786 | $ 587,665 | $ 1,164,191 | $ 816,556 | $ 105,768 |

## 28. Related Party Transactions

### (1) Related party and Relations

| Related party | Relations |
|---|---|
| Other related party | |
| Yungsheng Development Industrial Co., Ltd. (Yungsheng Development Co.) | The chairman of the company is the same as the chairman of the parent company |
| LIANG-CHUAN Cultural and Educational Foundation (LIANG-CHUAN Foundation) | The chairman of the foundation is the same as the chairman of the parent company |
| Fudong Freight Co., Ltd (Fudong Freight Co.) | The directors of the company are the same as the major shareholders of the parent company |
| Shiyi Cement Co., Ltd. (Shiyi Cement Co.) | The chairman of the company is one of the parent company chairman's first-degree relatives |
| Changjun Water Resources biotechnology Co., Ltd (Changjun Water Resources Co.) | The chairman of the company is one of the parent company chairman's first-degree relatives |

| Related party | Relations |
| --- | --- |
| Qiaoying Co., Ltd.（Qiaoying Co.） | The chairman of the company is one of the parent company chairman's first-degree relatives |
| Jia Fu Entertainment Co., Ltd（Jia Fu Entertainment Co.） | The chairman of the company is one of the parent company chairman's first-degree relatives |
| Wantong Product Insurance Brokerage Co., Ltd（Wantong Product Insurance Co.） | The chairman of the company is one of the parent company chairman's first-degree relatives |
| Liguang Construction Co., Ltd. (Liguang Construction Co.) | The chairman of the company is one of the parent company chairman's first-degree relatives |
| Lucky construction Co., Ltd (Lucky construction Co.) | The chairman of the company is one of the parent company chairman's first-degree relatives |
| Kuochuan Development Co., Lt (Kuochuan Development Co.) | The chairman of the company is one of the parent company chairman's first-degree relatives |
| Changheng Investment Co., Ltd.（Changheng Investment Co.） | The major shareholder of the parent company |
| Jinli Investment Co., Ltd.（Jinli Co.） | The major shareholder of the parent company |
| Cheng Haibin | The parent company chairman's third-degree relatives |
| Chen, Yun-Ru | The parent company chairman's first-degree relatives |

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

① Business transaction

| | 2015 | 2014 |
|---|---|---|
| Sales | | |
| Other related parties | $ 836 | $ 1,966 |
| Purchase | | |
| Other related parties | $ 49,659 | $ 42,916 |
| Operating costs - transportation expenses | | |
| Other related parties | $ 14,017 | $ 13,364 |
| Operating expenses | | |
| Other related parties | $ 3,395 | $ 3,980 |
| Non-operating income and expenses | | |
| Other related parties | $ 2,072 | $ 458 |

The prices of purchases andsales of goods and the payment period between the Group and its related parties are negotiated respectively. Both are equivalent to non-related persons.

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

② Balance of receivables from related parties on the end of reporting period in balance sheet is as follows：

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Notes receivable | | |
| Other related parties | $ 199 | $ 1,903 |
| Accounts receivable | | |
| Other related parties | $ - | $ 11 |
| Other receivable | | |
| Other related parties | $ 779 | $ 787 |

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

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Notes payable | | |
| Other related partie | $ - | $ 51 |
| Accounts payable | | |
| Other related parties | $ 10,012 | $ 6,742 |
| Other payable | | |
| Other related parties | $ 1,448 | $ 3,352 |

④Loans from related parties

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Shareholder accounts | | |
| Other related parties | $ 45,800 | $ 45,800 |

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

⑤Remunerations of key management personnel

Total remunerations of directors and key management personnel are bellows:

| | 2015 | 2014 |
|---|---|---|
| Short-term employee benefits | $ 57,329 | $ 40,733 |
| Benefit after retirement | 835 | 865 |
| | $ 58,164 | $ 41,598 |

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

**29. Pledged Assets**

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

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Notes receivable | $ 78,966 | $ 45,364 |
| Repurchase bond investment (Other current assets)） | - | 30,000 |
| Construction in progress–net (Inventory） | 2,954,238 | 3,067,665 |
| Restricted assets（Other current assets and Other non-current assets） | 268,612 | 288,210 |
| Financial assets at cost | $ - | $ 11,473 |
| Property, plant and equipment | 1,580,213 | 1,738,962 |
| Limestone mining right （Other non-current assets） | 18,783 | 34,440 |
| | $ 4,900,812 | $ 5,216,114 |

## 30. Exchange Rate Information of Foreign Currency Financial Assets and Liabilities

Significant Information of Foreign Currency Assets and Liabilities：

Unit：Thousands of NT$ and foreign currency

December 31, 2015

| | Foreign currency | Exchange rate | Carrying amount |
|---|---|---|---|
| Financial Assets | | | |
| Monetary items | | | |
| US dollars | $ 2,072 | 32.825 （USD：NTD） | $ 68,007 |
| US dollars | 7 | 6.4936 （USD：RMB） | 245 |
| RMB | 1,617 | 4.978 （RMB：NTD） | 8,051 |
| Financial Liabilities | | | |
| Monetary items | | | |
| US dollars | 1,011 | 32.825 （USD：NTD） | 33,181 |

December 31, 2014

| | Foreign currency | Exchange rate | Carrying amount |
|---|---|---|---|
| Financial Assets | | | |
| Monetary items | | | |
| US dollars | $ 1,418 | 31.650 （USD：NTD） | $ 44,886 |
| US dollars | 512 | 6.1190 （USD：RMB） | 16,191 |
| RMB | 1,583 | 5.086 （RMB：NTD） | 8,051 |
| Financial Liabilities | | | |
| Monetary items | | | |
| US dollars | 363 | 31.650 （USD：NTD） | 11,470 |
| US dollars | 702 | 6.1190 （USD：RMB） | 22,229 |

Foreign exchange gains or losses (realized or unrealized) of the Group in 2015 and 2014 are respectively grain NT$877,000 and loss NT$5,271,000. Because there is variety of foreign currency transactions, it cannot disclose exchange gains and losses in accordance with foreign currency of each important impact.

## 31. Additional Disclosures

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

A. Financings provided: Schedule 1.

B. Endorsement/guarantee provided: Schedule 2.

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

D. Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: Schedule 4.

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

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

G. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: Schedule 5.

H. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Schedule 6.

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

J. Others: The business relationship between the parent and the subsidiaries and significant transactions between them: Please Schedule 9.

K. Information of the investees: Schedule 7.

(3) Investment information in mainland China:

A. The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Schedule 8.

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

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

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

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

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

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

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

**32. Segment Information**

The Group defined its reportable segments as follows:

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

Other segment: Other operations of non-cement business。The main business of ELUMINA Technology Inc. and its subsidiary Elumina Holding Ltd. and ELUMINA (Xiamen) company are producing and selling light-emitting Diode, and the unit of cash is transferred to discontinued operation on August, 2015; please see Note 23 related instruction.

(1) Revenue of segments and operating results

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

| | Income of Department | | Profit (Loss) of Department | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Cement segment | $ 5,016,671 | $ 5,075,469 | $ 767,370 | $ 482,478 |
| Other segment | 4,682 | 114 | ( 148,455) | ( 3,220) |
| Gross amount of business unit | $ 5,021,353 | $ 5,075,583 | 618,915 | 479,258 |
| Rent income | | | 9,719 | 8,116 |
| Interest revenue | | | 2,797 | 2,890 |
| Gains on disposals of investments | | | 34,143 | 44,599 |
| Foreign exchange gains (losses) | | | 877 | ( 5,271) |
| Impairment loss on financial assets | | | ( 7,500) | - |
| Interest expense | | | ( 42,627) | ( 56,307) |
| Profit from continuing operations before tax | | | 616,324 | 473,285 |
| Loss from discontinued operations before tax | | | ( 40,672) | ( 35,225) |
| Profit before tax | | | $ 575,652 | $ 438,060 |

The revenue of segments reported above is generated with external client exchanges. There is no selling between segments in 2015 and 2014.

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

(2) Total assets and liabilities of segments

| | December 31, 2015 | December 31, 2014 |
|---|---|---|
| Segment assets | | |
| Continuing operating segment | | |
| Cement segment | $ 4,399,719 | $ 4,847,422 |
| Other segment t | 3,451,063 | 3,436,715 |
| Total of segment assets | 7,850,782 | 8,284,137 |
| Assets related discontinued operations | 4,720 | 79,142 |
| Total assets | $ 7,855,502 | $ 8,363,279 |
| Segment liabilities | | |
| Cement segment | $ 2,518,606 | $ 2,953,767 |
| Other segment | 490,246 | 719,608 |
| Total of segment liabilities | 3,008,852 | 3,673,375 |
| Liabilities related discontinued operations | 986 | 74,790 |
| Total liabilities | $ 3,009,838 | $ 3,748,165 |

(3) Information by area

The main operating area of the Company and subsidiaries is in the Republic of China and Japan.

Information of the Company and subsidiaries on the income from continuing operations of external customers by operating location is listed below:

| | Income from external customers | |
|---|---|---|
| | 2015 | 2014 |
| Republic of China | $ 4,932,448 | $ 4,991,552 |
| Japan | 88,905 | 84,031 |
| Total | $ 5,021,353 | $ 5,075,583 |

(4) Main customer's information

In the year of 2015 and 2014, there was no other income from a single customer that exceeded 10% of total revenue of the Company and subsidiaries.

Lucky Cement Corporation and Subsidiaries

Financings Provided

For the Years Ended December 31, 2015

Schedule 1

Unit: NT$1,000

| No. | Company of Lending Funds | Borrower | Relation Account | Maximum Balance in Current Period | Where is the related party | Balance, end of the period (Note 4) | Amount of real dealing (Note 5) | Interest rate collar (%) | Character on loan of funds (Note 1) | Amount between business | Necessary reasons for short term financial assets | Amount of allowance for uncollectible be submitted | Collateral | | Limitation of loan of funds to individual party (Note 2) | Total limitation of loan of funds (Note 3) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | Name | Value | | |
| 0 | Lucky Cement Corporation | Dasheng Enterprise Co., Ltd. | Receivables of Affiliated Enterprise－Financing | $ 400,000 | Yes | $ 400,000 | $ 246,500 | 2.437~2.666 | (2) | $ | Operating Turnover | $ - | — | — | $ 481,185 | $1,924,74 |
| 1 | Luckyship Marine Co., Ltd. | Dasheng Enterprise Co., Ltd. | Receivables of Affiliated Enterprise－Financing | 10,000 | Yes | - | - | 2.553~2.570 | (2) | | Operating Turnover | - | — | — | 8,989 | 17,97 |
| 2 | Luckicon Ready-mixed Concrete Factory Co., Ltd. | Dasheng Enterprise Co., Ltd. | Receivables of Affiliated Enterprise－Financing | 40,000 | Yes | 40,000 | 40,000 | 2.15~2.51 | (2) | | Operating Turnover | - | — | — | 64,849 | 129,69 |

Note 1： The expressions for nature of fund loan is as follows: ：
(1) Party with business.
(2) Party with short-term financing need

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

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

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

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

Lucky Cement Corporation and Subsidiaries

Endorsement/Guarantee Provided

For the Years Ended December 31, 2015

Schedule 2

Unit: NT$1,000, unless otherwise noted

| No. | Company Name of endorser | The party for enforcement and guarantee | | Limitation amount of enforcement and guarantee for single enterprise (Note 1) | Maximum balance of enforcement and guarantee in current period | Balance of enforcement and guarantee, end of the period | Amount of real dealing | Amount of enforcement and guarantee by property guarantee | Ratio of accumulated amount of enforcement and guarantee to net value of financial statement of latest period (%) | Maximum limitation on enforcement and guarantee (Note 2) | Enforcement and guarantee belong to parent vs. subsidiary company | Enforcement and guarantee belong to subsidiary vs. parent company | Enforcement and guarantee belong to Mainland China | Remark |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Company | Relations | | | | | | | | | | | |
| 0 | Lucky Cement Corporation | Dasheng Enterprise Co., Ltd. | Subsidiary | $ 1,924,740 | $ 1,700,000 | $ 1,130,000 | $ 378,500 | $ 260,000 (Note 3) | 23.83% | $ 2,405,925 | Y | - | - | |
| | | Luckicon Ready-mixed Concrete Factory Co., Ltd. | Subsidiary | 1,924,740 | 100,000 | 100,000 | - | - | 2.11% | 2,405,925 | Y | - | - | |
| | | Elumina Holding Limited | The subsidiary of ELUMINA Technology Inc | 1,924,740 | 94,108 (USD 2,980,000) | - | - | - | - | 2,405,925 | Y | - | - | |
| | | Lucky Cement Corp., Japan | Subsidiary | 1,924,740 | 49,305 (USD 1,500,000) | 49,238 (USD 1,500,000) | 9,899 (USD 302,000) | 49,238 (Note 4) | 1.04% | 2,405,925 | Y | - | - | |
| | | Luckyship Marine Co., Ltd. | Subsidiary | 1,924,740 | 45,000 | 45,000 | 37,800 | - | 0.95% | 2,405,925 | Y | - | - | |

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

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

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

Note 4：Other finance asset - restricted asset US$300,000 is provided as collateral.

Lucky Cement Corporation and Subsidiaries

Marketable Securities Held

December 31, 2015

Schedule 3

Unit: NT$1,000

| Company | Type and Name of Securities | Relationship with the Issuer of Securities | Account | End of period | | | | Remarks |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares | Carrying Amount (Note 2) | ( % ) | Fair Value (Note 1) | |
| Lucky Cement Corporation | Non-listed (OTC) Company Common Stock | | | | | | | |
| | CANDO CORPORATION | — | Non-current financial assets at cost | 398,889 | $ - | 0.1 | $ - | Note 3 |
| | Jonfeng Mining Co., Ltd | — | Non-current financial assets at cost | 1,071,428 | 12,094 | 10.58 | 13,836 | |
| | Redwood Group Ltd | — | Non-current financial assets at cost | 700,837 | 5,433 | 0.18 | 7,409 | |
| | WK TECHNOLOGY FUND | — | Non-current financial assets at cost | 3,400,000 | 22,100 | 2.22 | 23,913 | |
| | Listed (OTC) Company Common Stock | | | | | | | |
| | Formosa Plastics Corporation | — | Current available-for-sale financial assets | 468,000 | 34,241 | - | 36,036 | |
| | Medigen Biotechnology Corporation | — | Current available-for-sale financial assets | 28,628 | 510 | - | 2,448 | |
| | Winbond Electronics Corp. | — | Current available-for-sale financial assets | 119,500 | 4,970 | - | 943 | |
| | United Microelectronics Corporation | — | Current available-for-sale financial assets | 72,351 | 4,370 | - | 875 | |
| | China Development Financial | — | Current available-for-sale financial assets | 13,496 | 135 | - | 111 | |
| | First Financial Holding Co. Ltd. | — | Current available-for-sale financial assets | 822 | 19 | - | 13 | |
| | Capital Securities Corp. | — | Current available-for-sale financial assets | 818 | 12 | - | 8 | |
| | Hua Nan Financial Holdings Co. Ltd. | — | Current available-for-sale financial assets | 346 | 8 | - | 5 | |
| | Taiwan Cement Corp. | — | Current available-for-sale financial assets | 400,000 | 15,983 | - | 10,920 | |
| | Asia Cement Corporation | — | Current available-for-sale financial assets | 500,000 | 18,566 | - | 13,700 | |
| | 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 | 1,004 | - | 891 | |
| Luckyship Marine Co., Ltd. | Non-listed (OTC) Company Common Stock | | | | | | | |
| | Jonfeng Mining Co., Ltd. | — | Non-current financial assets at cost | 35,129 | 1,239 | 0.35 | 458 | |
| | Listed (OTC) Company Common Stock | | | | | | | |
| | Medigen Biotechnology Corporation | — | Current available-for-sale financial assets | 242 | 10 | - | 21 | |

( To be continued )

(Continued)

| Company | Type and Name of Securities | Relationship with the Issuer of Securities | Account | End of period | | | | Remarks |
|---|---|---|---|---|---|---|---|---|
| | | | | Shares | Carrying Amount (Note 2) | (%) | Fair Value (Note 1) | |
| Just Bright Ltd. | Listed Company Common Stock | | | | | | | |
| | Global Lighting Technologies Inc. | — | Current available-for-sale financial assets | 1,091,908 | $ 25,722 | - | $ 81,347 | |
| Luckicon Ready-mixed Concrete Factory Co., Ltd. | Fund Beneficiary Certificate | | | | | | | |
| | Huanan Bank Yungchang Kirin Monetary Market Fund | — | Current available-for-sale financial assets | 780,170 | 9,200 | - | 9,232 | |
| | FSITC RMB High Yield Bond Fund CNH Inc | — | Current available-for-sale financial assets | 50,000 | 508 | - | 502 | |
| | Taishin 1699 Money Market Fund | — | Current available-for-sale financial assets | 748,772 | 10,000 | - | 10,001 | |
| | UPAMC James Bond Money Market Fund | — | Current available-for-sale financial assets | 605,778 | 10,000 | - | 10,000 | |

Note 1: Reference of fair value: If there is no market price of non-current financial assets at cost for reference then according to the latest net equity; fair values of bonds recognized as other financial assets based on book value; the stock of available-for-sale of financial assets is the closed price at end of December 2015; its fund beneficiary certificate of available-for-sale financial assets is net value at the end of December 2015.

Note 2: The available-for-sale financial assets recognized the original purchase cost.

Note 3: The Company assessed the stock of Cando Corporation, which is a financial asset measured at cost, its investment has indeed been impaired, and an impairment loss of NT$7,500,000 has been recognized.

Note 4: Please refer to Schedule 7and 8 for information regarding to subsidiary investment.

Lucky Cement Corporation and Subsidiaries

Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital

For the Years Ended December 31, 2015

Schedule 4

Unit: NT$1,000, unless otherwise noted

| Company | Type and Name of Securities | Accounting | Transaction Counterpart | Relations | At the beginning of period | | Buy | | Sell | | | | At the endof period | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Share | Amount | Share | Amount | Share | Price | Book Cost | Profit or Loss of Disposition | Shares | Amount |
| Lucky Cement Corporation | Stocks of Dasheng Enterprise | Long-term equity investment accounted for using equity method | Capital Increased by Cash | Subsidiary | 138,293,724 | $ 2,231,239 | 30,000,000 | $ 300,000 | 9,999,544 (Note 1) | $ - | ($ 158,163) (Note 2) | $ - | 158,294,18( | $ 2,373,076 |

Note 1: The numbers of shares decreased by the proportion of shares held by the investee company to make up for losses.

Note 2: The amount of investment losses, long-term equity investments that were not recognized in proportion to the shareholding ratio, and the proportion of shareholdings that were used to recognize the actual actuarial losses of the defined company's benefits.

Note 3: It has been written off in the prepared financial statement.

Lucky Cement Corporation and Subsidiaries

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

For the Years Ended December 31, 2015

Schedule 5

Unit: NT$1,000

| Company Name | Transaction Counterpart | Relations | Transaction Status | | | | Status and Reasons of Difference between Transaction Condition and General Transaction | | Accounts, Notes Receivable (Payable) | | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Purchase (Sale) | Amount | Account for Purchase (Sale) Percentage to Total (%) | Credit Period | Unit Price | Credit Period | Balance | Accounts, Notes Receivable (Payable) Percentage to Total (%) | |
| Lucky Cement Corporation | Luckicon Ready-mixed Concrete Factory Co., Ltd. | Subsidiary | Sales | ($498,512) | ( 12.01) | About 90 days | Quite | Quite | Accounts receivable $ 37,926 | 6.13 | |
| | Fuyu Development Company | Subsidiary of Luckicon Ready-mixed Concrete | Purchase & Transportation expense | 190,396 | 13.46 | About 90 days | Quite | Quite | Accounts payable ( 51,689)<br>Notes payable ( 5,195) | ( 15.81)<br>( 1.59) | |

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

Lucky Cement Corporation and Subsidiaries

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

December 31, 2015

Schedule 6

Unit: NT$1,000

| Company of Accounts Receivable | Transaction Counterpart | Relations | Balance of Accounts Receivable due from Related Parties（Note） | Turnover Rate | Accounts Receivable past-due from Related Parties | | Balance of Accounts Receivable due from Related Parties, Receive Amount after end of the period | Address Amount of Allowance for Bad Debts |
|---|---|---|---|---|---|---|---|---|
| | | | | | Amount | Disposal Method | | |
| Lucky Cement Corporation | Dasheng Enterprise Co., Ltd. | Subsidiary | Financing $ 246,994 | — | $ - | — | $ - | $ - |

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

Lucky Cement Corporation and Subsidiaries

Names, Locations, and Related Information of Investees

For the Years Ended December 31, 2015

Schedule 7

Unit: NT$1,000

| Investment company | Invested company | Address | Main business items | Original investment amount (Note 7) | | Holding at the end of the period | | | Current (loss) profit of invested company | Investment (loss) profit accounted this Period (Note 1) | Remarks |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | At the end of the period | End of last year | Number of shares | Rate | Carrying Amount | | | |
| Lucky Cement Corporation | Dasheng Enterprise Co., Ltd. | 14F., No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.) | Construction Business | $ 1,877,473 | $ 1,577,413 | 158,294,180 | 99.99 | $ 2,373,076 | ($ 158,155) | ($ 158,155) | Note 4 |
| | Luckicon Ready-mixed Concrete Factory Co., Ltd. | No.191, Sec. 1, Meishi Rd., Yangmei Dist., Taoyuan City 326, Taiwan (R.O.C.) | Ready-mixed Concrete Manufacture & Trades | 99,998 | 99,998 | 21,999,868 | 99.99 | 324,247 | 47,874 | 47,874 | Note 4 |
| | Luckyship Marine Co., Ltd. | 13F., No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.) | Shipping Agent | 8,615 | 8,615 | 5,499,929 | 99.99 | 46,846 | ( 13,176) | ( 11,276) | Note 2 & 4 |
| | Just Bright Ltd. | Tropic Isle Building, PO Box 438, Road Town, Tortola, British Virgin Islands | Investment Business | 1,566 | 1,566 | 50,000 | 100.00 | 94,905 | 32,246 | 32,246 | Note 4 |
| | Lucky Cement Corp., Japan | Aichi, Japan hekinan Yu Jin-Pu-cho 12 gu | Cement Trading | 84,959 | 84,959 | 200 | 100.00 | 23,219 | 3,170 | 3,170 | Note 4 |
| | Hojen Harbor Development Co., Ltd | 13F., No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.) | Invest in public construction | 1,250 | 1,250 | 125,000 | 50.00 | 891 | ( 12) | ( 6) | Note 4 |
| | 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 | 65,150 | 9,338,400 | 70.59 | - | ( 41,200) | ( 29,081) | Note 3 & 5 |
| Luckicon Ready-mixed Concrete Factory Co., Ltd. | Fuyu Development Company | 13F., No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.) | Mine Gravel | 7,500 | 7,500 | 750,000 | 75.00 | 26,271 | 18,930 | 14,197 | Note 4 |
| ELUMINA Technology Inc. | ELUMINA HOLDING LIMITED | Beaufort House, P. O. Box 438, Road Town, Tortola, British Virgin Islands | Holding Company | 45,563 | 9,734 | 1,282,000 | 100.00 | 259 | ( 34,228) | ( 34,228) | Note 4 |

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

Note 2：Excluding unrealized losses of NT$1,900,000.

Note 3：The negative carrying amount aggregates to NT$20,704,000 as of December 31, 2015 recognized as other liabilities.

Note 4：The carrying amount of long-term equity investment accounted investment profit/loss and net equity of the invested company have been written off in the prepared financial statement.

Note 5：The long-term equity investment with accumulated negative carrying amount, the recognized investment loss and the net equity of the company being invested are all written off in the prepared financial statement

Note 6：Please refer to Schedule 8 for the information regarding to the invested company in China.

Lucky Cement Corporation and Subsidiaries

Investment Information in Mainland China

For the Years Ended December 31, 2015

Schedule 8

Unit: NT$1,000, unless otherwise noted

| Invested company in China | Major business | Paid-up capital | Inventory type (Note 1) | The amount of accumulated investment remitted from Taiwan at the beginning of the period (Note 4) | Remittance or recovery of investment amount in this period | | The amount of accumulated investment remitted from Taiwan at the end of the period | Current profit and loss of invested company (Note 2) | The proportion of shares held by the Company directly or indirectly | Investmend (Loss) profit accounted of this period (Note 2) | Book value of end-of-period investment (Note 2) | Investment income has been remitted as of this period |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Remittance | Recovered | | | | | | |
| ELUMINA (Xiamen) Technology Inc. | Manufacture and sale light-emitting diode products | $ 80,631 | (2) | $ 80,631 | $ - | $ - | $ 80,631 | ($ 33,228) | 70.59% | ($ 23,456) | $ 522 | $ - |

| 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) |
|---|---|---|
| US$2,522,000 | US$1,286,000 | $4,811,850×60%=$2,887,110 |

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

(1) Direct investment in China.

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

(3) Others

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

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

Note 4：At the beginning of the period, the capital increase of ELUMINA (Xiamen) Technology Inc. was US$1,236,000, which was still subject to the approval of the investment amount by the Investment Commission, Ministry of Economic Affairs (MOEAIC).

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

Lucky Cement Corporation and Subsidiary

Intercompany Relationships and Significant Intercompany Transactions

For the Years Ended December 31, 2015

Schedule 9

Unit: NT$1,000

| No. | Name of Trader | Subject in Trade | Relations with trader (Note 1) | State of Trade | | | |
|---|---|---|---|---|---|---|---|
| | | | | Account | Amount | Condition of Trade | The ratio of total revenue or total assets (%) |
| 0 | Lucky Cement Corporation | Luckicon Ready-mixed Concrete Factory Co., Ltd. | 1 | Accounts receivable | $ 37,926 | About 90 days | 0.48 |
| | Lucky Cement Corporation | Luckicon Ready-mixed Concrete Factory Co., Ltd. | 1 | Other receivables | 102 | About 90 days | - |
| | Lucky Cement Corporation | Luckicon Ready-mixed Concrete Factory Co., Ltd. | 1 | Cement pending in delivery and advance sales receipts | 9,184 | About 90 days | 0.12 |
| | Lucky Cement Corporation | Luckicon Ready-mixed Concrete Factory Co., Ltd. | 1 | Cost of sales | 183 | About 90 days | - |
| | Lucky Cement Corporation | Luckicon Ready-mixed Concrete Factory Co., Ltd. | 1 | Sales revenue | 498,512 | About 90 days | 9.93 |
| | Lucky Cement Corporation | Luckicon Ready-mixed Concrete Factory Co., Ltd. | 1 | Rental revenue | 1,525 | 30 days | 0.03 |
| | Lucky Cement Corporation | ELUMINA Technology Inc. | 1 | Rental revenue | 528 | 30 days | 0.01 |
| | Lucky Cement Corporation | Elumina Holding Limited | 1 | Other receivables | 363 | 30 days | - |
| | Lucky Cement Corporation | Fuyu Development Company | 1 | Other receivables | 1 | About 90 days | - |
| | Lucky Cement Corporation | Fuyu Development Company | 1 | Notes payable | 5,195 | About 90 days | 0.07 |
| | Lucky Cement Corporation | Fuyu Development Company | 1 | Accounts payable | 51,689 | About 90 days | 0.66 |
| | Lucky Cement Corporation | Fuyu Development Company | 1 | Other payables | 142 | About 90 days | - |
| | Lucky Cement Corporation | Fuyu Development Company | 1 | Cost of sales | 190,396 | About 90 days | 3.79 |
| | Lucky Cement Corporation | Fuyu Development Company | 1 | Rental revenue | 19,880 | 30 days | 0.4 |
| | Lucky Cement Corporation | Fuyu Development Company | 1 | Other income | 1,200 | 30 days | - |
| | Lucky Cement Corporation | Luckyship Marine Co., Ltd. | 1 | Other receivables | 4 | About 90 days | - |
| | Lucky Cement Corporation | Luckyship Marine Co., Ltd. | 1 | Notes payable | 516 | About 90 days | 0.01 |
| | Lucky Cement Corporation | Luckyship Marine Co., Ltd. | 1 | Cost of sales | 4,247 | About 90 days | 0.08 |
| | Lucky Cement Corporation | Luckyship Marine Co., Ltd. | 1 | Rental revenue | 256 | 30 days | 0.01 |
| | Lucky Cement Corporation | Dasheng Enterprise Co., Ltd. | 1 | Other financial assets - Financing Payment | 246,500 | Financing, did not express the repayment period | 3.14 |
| | Lucky Cement Corporation | Dasheng Enterprise Co., Ltd. | 1 | Other receivables | 497 | About 90 days | 0.01 |
| | Lucky Cement Corporation | Dasheng Enterprise Co., Ltd. | 1 | Rental revenue | 80 | 30 days | - |
| | Lucky Cement Corporation | Dasheng Enterprise Co., Ltd. | 1 | Interest income | 5,926 | 30 days | 0.12 |
| | Lucky Cement Corporation | Hojen Harbor Development Co., Ltd | 1 | Rental revenue | 16 | 30 days | - |
| | Lucky Cement Corporation | Lucky Cement Corp., Japan | 1 | Other receivables | 69 | 30 days | - |

(To be continued)

（Continued）

| 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（%） |
| 1 | Luckicon Ready-mixed Concrete Factory Co., Ltd. | Fuyu Development Company | 1 | Rental revenue | $ 9,000 | 30 days | 0.18 |
| | Luckicon Ready-mixed Concrete Factory Co., Ltd. | Dasheng Enterprise Co., Ltd. | 3 | Other financial assets - Financing Payment | 40,000 | Financing, did not express the repayment period | 0.51 |
| | Luckicon Ready-mixed Concrete Factory Co., Ltd. | Dasheng Enterprise Co., Ltd. | 3 | Accounts receivable | 461 | About 90 days | 0.01 |
| | Luckicon Ready-mixed Concrete Factory Co., Ltd. | Dasheng Enterprise Co., Ltd. | 3 | Other receivables | 73 | About 90 days | - |
| | Luckicon Ready-mixed Concrete Factory Co., Ltd. | Dasheng Enterprise Co., Ltd. | 3 | Sales revenue | 4,754 | About 90 days | 0.09 |
| | Luckicon Ready-mixed Concrete Factory Co., Ltd. | Dasheng Enterprise Co., Ltd. | 3 | Interest income | 554 | 30 days | 0.01 |
| 2 | ELUMINA Technology Inc. | ELUMINA (Xiamen) Technology Inc. | 1 | Accounts receivable | 40,293 | About 90 days | 0.51 |
| | ELUMINA Technology Inc. | ELUMINA (Xiamen) Technology Inc. | 1 | Cost of sales－depreciation | 12 | 30 days | - |
| | ELUMINA Technology Inc. | ELUMINA (Xiamen) Technology Inc. | 1 | Losses on disposals of fixed assets | 221 | 30 days | - |
| | ELUMINA Technology Inc. | ELUMINA (Xiamen) Technology Inc. | 1 | Cost of sales | 5,791 | 30 days | 0.12 |
| 3 | ELUMINA (Xiamen) Technology Inc. | Elumina Holding Limited | 2 | Other income | 15,756 | About 90 days | 0.31 |
| 4 | Luckyship Marine Co., Ltd. | Lucky Cement Corporation | 2 | Losses on disposals of investments | 1,900（Note 2） | 30 days | 0.04 |
| | Luckyship Marine Co., Ltd. | Dasheng Enterprise Co., Ltd. | 3 | Interest income | 69 | 30 days | - |

Note 1： The relationships among the transaction parties are as follows:
(1) The Company to the subsidiary
(2) The subsidiary to the Company
(3) Between subsidiaries

Note 2： The financial assets at cost that the Company purchased from Luckyship Marine Co., Ltd., there was unrealized loss NT$1,900,000 and deferred.