

Lucky Cement Co. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2019 and 2018 and Independent Auditors' Report

Notice to readers

This English-version report is a summary translation of the Chinese version. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail

.Address : 15F. No. 237, Songjiang Rd., Taipei, Taiwan
Tel: +886 (2)2509-2188

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2019 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as of and for the year ended December 31, 2019 as provided in International Financial Reporting Standards 10 “Consolidated Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies as of and for the year ended December 31, 2019. Hence, we did not prepare a separate set of consolidated financial statements of affiliates for the year ended December 31, 2019.

Very truly yours,

LUCKY CEMENT CO.

By

CHEN, LIANG-CHUAN
Chairman

March 27, 2020

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Lucky Cement Co.

Opinion

We have audited the accompanying consolidated financial statements of Lucky Cement Co. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (“IFRS”), International Accounting Standards (“IAS”), Interpretations of IFRS (“IFRIC”), and Interpretations of IAS (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission (“FSC”) of the Republic of China.

Basis of Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the consolidated financial statements for the year ended December 31, 2019 are as follows:

The Existence of Sales Revenue from Key Customers

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

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

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

1. Understood the internal control system of the sale of goods and assessed the design and effectiveness of the implementation of the internal control.
2. Gained the summary of sales transactions of the key customers across the year, adjusted and ensured the completeness of related transactions. In addition, selecting the samples from the summary, and reviewing the evidence and vouchers to verify the existence of sales revenue.
3. Obtained the post-period general ledger of sales revenue, inspecting whether significant sales return and allowance incurred, to ensure the accuracy of the revenue recognition.

Other Matter

We have also audited the parent company only financial statements of Lucky Cement Co. as of and for the years ended December 31, 2019 and 2018, on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 27, 2020

Notice to Readers

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

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

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

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

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

LUCKY CEMENT CO. AND SUBSIDIARIES

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

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

(Continued)

LUCKY CEMENT CO. AND SUBSIDIARIES

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

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

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

(Concluded)

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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

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

LUCKY CEMENT CO. AND SUBSIDIARIES

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

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

(Continued)

LUCKY CEMENT CO. AND SUBSIDIARIES

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

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

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

(Concluded)

LUCKY CEMENT CO. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

- IFRS 16 “Leases”

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

Definition of a lease

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

The Group as lessee

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

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

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

The Group also applies the following practical expedients:

- 1) The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- 2) The Group adjusts the right-of-use assets January 1, 2019 by the amount of any provisions for onerous lease recognized on December 31, 2018, instead of assessing the impairment under IAS 36.
- 3) The Group accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- 4) The Group excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- 5) The Group uses hindsight, such as in determining lease terms, to measure lease liabilities.

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

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	\$ 181,825
Less: Recognition exemption for short-term leases	(5,492)
Less: Recognition exemption for low-value assets	<u>(87)</u>
Undiscounted amounts on January 1, 2019	<u>\$ 176,246</u>
Discounted amounts using the incremental borrowing rate on January 1, 2019	<u>\$ 168,565</u>

The Group as lessor

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

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

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Right-of-use assets	\$ -	\$ 168,565	\$ 168,565
Total effect on assets	\$ -	\$ 168,565	\$ 168,565
Lease liabilities - current	\$ -	\$ 52,224	\$ 52,224
Lease liabilities - non-current	-	116,341	116,341
Total effect on liabilities	\$ -	\$ 168,565	\$ 168,565

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

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

- b. Basis of preparation

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

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

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

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within twelve months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within twelve months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

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

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

d. Basis of consolidation

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

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

Refer Note 11 and Note 35(6) for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

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

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

When preparing the financial statements, the functional currencies of the Group's foreign operations (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Parent Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.; The actual construction cost for property inventories is according to the proportion of building floor, in line with the principle of recognition of property sales revenue, the operating costs are recognized at the end of the reporting period.

The land to be built in the property to be developed is prepared for construction, and when it is actively developed and obtained a construction permit, it will be recognized to the developing property.

g. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

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

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

h. Impairment of tangible assets

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

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

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

i. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial asset at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 30.

ii. Financial assets at amortized cost

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

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

iii. Investments in equity instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. When a financial asset is more than 181 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

j. Revenue recognition

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

Revenue from sale of goods

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

k. Leasing

2019

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

1) The Group as lessor

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

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

2) The Group as lessee

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

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

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

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

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

2018

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

1) The Group as lessor

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

2) The Group as lessee

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

l. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

m. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

n. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally were not recognized are also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be recovered.

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

3) Current and deferred tax for the year

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

o. Closed business

If an enterprise component is about to be scrapped and ceases operation and represents a separate main business line or operating area, the recovery of its book value is not through continued use. It is expressed separately in the consolidated statement of profit or loss and should be re-expressed in the previous period in the consolidated financial report.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

6. CASH

	December 31	
	2019	2018
Cash on hand and revolving funds	\$ 1,528	\$ 1,507
Checking accounts and demand deposits	224,498	161,963
Foreign currency demand deposits	<u>7,400</u>	<u>35,332</u>
	<u>\$ 233,426</u>	<u>\$ 198,802</u>

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

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

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2019	2018
<u>Current</u>		
Mutual funds	<u>\$ 15,562</u>	<u>\$ 43,370</u>
<u>Non-current</u>		
Mutual funds	<u>\$ 9,598</u>	<u>\$ 6,535</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2019	2018
<u>Current</u>		
Investments in equity instruments	\$ 15,977	\$ 136,875
Investments in debt instruments	<u>6,016</u>	<u>5,375</u>
	<u>\$ 22,038</u>	<u>\$ 142,250</u>
<u>Non-current</u>		
Investments in equity instruments	<u>\$ 19,733</u>	<u>\$ 19,015</u>

a. Investments in Equity instruments at FVTOCI

	December 31	
	2019	2018
<u>Current</u>		
Domestic investments-Common Stocks		
Far Eastern New Century Corporation	\$ 5,970	\$ 22,320
U-Ming Marine Transport Corporation	4,301	4,128
Winbond Electronics Corp.	2,545	1,764
Medigen Biotechnology Corp.	1,793	1,300
United Microelectronics Corp.	1,190	814
China Development Financial	131	131
First Financial Holding Co., Ltd.	21	18
Capital Securities Corp.	10	8
Hua Nan Financial Holdings Co., Ltd.	10	7
Taiwan Cement Corp	6	15,664
Formosa Plastics Corporation	-	40,400
Global Lighting Technologies Inc. (F-Maolin)	-	31,146
Asia Cement Corporation	-	16,975
Excelsior Medical Co., Ltd.	-	1,840
Highwealth Construction	<u>-</u>	<u>360</u>
	<u>\$ 15,977</u>	<u>\$ 136,875</u>
<u>Non-current</u>		
Domestic investments-Common Stocks		
Jonfeng Mining Co., Ltd.	\$ 8,443	\$ 9,849
Global Securities Finance Corp.	6,433	4,583
WK Technology Fund	<u>4,857</u>	<u>4,583</u>
	<u>\$ 19,733</u>	<u>\$ 19,015</u>

For the above investment information, please refer to the “State of Securities held at the end of the period” please refer to Note 35 Schedule 3.

For other relevant information on financial assets measured at FVOCI, please refer to Note 22(5).

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

Dividends of \$5,393 thousand and \$2,537 thousand were recognized during 2019 and 2018.

b. Investments in debt instruments at FVTOCI

	December 31	
	2019	2018
<u>Non-current</u>		
Bond investment	\$ <u>6,061</u>	\$ <u>5,375</u>

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

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

	December 31	
	2019	2018
<u>Notes receivables</u>		
At amortized cost		
Gross carrying amount	\$ <u>488,761</u>	\$ <u>317,921</u>
<u>Notes receivables from related parties</u>		
At amortized cost		
Gross carrying amount	\$ <u>4,972</u>	\$ <u>5,170</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 424,728	\$ 277,114
Less: Allowance for impairment loss	<u>(12,608)</u>	<u>(14,610)</u>
	\$ <u>412,120</u>	\$ <u>262,504</u>
<u>Trade receivables from related parties</u>		
At amortized cost		
Gross carrying amount	\$ <u>7,450</u>	\$ <u>11,140</u>

(Continued)

	December 31	
	2019	2018
<u>Other receivables</u>		
Deposits	\$ 65,162	\$ -
Sale of securities	21,393	-
Other	<u>1,391</u>	<u>5,099</u>
	<u>\$ 87,946</u>	<u>\$ 5,099</u>
<u>Other receivables from related parties</u>	<u>\$ 155</u>	<u>\$ 551</u>
<u>Overdue receivables</u>		
Overdue	\$ 32,096	\$ 29,375
Less: Allowance for impairment loss-Overdue	<u>(32,096)</u>	<u>(29,375)</u>
	<u>\$ -</u>	<u>\$ -</u>
		(Concluded)

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

a. Note receivable

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

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

Information on the pledge of notes receivables, please refer to Note 32.

b. Trade receivable

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

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

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

The following table details the loss allowance of trade receivables (related parties included) based on the Group's provision matrix.

December 31, 2019

1) Lucky Cement Co.

	Customers without Financial Difficulty					Customers with Financial Difficulty	Total
	Not Past Due	Past Due within 30 Days	Past Due 31 to 60 Days	Past Due 61 to 180 Days	Past Due Over 181 Days		
Expected credit loss rate	-	-	-	-	100%	100%	-
Gross carrying amount	\$ 506,489	\$ -	\$ -	\$ -	\$ 269	\$ -	\$ 506,758
Loss allowance (Lifetime ECLs)	-	-	-	-	(269)	-	(269)
Amortized cost	<u>\$ 506,489</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 506,489</u>

2) Luckicon Ready-mixed Co.

	Customers without Financial Difficulty					Customers with Financial Difficulty	Total
	Not Past Due	Past Due within 30 Days	Past Due 31 to 60 Days	Past Due 61 to 180 Days	Past Due Over 181 Days		
Expected credit loss rate	0%-95%	2.77%	4.63%	9.95%-68.6%	100%	100%	-
Gross carrying amount	\$ 362,105	\$ 11,309	\$ 8,979	\$ 11,682	\$ 17	\$ 32,096	\$ 426,188
Loss allowance (Lifetime ECLs)	(2,683)	(313)	(416)	(1,953)	(17)	(32,096)	(37,478)
Amortized cost	<u>\$ 359,422</u>	<u>\$ 10,996</u>	<u>\$ 8,563</u>	<u>\$ 9,729</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 388,710</u>

3) Other

	Customers without Financial Difficulty					Customers with Financial Difficulty	Total
	Not Past Due	Past Due within 30 Days	Past Due 31 to 60 Days	Past Due 61 to 180 Days	Past Due Over 181 Days		
Expected credit loss rate	0%-0.14%	-	-	-	-	100%	-
Gross carrying amount	\$ 18,105	\$ -	\$ -	\$ -	\$ -	\$ 6,956	\$ 25,061
Loss allowance (Lifetime ECLs)	(1)	-	-	-	-	(6,956)	(6,957)
Amortized cost	<u>\$ 18,104</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,104</u>

December 31, 2018

1) Lucky Cement Co.

	Customers without Financial Difficulty					Customers with Financial Difficulty	Total
	Not Past Due	Past Due within 30 Days	Past Due 31 to 60 Days	Past Due 61 to 180 Days	Past Due Over 181 Days		
Expected credit loss rate	0%-0.24%	-	-	-	100%	100%	-
Gross carrying amount	\$ 340,550	\$ -	\$ -	\$ -	\$ 269	\$ -	\$ 340,819
Loss allowance (Lifetime ECLs)	(214)	-	-	-	(269)	-	(483)
Amortized cost	<u>\$340,336</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 340,336</u>

2) Luckicon Ready-mixed Co.

	Customers without Financial Difficulty					Customers with Financial Difficulty	Total
	Not Past Due	Past Due within 30 Days	Past Due 31 to 60 Days	Past Due 61 to 180 Days	Past Due Over 181 Days		
Expected credit loss rate	0%-4.13%	5.78%	7.18%	10.63%-100%	100%	100%	-
Gross carrying amount	\$ 234,597	\$ 4,986	\$ 208	\$ 73	\$ -	\$ 29,375	\$ 269,239
Loss allowance (Lifetime ECLs)	(6,846)	(288)	(15)	(22)	-	(29,375)	(36,546)
Amortized cost	<u>\$ 227,751</u>	<u>\$ 4,698</u>	<u>\$ 193</u>	<u>\$ 51</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 232,693</u>

3) Other

	Customers without Financial Difficulty					Customers with Financial Difficulty	Total
	Not Past Due	Past Due within 30 Days	Past Due 31 to 60 Days	Past Due 61 to 180 Days	Past Due Over 181 Days		
Expected credit loss rate	0%	3%-4%	6%-7%	11%-12%	100%	100%	-
Gross carrying amount	\$ 23,706	\$ -	\$ -	\$ -	\$ -	\$ 6,956	\$ 30,662
Loss allowance (Lifetime ECLs)	-	-	-	-	-	(6,956)	(6,956)
Amortized cost	<u>\$ 23,706</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,706</u>

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

	For the Year Ended December 31	
	2019	2018
Balance at January 1	\$ 43,985	\$ 45,956
Increase: Net remeasurement of loss allowance	4,933	1,594
Less: Current write-offs	(4,214)	(3,578)
Foreign currency translation difference	<u>-</u>	<u>(28)</u>
Balance at December 31	<u>\$ 44,704</u>	<u>\$ 43,985</u>

10. INVENTORIES

	December 31	
	2019	2018
Real estate under development and real estate to be developed	\$3,133,578	\$3,132,048
Raw materials	141,493	216,522
Work in progress	107,472	110,088
Finished goods	91,310	111,610
Supplies and spare parts	33,218	34,922
Merchandise	<u>9,001</u>	<u>5,780</u>
	<u>\$3,516,072</u>	<u>\$3,610,970</u>

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2019 was \$3,432,815 thousand, which includes losses on inventory write-downs of \$3,283,834 thousand.

The cost of inventories recognized as cost of goods sold for the year ended December 31, 2019 and 2018 was \$3,432,815 thousand and \$3,283,834 thousand, respectively. The cost of goods sold included losses on inventory write-downs of \$21,986 and \$101,799 thousand respectively.

The Group's property appraisal report issued by external experts on each balance sheet date evaluates the net realizable value of the developing property and property to be developed.

As of December 31, 2019 and 2018, the inventories expected to be recovered after more than 12 months were \$3,133,578 thousand and \$3,132,048 thousand, which were mainly real estate under development.

11. SUBSIDIARY

The main entities of the preparation of this consolidated financial report is as follows:

Investment Company Name	Subsidiary Name	Nature of Business	Percentage of Equity Held		Explanation
			2019	2018	
Lucky Cement Co.	Dasheng Enterprise Co., Ltd. (Dasheng Enterprise)	Sale and lease of national residences, commercial buildings, parking lots and industrial areas	99.99	99.99	a. and d.
	Luckicon Ready-mixed Concrete Factory Co., Ltd. (Luckicon Ready-mixed Co.)	Production and sales of concrete	99.99	99.99	a.
	Lucky Cement Corp., Japan (Lucky Cement Japan.)	Buy and sell cement	100.00	100.00	
	Luckyship Marine Co., Ltd (Luckyship Co.)	Shipping agent	99.99	99.99	e.
	Just Bright Ltd.	Investment Business	100.00	100.00	
	ELUMINA Technology Inc. (ELUMINA Inc.)	Manufacture and sale of LED products	-	-	b. and f.
Luckicon Ready-mixed Concrete Factory Co., Ltd. (Luckicon Ready-mixed Co.)	Fuyu Development Co., Ltd.	Earth and stone take	100.00	100.00	c.
ELUMINA Technology Inc. (ELUMINA Inc.)	Elumina Holding Limited	Holding company	-	-	b.
Elumina Holding Limited	ELUMINA Technology Inc. (ELUMINA Inc.)	Manufacture and sale of LED products	-	-	b.

Notes:

- a. Significant subsidiaries include Dasheng Enterprise and Luckicon Ready-mixed Co.
- b. Elumina Holding Limited and its subsidiaries were disbanded in November 2018. Please refer to Note 26. Closed Units. The amount of losses by this exchange was \$14,620 thousand and recognized under other expenses in profit or loss.
- c. Luckicon Ready-mixed Co.'s shares on Fuyu Development Company increased from 75% to 100% during 2018, mainly due to the acquisition of 25% equity interest in Fuyu Development Co., Ltd. from non-controlling interests in March 2018 for \$5,071 thousand.
- d. Dasheng Enterprise reduced its capital in August 2018 to make up for the loss of \$300,000 thousand, and at the same time the cash capital increased by issuing new shares of \$290,000 thousand.
- e. Luckyship Co. In August 2018, the capital was reduced to make up for the loss of \$50,000 thousand, and at the same time, the cash capital increased by issuing new shares of \$80,000 thousand.
- f. Elumina Holding Limited increased its capital by issuing new shares of \$7,800 thousand in August 2018, and the Parent Company subscribed \$5,507 thousand to the company in proportion to its shareholding.
- g. Just Bright Ltd. distributed cash dividends in 2019, and the Parent Company received \$52,907 thousand in proportion to the shareholding.
- h. The Parent Company decided on December 27, 2019 that the board of directors decided to discontinue the operation of its subsidiary Just Bright Ltd. and to close its securities account and bank account. It is expected that the cancellation procedure will be completed on May 1, 2021.

12. PREPAYMENTS

	December 31	
	2019	2018
Office supplies	\$ 105,474	\$ 98,523
Prepaid expenses	54,366	80,336
Prepaid purchase materials	4,837	937
Other	<u>129</u>	<u>1,477</u>
	<u>\$ 164,806</u>	<u>\$ 181,273</u>

13. OTHER FINANCIAL ASSETS

	December 31	
	2019	2018
Restricted assets	<u>\$ 93,165</u>	<u>\$ 108,232</u>

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

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

For information on pledge of other financial assets, please refer to Note 32.

14. OTHER CURRENT ASSETS

	December 31	
	2019	2018
Offset against business tax payable	\$ 23,067	\$ 23,701
Other	<u>1</u>	<u>6,258</u>
	<u>\$ 23,068</u>	<u>\$ 29,959</u>

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Electrical Equipment	Transportation Equipment	Other Equipment	Total
<u>Cost</u>							
Balance at January 1, 2018	\$ 724,675	\$ 2,200,343	\$ 6,086,797	\$ 1,193,958	\$ 1,041,962	\$ 494,601	\$ 11,742,336
Additions	359,427	86,870	16,669	2,364	-	2,505	467,835
Disposals	-	-	(8,123)	-	(123,350)	(710)	(132,183)
Net exchange difference	-	4,411	570	-	15	24	5,020
Balance at December 31, 2018	<u>\$ 1,084,102</u>	<u>\$ 2,291,624</u>	<u>\$ 6,095,913</u>	<u>\$ 1,196,322</u>	<u>\$ 918,627</u>	<u>\$ 496,420</u>	<u>\$ 12,083,008</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2018	\$ -	\$ 1,787,841	\$ 5,787,970	\$ 1,162,322	\$ 872,800	\$ 482,842	\$ 10,093,775
Depreciation expenses	-	60,799	110,734	8,070	51,254	8,510	239,367
Disposals	-	-	(6,765)	-	(123,350)	(710)	(130,825)
Net exchange difference	-	4,188	385	-	14	23	4,610
Balance at December 31, 2018	<u>\$ -</u>	<u>\$ 1,852,828</u>	<u>\$ 5,892,324</u>	<u>\$ 1,170,392</u>	<u>\$ 800,718</u>	<u>\$ 490,665</u>	<u>\$ 10,206,927</u>
Carrying amounts at December 31, 2018	<u>\$ 1,084,102</u>	<u>\$ 438,796</u>	<u>\$ 203,589</u>	<u>\$ 25,930</u>	<u>\$ 117,909</u>	<u>\$ 5,755</u>	<u>\$ 1,876,081</u>
<u>Cost</u>							
Balance at January 1, 2019	\$ 1,084,102	\$ 2,291,624	\$ 6,095,913	\$ 1,196,322	\$ 918,627	\$ 496,420	\$ 12,083,008
Additions	-	3,503	11,731	-	2,641	4,320	22,195
Disposals	-	(85)	-	-	(62,881)	(783)	(63,749)
Net exchange difference	-	(693)	(93)	-	(2)	(3)	(791)
Balance at December 31, 2019	<u>\$ 1,084,102</u>	<u>\$ 2,294,349</u>	<u>\$ 6,107,551</u>	<u>\$ 1,196,322</u>	<u>\$ 858,385</u>	<u>\$ 499,954</u>	<u>\$ 12,040,663</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2019	\$ -	\$ 1,852,828	\$ 5,892,324	\$ 1,170,392	\$ 800,718	\$ 490,665	\$ 10,206,927
Depreciation expenses	-	61,377	79,386	7,913	34,595	3,159	186,430
Disposals	-	(85)	-	-	(62,881)	(783)	(63,749)
Net exchange difference	-	(669)	(77)	-	(2)	(3)	(751)
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 1,913,451</u>	<u>\$ 5,971,633</u>	<u>\$ 1,178,305</u>	<u>\$ 772,430</u>	<u>\$ 493,038</u>	<u>\$ 10,328,857</u>
Carrying amounts at December 31, 2019	<u>\$ 1,084,102</u>	<u>\$ 380,898</u>	<u>\$ 135,918</u>	<u>\$ 18,017</u>	<u>\$ 85,955</u>	<u>\$ 6,916</u>	<u>\$ 1,711,806</u>

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

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

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

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

For the years ended December 31, 2019 and 2018, the Group evaluated Property, Plant and Equipment and no impairment loss recognized. The mortgage information of Property, Plant and Equipment, please refer to Note 32.

16. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
<u>Carrying amounts</u>	
Land	\$ 35,847
Buildings	91,684
Transportation equipment	<u>2,060</u>
	<u>\$ 129,591</u>
	For the Year Ended December 31, 2019
Additions to right-of-use assets	<u>\$ 13,232</u>
Depreciation charge for right-of-use assets	
Land	\$ 15,979
Buildings	34,327
Transportation equipment	<u>1,900</u>
	<u>\$ 52,206</u>

b. Lease liabilities - 2019

	December 31, 2019
<u>Carrying amounts</u>	
Current	<u>\$ 50,494</u>
Non-current	<u>\$ 80,289</u>

Range of discount rate for lease liabilities was as follows:

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

c. Other lease information

2019

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	\$ 1,613
Expenses relating to low-value asset leases	2,958
Interest relating to leases liabilities	2,144
Principal repayment to leases	<u>51,014</u>
Total cash outflow for leases	<u>\$ 57,729</u>

The Group chooses to apply the exemption for recognition of leases of buildings that meet short-term leases and office equipment that meets leases of low-value assets, and does not recognize related right-of-use assets and lease liabilities for those leases. The short-term lease commitment amount applicable to the recognition exemption on December 31, 2019 is \$309 thousand.

2018

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

	December 31, 2018
Not later than 1 year	\$ 56,963
Later than 1 year and not later than 5 years	<u>124,862</u>
	<u>\$ 181,825</u>

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

	For the Year Ended December 31, 2018
Minimum lease payments	<u>\$ 58,927</u>

17. OTHER NON-CURRENT ASSETS

	December 31	
	2019	2018
Long-term prepaid expenses	\$ 132,588	\$ 134,467
Restricted assets	70,770	66,372
Net limestone mining rights	18,779	18,781
Netly determined welfare assets (Note 21)	311	-
Overdue receivables (Note 9)	<u>-</u>	<u>-</u>
	<u>\$ 222,448</u>	<u>\$ 219,620</u>

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

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

Other information regarding to non-current asset col laterals, please refer to Note 32.

18. BORROWINGS

a. Short-term borrowings

	December 31	
	2019	2018
<u>Secured borrowings (Note 32)</u>		
Bank loans	\$ 200,000	\$ 752,651
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>32,700</u>	<u>100,000</u>
	<u>\$ 232,700</u>	<u>\$ 852,651</u>

The interest rate of the bank loan is as follows:

	December 31	
	2019	2018
Secured borrowings	1.6%	1.30%-1.55%
Unsecured borrowings	1.47%-1.70%	1.45%

b. Short-term bills payable

	December 31	
	2019	2018
Commercial paper	\$ 220,000	\$ 220,000
Less: Unamortized discounts on bills payable	<u>(535)</u>	<u>(264)</u>
	<u>\$ 219,465</u>	<u>\$ 219,736</u>

Outstanding short-term bills payable were as follows:

December 31, 2019

Guarantee/Promissory Institution	Par Value	Discount Amount	Carrying Amount	Interest Rate
<u>Commercial paper</u>				
Ta Ching Bills Finance Corporation	\$ 110,000	\$ 302	\$ 109,698	1.458%-1.70%
Grand Bills Finance Corporation	<u>110,000</u>	<u>233</u>	<u>109,767</u>	1.640%-1.73%
	<u>\$ 220,000</u>	<u>\$ 535</u>	<u>\$ 219,465</u>	

December 31, 2018

Guarantee/Promissory Institution	Par Value	Discount Amount	Carrying Amount	Interest Rate
<u>Commercial paper</u>				
Ta Ching Bills Finance Corporation	\$ 50,000	\$ 32	\$ 49,968	1.438%
Mega Bills Finance Corporation	60,000	39	59,961	1.438%
Grand Bills Finance Corporation	<u>110,000</u>	<u>193</u>	<u>109,983</u>	1.228%-1.73%
	<u>\$ 220,000</u>	<u>\$ 264</u>	<u>\$ 219,736</u>	

It is a commercial promissory note guaranteed by the bank, and the duration of each ticket does not exceed 180 days.

c. Long-term borrowings

		December 31	
		2019	2018
<u>Secured borrowings (Note 32)</u>			
Bank loans		\$ 1,250,000	\$ 1,011,638
<u>Unsecured borrowings</u>			
Loans from bank		230,000	160,000
Less: Current portions		<u>(310,000)</u>	<u>(11,200)</u>
		<u>\$ 1,170,000</u>	<u>\$ 1,160,438</u>

		December 31	
		2019	2018
<u>Secured borrowings</u>	Details		
Taiwan Cooperative Bank	The period is from April 12, 2018 to April 12, 2023, the grace period is 2 years, every 3 months was served as an installment, pay by 12 installments for the principle after the grace period.	\$ 500,000	\$ 500,000
Bank of Taiwan	The period is from November 12, 2019 to November 12, 2022. The principal will be repaid by \$40 million in February 2021. The remaining balance is divided into 7 quarters (2, 5, 8, 11) and \$3,000 each. Ten thousand.	250,000	-
<u>Dasheng Enterprise</u>			
O-Bank	The period is from November 21, 2017 to November 21, 2022, the principle will be repaid at once in maturity date.	250,000	250,000
O-Bank	The period is from December 21, 2017 to December 21, 2022, the principle will be repaid at once in maturity date.	250,000	250,000
<u>Unsecured borrowings</u>			
The Export-Import Bank of the Republic of China	The period is from June 14, 2019 to July 14, 2020, the principle will be repaid at once in maturity date.	70,000	-
O-Bank	The period is from April 23, 2018 to April 23, 2020, the principle will be repaid at once in maturity date.	80,000	80,000
KGI Bank	The period is from March 9, 2018 to March 9, 2020, the principle will be repaid at once in maturity date.	<u>80,000</u>	<u>80,000</u>
		1,480,000	1,171,638
Less: Current portions		<u>(310,000)</u>	<u>(11,200)</u>
Long-term borrowings		<u>\$ 1,170,000</u>	<u>\$ 1,160,438</u>

The annual interest rates of long-term borrowings were 1.40%-1.92% and 1.73%-2.20% respectively for December 31, 2019 and 2018.

19. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2019	2018
<u>Notes payable</u>		
From operating activities		
Non-related parties	<u>\$ 202,062</u>	<u>\$ 148,346</u>
Related parties	<u>\$ 34,656</u>	<u>\$ 43,594</u>
<u>Trade payables</u>		
From operating activities		
Non-related parties	<u>\$ 124,131</u>	<u>\$ 114,859</u>
Related parties	<u>\$ 35,532</u>	<u>\$ 23,540</u>

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

20. OTHER PAYABLES

	December 31	
	2019	2018
Payables for salaries and bonuses	\$ 48,604	\$ 41,408
Payables for taxes	41,599	22,574
Payables for utilities expense	15,536	19,052
Payables for maintenance fee	9,759	1,619
Others	<u>27,216</u>	<u>33,520</u>
	<u>\$ 142,714</u>	<u>\$ 118,173</u>

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

The employees of the combined Group in the mainland and Japan are members of the retirement benefits program operated by the government of mainland China and Japan. The subsidiary must allocate a specific percentage of salary costs to the retirement benefit plan to provide funding for the plan. The Group's obligation for this government-operated retirement benefit plan is only to allocate a specific amount.

b. Defined benefit plans

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

The amount in the balance sheet of the Group's defined benefit plan is as follows:

	December 31	
	2019	2018
Present value of funded defined benefit obligation	\$ 255,484	\$ 269,426
Fair value of plan assets	<u>(215,667)</u>	<u>(208,600)</u>
Net defined benefit liabilities	<u>\$ 39,817</u>	<u>\$ 60,826</u>

The above-mentioned net confirmed welfare liabilities are the net amount of net confirmed welfare assets (accounting for other non-current assets) of \$311 thousand and \$0 thousand and net fixed benefit liabilities of \$40,128 thousand and \$60,826 thousand respectively on December 31, 2019 and December 31, 2018.

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

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2018	<u>\$ 304,407</u>	<u>\$ (235,758)</u>	<u>\$ 68,649</u>
Service costs			
Current service costs	2,808	-	2,808
Net interest expense (income)	<u>2,981</u>	<u>(2,346)</u>	<u>635</u>
Recognized in profit or loss	<u>5,789</u>	<u>(2,346)</u>	<u>3,443</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,620)	(7,620)
Actuarial loss			
Changes in demographic assumptions	11	-	11
Changes in financial assumptions	2,167	-	2,167
Experience adjustments	<u>2,617</u>	<u>-</u>	<u>2,617</u>
Recognized in other comprehensive income	<u>4,795</u>	<u>(7,620)</u>	<u>(2,825)</u>
Contributions from the employer	-	(4,441)	(4,441)
Benefit paid	<u>(45,565)</u>	<u>41,565</u>	<u>(4,000)</u>
Balance at December 31, 2018	<u>\$ 269,426</u>	<u>\$ (208,600)</u>	<u>\$ 60,826</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2019	<u>\$ 269,426</u>	<u>\$ (208,600)</u>	<u>\$ 60,826</u>
Service costs			
Current service costs	1,909	-	1,909
Net interest expense (income)	<u>2,357</u>	<u>(1,833)</u>	<u>524</u>
Recognized in profit or loss	<u>4,266</u>	<u>(1,833)</u>	<u>2,433</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(8,440)	(8,440)
Actuarial (gain) loss			
Changes in financial assumptions	4,676	-	4,676
Experience adjustments	<u>(1,678)</u>	<u>-</u>	<u>(1,678)</u>
Recognized in other comprehensive income	<u>2,998</u>	<u>(8,440)</u>	<u>(5,442)</u>
Contributions from the employer	-	(18,000)	(18,000)
Benefit paid	<u>(21,206)</u>	<u>21,206</u>	<u>-</u>
Balance at December 31, 2019	<u>\$ 255,484</u>	<u>\$ (215,667)</u>	<u>\$ 39,817</u> (Concluded)

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

	<u>For the Year Ended December 31</u>	
	2019	2018
Operating costs	\$ 1,695	\$ 2,350
Selling and marketing expenses	275	415
General and administrative expenses	<u>463</u>	<u>678</u>
	<u>\$ 2,433</u>	<u>\$ 3,443</u>

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2019	2018
Discount rate	0.625%	0.875%
Expected rate of salary increase	1.25%	1.25%

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

	December 31	
	2019	2018
Discount rate		
0.25% increase	<u>\$ (4,667)</u>	<u>\$ (5,211)</u>
0.25% decrease	<u>\$ 4,814</u>	<u>\$ 5,369</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 4,696</u>	<u>\$ 5,170</u>
0.25% decrease	<u>\$ (4,586)</u>	<u>\$ (5,217)</u>

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

	December 31	
	2019	2018
Expected contributions to the plans for the next year	<u>\$ 1,995</u>	<u>\$ 2,062</u>
Average duration of the defined benefit obligation	4.6-7.6 years	3.1-8.1 years

22. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2019	2018
Number of shares authorized (in thousands)	<u>498,646</u>	<u>498,646</u>
Shares authorized	<u>\$ 4,986,460</u>	<u>\$ 4,986,460</u>
Number of shares issued and fully paid (in thousands)	<u>404,738</u>	<u>404,738</u>
Shares issued	<u>\$ 4,047,380</u>	<u>\$ 4,047,380</u>

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

b. Capital surplus

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

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

c. Retained earnings and dividend policy

The Parent Company has passed an amendment to the Articles of Association on June 12, 2019, which stipulates that the Parent Company's surplus distribution or loss allowance shall be obtained after each half of the fiscal year or the end of the fiscal year., Together with the business report and financial statements should be submitted to the Audit Committee for review, and the Board of Directors shall make a resolution.

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

The earning allocation policy in the Articles of Incorporation states that in case of earning upon settled annually, the Group shall appropriate its 10% as legal surplus reserve first and account equity deduction occurred in the current year as special surplus reserve, addition to legal payment of business tax and compensation of historical annual loss, wherein if the dividend per share from the sum of balance thereafter and 40%-80% of aggregated surplus yet allocated in the previous year has not reached NT\$0.1 with calculation of the upper limit, 80%, it shall be reserved, not for allocation and allocation case shall be proposed in the Board of Directors, further presented for acknowledgement in the Meeting of Shareholders. Please refer to (6) of Note 24, Employee Benefits for the revised remuneration allocation policy of employee and directors, supervisors before/after the versions of the Articles of Association. The appropriation and allocation ratio of the preceding surplus and stock to cash ratio shall be paid in cash dividend or stock dividend subject to real profit and situation of fund in the current year, with consideration of fund for investment and diluted level of surplus per share in the Meeting of Board of Directors. However, the allocated stock dividend shall be limited to 20% of the issued stock; in case that the aggregated equity deduction or equity deduction that is insufficient to account as surplus w/tax in the current year, it shall account equivalent amount of special surplus reserve from the aggregated surplus yet be allocated in the previous year and deduct it prior to the appropriation and allocation earlier. Thereafter, whenever equity deduction is turned, the turned amount shall be allocated as surplus. The allocation of related surplus shall be passed and acknowledged in the General Meeting of Shareholders held in the next year and shall be accounted in the current year.

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

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

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

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

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

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

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

d. Special reserve

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

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

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

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

e. Other equity items

Exchange differences on translating the financial statements of foreign operations:

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

Unrealized gains (losses) on financial assets at FVTOCI

	<u>For the Year Ended December 31</u>	
	2019	2018
Balance at January 1	\$ (10,450)	\$ 5,716
Unrealized gains (losses) on financial assets at FVTOCI	42,803	(13,705)
Disposal is transferred to retained earnings through other comprehensive profit and loss based on fair value of equity instruments measured at fair value	<u>(35,466)</u>	<u>(2,792)</u>
Balance at December 31	<u>\$ (3,444)</u>	<u>\$ (10,781)</u>

f. Non-controlling interest

	<u>For the Year Ended December 31</u>	
	2019	2018
Balance at January 1	\$ 78	\$ 26,423
Attributable to non-controlling interests		
Share of losses for the year	(1)	(24,643)
Exchange differences on translation of foreign financial statements	-	(2)
Changes in ownership interest in subsidiaries	-	(3,993)
Adjustments for compensation costs of subsidiary		
Non-controlling interest increase	<u>-</u>	<u>2,293</u>
Balance at December 31	<u>\$ 77</u>	<u>\$ 78</u>

23. REVENUE

a. Segmentation of customer contract revenue

	For the Year Ended December 31	
	2019	2018
Cement	\$ 2,003,264	\$ 1,952,417
Stone	629,558	491,363
Cement products	601,178	341,988
Other	<u>497,696</u>	<u>544,833</u>
	<u>\$ 3,731,696</u>	<u>\$ 3,330,601</u>

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

	December 31	
	2019	2018
Notes receivables (Note 9)	\$ 488,761	\$ 317,921
Notes receivables from related parties (Note 9)	4,972	5,170
Trade receivables (Note 9)	412,120	262,504
Trade receivables from related parties (Note 9)	<u>7,450</u>	<u>11,140</u>
Receivables	<u>\$ 913,303</u>	<u>\$ 596,735</u>
Contract liability		
Receivables	<u>\$ 259,431</u>	<u>\$ 198,806</u>

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

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

	December 31	
	2019	2018
Contract liability from the beginning of the year		
Sales of goods	<u>\$ 198,806</u>	<u>\$ 231,276</u>

c. Customer contracts were not yet fully complete

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

	For the Year Ended December 31	
	2019	2018
Sales of goods		
Fulfill in 2019	\$ -	\$ 198,806
Fulfill in 2020	<u>\$ 259,431</u>	<u>\$ -</u>

24. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

Net loss from continuing operations are as follows:

a. Other operating expenses

	December 31	
	2019	2018
Gains on disposals of property, plant and equipment	<u>\$ 4,120</u>	<u>\$ 16,103</u>

b. Other income

	December 31	
	2019	2018
Revenue from dividends	\$ 5,393	\$ 2,537
Other	<u>3,537</u>	<u>15,391</u>
	<u>\$ 8,930</u>	<u>\$ 17,928</u>

c. Interest expense

	December 31	
	2019	2018
Bank loan/related party loans	\$ 37,634	\$ 32,417
Interest to lease liabilities	<u>2,144</u>	<u>-</u>
	<u>\$ 39,778</u>	<u>\$ 32,417</u>

d. Depreciation, depletion and amortization

	December 31	
	2019	2018
Property, plant and equipment	\$ 186,430	\$ 239,367
Right-of-use assets	52,206	-
Long-term prepaid expenses	11,748	8,901
Limestone mining rights	<u>2</u>	<u>2</u>
	<u>\$ 250,386</u>	<u>\$ 248,270</u>
Depreciations summary by functions		
Operating costs	\$ 187,071	\$ 223,040
Operating expenses	45,358	9,412
Non-operating expenses	<u>6,207</u>	<u>6,915</u>
	<u>\$ 238,636</u>	<u>\$ 239,367</u>
Amortization summary by functions		
Operating costs	\$ 5,240	\$ 5,240
Operating expenses	<u>6,508</u>	<u>3,661</u>
	<u>\$ 11,748</u>	<u>\$ 8,901</u>

(Continued)

	December 31	
	2019	2018
Depletion summary by functions		
Operating costs	\$ <u>2</u>	\$ <u>2</u> (Concluded)
e. Employee benefits expense		
	December 31	
	2019	2018
Post-employment benefits		
Defined contribution plan	\$ 12,493	\$ 13,051
Defined benefit plan (Note 21)	<u>2,433</u>	<u>3,443</u>
	14,926	16,494
Other employee benefits	<u>367,581</u>	<u>364,548</u>
Total employee benefits expense	<u>\$ 382,507</u>	<u>\$ 381,042</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 273,565	\$ 278,702
Operating expenses	<u>108,942</u>	<u>102,340</u>
	<u>\$ 382,507</u>	<u>\$ 381,042</u> (Concluded)

f. Employees' compensation and remuneration of directors and supervisors

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

Accrual rate

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

Amount

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

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

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

There is no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

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

g. Gains or losses on foreign currency exchange

	December 31	
	2019	2018
Foreign exchange gains	\$ 3,553	\$ 458
Foreign exchange losses	<u>(1,811)</u>	<u>(286)</u>
	<u>\$ 1,742</u>	<u>\$ 172</u>

25. INCOME TAXES RELATING TO CONTINUING OPERATIONS

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

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

	December 31	
	2019	2018
Current tax		
In respect of the current year	\$ 2,419	\$ 111
Adjustments for prior year	<u>13</u>	<u>2,406</u>
	<u>2,432</u>	<u>2,571</u>
Deferred tax		
In respect of the current year	5,578	27,205
Adjustments to deferred tax attributable to changes in tax rates and laws	<u>-</u>	<u>(20,496)</u>
	<u>5,578</u>	<u>6,709</u>
Income tax expense recognized in profit or loss	<u>\$ 8,010</u>	<u>\$ 9,280</u>

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

	December 31	
	2019	2018
Profit (loss) before tax from continuing operations	\$ 53,914	\$ (191,662)
Income tax profit (loss) calculated at the statutory rate	\$ 10,783	\$ (38,332)
Nondeductible expenses in determining taxable income	2,680	6,188
Unrecognized deductible temporary differences and loss carryforwards	(3,411)	59,772
Tax-exempt income	(3,435)	(312)
Basic tax payable difference	1,380	-
Effect of tax rate changes	-	(20,496)
Adjustments for prior years' tax	13	2,460
Income tax expense recognized in profit or loss	\$ 8,010	\$ 9,280

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

b. Current tax assets and liabilities

	December 31	
	2019	2018
Current tax assets		
Tax refund receivable	\$ 17,607	\$ 21,888
Current tax liabilities		
Income tax payables	\$ 2,149	\$ 238

c. Current tax assets and liabilities

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

December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Closing Balance
<u>Current tax assets</u>			
Temporary differences			
Pension limit exceeded	\$ 22,004	\$ (3,546)	\$ 18,458
Loss deduction	48,647	(24,188)	24,459
Investment losses for using equity method	43,100	14,195	57,295
Unrealized inventory valuation losses	15,603	(1,642)	13,961
Unrealized foreign exchange losses	27	3	30
Doubtful debts overrun	7,751	(1,111)	6,640
Impairment loss on financial assets at FVOCI	5,847	(1,147)	4,700
Gross profit from advance receipts with an issued bill of lading	387	1,715	2,102
	<u>\$ 143,366</u>	<u>\$ (15,721)</u>	<u>\$ 127,645</u>

(Continued)

	Opening Balance	Recognized in Profit or Loss	Closing Balance
<u>Current tax liabilities</u>			
Temporary differences			
Accelerated depreciation of fixed assets	\$ 33,847	\$ (10,055)	\$ 23,792
Unrealized foreign exchange gains	<u>88</u>	<u>(88)</u>	<u>-</u>
	<u>\$ 33,935</u>	<u>\$ (10,143)</u>	<u>\$ 23,792</u> (Concluded)

December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Closing Balance
<u>Current tax assets</u>			
Temporary differences			
Pension limit exceeded	\$ 18,525	\$ 3,479	\$ 22,004
Loss deduction	12,010	36,637	48,647
Investment losses for using equity method	104,148	(61,048)	43,100
Unrealized inventory valuation losses	12,605	2,998	15,603
Unrealized foreign exchange losses	79	(52)	27
Doubtful debts overrun	5,440	2,311	7,751
Impairment loss on financial assets at FVOCI	3,995	1,852	5,847
Gross profit from advance receipts with an issued bill of lading	<u>1,109</u>	<u>(722)</u>	<u>387</u>
	<u>\$ 157,911</u>	<u>\$ (14,545)</u>	<u>\$ 143,366</u>

Current tax liabilities

Temporary differences			
Accelerated depreciation of fixed assets	\$ 41,766	\$ (7,919)	\$ 33,847
Unrealized foreign exchange gains	<u>5</u>	<u>83</u>	<u>88</u>
	<u>\$ 41,771</u>	<u>\$ (7,836)</u>	<u>\$ 33,935</u>

d. Income tax assessments

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

26. DISCONTINUING OPERATIONS

The board of directors of ELUMINA technology Inc. decided to dissolve ELUMINA technology Inc. and its subsidiaries - Elumina Holding Limited and Elumina (Xiamen) Company on July 31, 2015, and had the dissolution of liquidation; the Group classified the cash-generating units into the discounting operation in 2015. ELUMINA technology Inc. and its subsidiaries completed the dissolution process in November 2018.

The profit (loss) of discontinuing operations in current period was as bellow:

	2018
Current loss	\$ <u>(672)</u>

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

	2018
Operating expenses	\$ (653)
Non-operating income and expenses	<u>(19)</u>
	(672)
Tax expense	<u>-</u>
Current profit (loss)	\$ <u>(672)</u>
Profit (loss) of business suspension unit belongs to:	
Owners of the Company	\$ (474)
Non-controlling interests	<u>(198)</u>
	\$ <u>(672)</u>
Net cash outflow generated from operations	\$ (1,491)
Net cash flows from investing activities	<u>1,000</u>
Net cash outflow	\$ <u>(491)</u>

27. EARNINGS (LOSS) PER SHARE

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

Net Profit (Loss)

	<u>For the Year Ended December 31</u>	
	2019	2018
Basic earnings (loss) per share		
From continuing operations	\$ 45,905	\$ (176,971)
From discontinued operations	<u>-</u>	<u>474</u>
Net profit loss for the year	\$ <u>45,905</u>	\$ <u>(176,497)</u>

Earnings Per Share

(In Thousands of Shares)

	<u>For the Year Ended December 31</u>	
	2019	2018
Weighted average number of ordinary shares used in the computation of basic earnings per share	<u>404,738</u>	<u>404,738</u>

	For the Year Ended December 31	
	2019	2018
Weighted average number of ordinary shares used in the computation of basic earnings per share	404,738	404,738
Effect of potentially dilutive ordinary shares		
Employees' compensation	<u>184</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>404,922</u>	<u>404,738</u>

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

28. CASH FLOW INFORMATION

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

Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2019

	Balance at January 1, 2019	Cash Flows	Non-cash Changes		Balance at December 31, 2019
			New Leases	Discount Amortization	
Short-term bills payable	\$ 219,736	\$ -	\$ -	\$ (271)	\$ 219,465
Lease liabilities	<u>168,565</u>	<u>(51,014)</u>	<u>13,232</u>	<u>-</u>	<u>130,783</u>
	<u>\$ 388,301</u>	<u>\$ (51,014)</u>	<u>\$ 13,232</u>	<u>\$ (271)</u>	<u>\$ 350,248</u>

For the year ended December 31, 2018

	Balance at January 1, 2018	Cash Flows	Non-cash Changes Discount Amortization	Balance at December 31, 2018
Lease liabilities	<u>\$ 139,577</u>	<u>\$ 80,000</u>	<u>\$ 159</u>	<u>\$ 219,736</u>

29. FINANCIAL RISK MANAGEMENT

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

30. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets				
Fund benefit certificate	<u>\$ 15,562</u>	<u>\$ -</u>	<u>\$ 9,598</u>	<u>\$ 25,160</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Equity instrument investments				
Listed shares and emerging market shares	\$ 15,977	\$ -	\$ -	\$ 15,977
Unlisted shares	-	-	19,733	19,733
Corporate bond	<u>6,061</u>	<u>-</u>	<u>-</u>	<u>6,061</u>
	<u>\$ 22,038</u>	<u>\$ -</u>	<u>\$ 19,733</u>	<u>\$ 41,771</u>

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets				
Fund benefit certificate	<u>\$ 43,370</u>	<u>\$ -</u>	<u>\$ 6,535</u>	<u>\$ 49,905</u>
Financial assets at FVTOCI				
Investments in equity instruments				
Equity instrument investments				
Listed shares and emerging market shares	\$ 136,875	\$ -	\$ -	\$ 136,875
Unlisted shares	-	-	19,015	19,015
Corporate bond	<u>5,375</u>	<u>-</u>	<u>-</u>	<u>5,375</u>
	<u>\$ 142,250</u>	<u>\$ -</u>	<u>\$ 19,015</u>	<u>\$ 161,265</u>

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

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

December 31, 2019

	Financial Assets at FVTPL Fund Benefit Certificate	Financial Assets at FVTOCI - Equity Instruments	
Balance at January 1, 2019	\$ 6,535	\$ 19,015	\$ 25,550
Return of shares after capital reduction	-	-	-
Recognized in profit or loss (included in other gains and losses)	3,063	-	3,063
Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI)	<u>-</u>	<u>718</u>	<u>718</u>
Balance at December 31, 2019	<u>\$ 19,465</u>	<u>\$ 19,733</u>	<u>\$ 29,331</u>

December 31, 2018

	Financial Assets at FVTPL Fund Benefit Certificate	Financial Assets at FVTOCI - Equity Instruments	
Balance at January 1, 2018	\$ 8,949	\$ 24,107	\$ 33,056
Return of shares after capital reduction	-	(2,890)	(2,890)
Recognized in profit or loss (included in other gains and losses)	(2,414)	-	(2,414)
Recognized in other comprehensive income (included in unrealized valuation gain/(loss) on financial assets at FVTOCI)	<u>-</u>	<u>(2,202)</u>	<u>(2,202)</u>
Balance at December 31, 2018	<u>\$ 6,535</u>	<u>\$ 19,015</u>	<u>\$ 25,550</u>

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

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

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

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

c. Categories of financial instruments

	December 31	
	2019	2018
<u>Financial assets</u>		
FVTPL		
Mandatorily classified as at FVTPL	\$ 25,160	\$ 49,905
Financial assets at amortized cost (1)	1,481,491	1,046,172
Financial assets at FVTOCI		
Equity instruments	35,710	155,890
Debt instruments	6,061	5,375

Financial liabilities

FVTPL		
Amortized cost (2)	2,458,938	2,651,161

- 1) The balances include financial assets at amortized cost, which comprise cash, and notes receivable and trade receivables, other receivables, and restricted assets. (recognized other financial assets and other non-current assets) and refundable deposits.
- 2) The balance includes financial liabilities measured at amortised cost such as short-term borrowings, short-term notes and bills payable, notes payable, accounts payable, partial other payables and long-term borrowings.

d. Financial risk management objectives and policies

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

1) Market risk

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

The exposure of related market risk of financial instrument of the Group and the management and measurement of the exposure do not change.

a) including foreign currency risk

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

Sensitivity analysis

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

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

	Currency USD Impact		Currency RMB Impact	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2019	2018	2019	2018
Profit or loss	\$ (419)	\$ (462)	\$ (347)	\$ (350)

	Currency JPY Impact	
	For the Year Ended	
	December 31	
	2019	2018
Profit or loss	\$ -	\$ (1,462)

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

b) Interest rate risk

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

	December 31	
	2019	2018
Fair value interest rate risk		
Financial liabilities	\$ -	\$ 268,200
Cash flow interest rate risk		
Financial assets	386,965	377,224
Financial liabilities	1,932,165	1,975,833

Sensitivity analysis

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

If interest rate decreases/increases 25 basic points, the profit before tax in 2019 decreases/increases \$3,863 thousand and the loss before tax in 2018 increases/decreases \$3,997 thousand separately with all other variables held constant; the main reasons are floating rate loan, demand deposit and exposure in restricted asset interest rate risk of the Group.

2) Credit risk

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

The 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.

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

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

The credit risk of the Group is mainly concentrated on the key account (KA) of the Group; as the end of December 31, 2019 and 2018, the receivables should exceed 5% of total receivables, which are separately 39.84% and 43.60% of total receivables.

3) Liquidity risk

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

Bank loan is an important source of liquidity for the Group. As the end of December 31, 2018 and 2017, the unused long-term and short-term bank loan commitments of the Group are separately \$1,892,447 thousand and \$1,893,815 thousand.

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

December 31, 2019

	Weighted-average Valid Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	-	\$ 260,664	\$ 180,887	\$ 20,765	\$ 457	\$ 64,000
Lease liabilities	1.55	8,870	4,311	38,803	81,546	-
Variable interest rate liabilities	1.82	1,000	124,645	636,520	1,170,000	-
		<u>\$ 150,679</u>	<u>\$ 151,801</u>	<u>\$ 696,088</u>	<u>\$ 1,252,003</u>	<u>\$ 64,000</u>

December 31, 2018

	Weighted-average Valid Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	-	\$ 232,472	\$ 209,445	\$ 17,805	\$ 5,317	\$ 63,692
Variable interest rate liabilities	1.62	-	67,212	743,888	984,725	180,000
Fixed interest rate liabilities	1.29	131,000	-	137,200	-	-
		<u>\$ 363,472</u>	<u>\$ 276,657</u>	<u>\$ 898,893</u>	<u>\$ 990,042</u>	<u>\$ 243,692</u>

31. TRANSACTIONS WITH RELATED PARTIES

a. Related parties

Related Party Name	Related Party Category
Other related party	
Yungsheng Development Industrial Co., Ltd. (Yungsheng Development Co.)	The chairman of the Company is the same as the chairman of the parent company
LIANG-CHUAN Cultural and Educational Foundation (LIANG-CHUAN Foundation)	The chairman of the Company is the same as the chairman of the parent company
Fudong Freight Co., Ltd. (Fudong Freight Co.)	The chairman of the company is one of the parent company chairman's first-degree relatives
Changjun Water Resources biotechnology Co., Ltd. (Changjun Water Resources Co.)	The chairman of the Company is the same as the chairman of the parent company
Jia Fu Entertainment Co., Ltd. (Jia Fu Entertainment Co.)	The chairman of the company is one of the parent company chairman's first-degree relatives
Wantong Product Insurance Brokerage Co., Ltd. (Wantong Product Insurance Co.)	The chairman of the company is one of the parent company chairman's first-degree relatives
Lucky Construction Co., Ltd. (Lucky construction Co.)	The chairman of the company is one of the parent company chairman's first-degree relatives
Kuochuan Development Co., Ltd. (Kuochuan Development Co.)	The chairman of the company is one of the parent company chairman's first-degree relatives
Changheng Investment Co. (Changheng Investment Co.)	The major shareholder of the parent company
Jinli Investment Co., Ltd. (Jinli Co.)	The major shareholder of the parent company
Cheng Haibin	The parent company chairman's third-degree relatives
Fuan Mining Co., Ltd. (Fuan Mining Co.)	The manger is the spouse of the parent company chairman's first-degree relatives

b. Business transaction

Line Items	Related Party Name	For the Year Ended December 31	
		2019	2018
Sale of goods	Other related parties	\$ 72,797	\$ 68,228
Purchases of goods	Fuan Mining Co.	\$ 253,837	\$ 224,915
	Other related parties	53,160	25,679
		\$ 306,997	\$ 250,594
Operating costs - transportation expenses	Other related parties	\$ 15,713	\$ 12,323
Operating expenses	Other related parties	\$ 2,862	\$ 3,889
Non-operating income	Other related parties	\$ 2,406	\$ 2,409
Non-operating expenses -	Other related parties	\$ 102	\$ 890

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

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

Non-operating expenses are rent expense between the Group and related parties; the determination and collection method of rent are same as general leasing transactions.

c. Receivables from related parties

Line Items	Related Party Name	For the Year Ended December 31	
		2019	2018
Notes receivable	Other related parties	\$ 4,972	\$ 5,170
Trade receivables	Other related parties	\$ 7,450	\$ 11,140
Other receivables	Other related parties	\$ 155	\$ 551

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

d. Payables to related parties

Line Items	Related Party Name	For the Year Ended December 31	
		2019	2018
Notes payables	Fuan Mining Co.	\$ 28,810	\$ 41,678
	Other related parties	<u>5,846</u>	<u>1,916</u>
		<u>\$ 34,656</u>	<u>\$ 43,594</u>
Trade payables	Fuan Mining Co.	\$ 26,000	\$ 21,195
	Other related parties	<u>9,532</u>	<u>2,345</u>
		<u>\$ 35,532</u>	<u>\$ 23,540</u>
Other payables	Other related parties	<u>\$ 1,281</u>	<u>\$ 1,157</u>

The outstanding trade payables to related parties are unsecured.

e. Loan from related parties

	Related Party Name	For the Year Ended December 31	
		2019	2018
Other payables to related parties	Cheng Haibin	<u>\$ 45,800</u>	<u>\$ 45,800</u>

The above loan from related parties is interest-free.

f. Remunerations of key management personnel

Related Party Name	For the Year Ended December 31	
	2019	2018
Short-term employee benefits	\$ 21,169	\$ 17,385
Benefit after retirement	<u>463</u>	<u>441</u>
	<u>\$ 21,632</u>	<u>\$ 17,826</u>

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

32. ASSETS PLEDGED AS COLLATERAL

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

	December 31	
	2019	2018
Notes receivable	\$ -	\$ 7,200
In development property	3,073,626	3,012,245
Property, plant and equipment	782,986	794,480
Restricted assets (recognized other financial assets and other non-current assets)	<u>225,753</u>	<u>242,699</u>
	<u>\$ 4,082,365</u>	<u>\$ 4,056,624</u>

33. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- a. On the date of March 24, 2020, the Parent Company reported to the board of directors the plan to sell the Parent Company's vacant land in the Puxin factory. The estimated total price is NT\$20,964 thousand.
- b. On the date of March 24, 2020, the board of directors decided, by resolution, to pass the proposal that to increase the investment amount of NT\$250,000 thousand on Luckicon Ready-mixed Concrete Factory Co., Ltd., in use to acquire the land located near Shulin District New Taipei City Shulin Dist., New Taipei, Taiwan (R.O.C.). The total value of the land is \$590,129 thousand.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

(In Thousands of New Taiwan Dollars and Foreign Currencies)

December 31, 2019

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

December 31, 2018

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 294	30.715 (USD:NTD)	\$ 9002
USD	7	6.8632 (USD RMB)	229
RMB	1,566	4.472 (RMB NTD)	6,980
JPY	100,008	0.2872 (JPY:NTD)	28,722

Foreign exchange gains or losses (realized or unrealized) of the Group in 2019 and 2018 are respect lively losses \$1,742 thousand and gains \$172 thousand. Because there is variety of foreign currency transact ions, it cannot disclose exchange gains and losses in accordance with foreign currency of each important impact.

35. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the FSC for the parent company and investees:

- a. Financings provided: Please see Table 1 attached;
- b. Endorsement/guarantee provided: Please see Table 2 attached;
- c. Marketable securities held (excluding investments in subsidiaries and associates): Please see Table 3 attached;
- d. Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None;
- e. Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None;
- f. Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None;
- g. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Please see Table 4 attached;
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please see Table 5 attached;
- i. Information about the derivative financial instruments transaction: None;
- j. Others: The business relationship between the parent and the subsidiaries and significant transactions between them: Please see Table 7 attached;
- k. Names, locations, and related information of investees over which the Company exercises significant influence (excluding information on investment in mainland China): Please see Table 6 attached;

1. Information on investment in mainland China

- 1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: None;
- 2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: None;

36. SEGMENT INFORMATION

The Group defined its reportable segments as follows:

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

Other segment: Other operations of non-cement business.

a. Revenue of segments and operating results

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

	Income of Segments		Profit/Loss of Segments	
	2019	2018	2019	2018
Cement segment	\$ 3,666,258	\$ 3,275,401	\$ 116,243	\$ (45,627)
Other segment	<u>65,438</u>	<u>55,200</u>	<u>(38,361)</u>	<u>(109,515)</u>
Gro Total amount of business unit	<u>\$ 3,731,696</u>	<u>\$ 3,330,601</u>	77,882	(155,142)
Interest revenue			2,072	2,170
Rent income			8,965	9,008
Other revenue			8,930	17,928
Foreign exchange gains			1,742	172
(Gain) loss from financial assets measured at FVPL			3,685	(3,417)
Other expenses			(9,584)	(30,253)
Interest expense			<u>(39,778)</u>	<u>(32,417)</u>
Profit (loss) from continuing operations before tax			53,914	(191,662)
Loss from discontinued operations before tax			<u>-</u>	<u>(672)</u>
Profit (loss) before tax			<u>\$ 53,914</u>	<u>\$ (192,334)</u>

The revenue of segments reported above is generated with external client exchange. There is no selling between segments in 2019 and 2018.

The revenue of segments means the profits earned by each segment, excluded interest revenue which shall be apportioned, rent income, other revenue, foreign exchange gains (losses), gains or losses from financial assets measured at FVPL, other expense, impairment loss and interest expense.

b. Total assets and liabilities of segments

	December 31	
	2019	2018
<u>Segment assets</u>		
Continuing operating segment		
Cement segment	\$ 4,081,748	\$ 4,001,015
Other segment	<u>3,247,129</u>	<u>3,292,482</u>
Total assets	<u>\$ 7,328,877</u>	<u>\$ 7,293,497</u>
<u>Segment liabilities</u>		
Continuing operating segment		
Cement segment	\$ 2,237,236	\$ 2,440,119
Other segment	<u>670,704</u>	<u>626,380</u>
Total liabilities	<u>\$ 3,007,940</u>	<u>\$ 3,066,499</u>

c. Geographic information

The Group's main operating area is in the Republic of China.

d. Main customer's information

The annual sales revenue of NT\$3,731,696,000 and NT\$3,330,601,000 in 2019 and 2018, there were NT\$255,776,000 and NT\$400,868,000 respectively from the largest customer of the Group. In the year of 2019 and 2018, there was no other revenue from a single customer that exceeded 10% of the Group's total revenue.

TABLE 1

LUCKY CEMENT CORPORATION AND SUBSIDIARIES

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

No.	Financing Company	Counter-party	Financial Statement Account	Maximum Balance in Current Period	Related Party	Ending Balance (Note 4)	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 1)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 3)
													Name	Value		
0	Lucky Cement Corp.	Dasheng Enterprise	Other receivables from related parties	\$ 200,000	Yes	\$ 200,000	\$ 47,350	1.7875%	b.	\$ -	Operating turnover	\$ -	-	-	\$ 432,086	\$ 1,728,344
		Luckyship Marine Co.	Other receivables from related parties	30,000	Yes	30,000	12,000	1.7875%	b.	-	Operating turnover	-	-	-	432,086	1,728,344
		Lucky Cement Corp., Japan	Other receivables from related parties	30,000	Yes	<u>30,000</u>	-	1.7875%	b.	-	Operating turnover	-	-	-	432,086	1,728,344
						<u>\$ 260,000</u>										
1	Luckicon Ready-mixed Co.	Dasheng Enterprise	Other receivables from related parties	20,000	Yes	<u>\$ 20,000</u>	20,000	1.31%	b.	-	Operating turnover	-	-	-	57,305	114,611

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

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

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

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

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

Note 5: All inter-company transactions, balances, income and expenses are eliminated upon consolidation.

TABLE 2**LUCKY CEMENT CORPORATION AND SUBSIDIARIES****ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019****(In Thousands of New Taiwan Dollars, Unless Otherwise Noted)**

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 1)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	Lucky Cement Corp.	Dasheng Enterprise	Subsidiary	\$ 1,728,344	\$ 620,000	\$ 620,000	\$ 620,000	\$ 120,000 (Note 3)	14.35%	\$ 2,160,430	Y	-	-	
		Luckicon	Subsidiary	1,728,344	70,000	70,000	50,000	-	1.62%	2,160,430	Y	-	-	
		Ready-mixed Co.												
		Luckyship Marine Co.	Subsidiary	1,728,344	45,000	-	-	-	-	2,160,430	Y	-	-	
		Lucky Cement Corp., Japan	Subsidiary	1,728,344	14,735	<u>13,800</u>	-	-	0.32%	2,160,430	Y	-	-	
						<u>\$ 703,800</u>								

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

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

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

TABLE 3**LUCKY CEMENT CORPORATION AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****DECEMBER 31, 2019****(In Thousands of New Taiwan Dollars)**

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

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

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

Note3: Please refer to Table 6 for info regarding to subsidiary investment.

(Concluded)

TABLE 4

LUCKY CEMENT CORPORATION AND SUBSIDIARIES

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

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable			Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Credit Period	Ending Balance		% to Total	
Lucky Cement Corp.	Luckicon Ready-mixed Co.,	Subsidiary	Sale	\$ (641,814)	(21.90)	About 90 days	Quite	Quite	Accounts receivable	\$ 64,786	41.10	
									Notes receivable	58,913	12.46	
Lucky Cement Corp.	Fuan Mining Co., Ltd.	Other related parties	Purchase	253,837	22.16	About 90 days	Agreed	Quite	Accounts payable	(26,000)	(25.31)	
									Notes payable	(28,810)	(18.13)	

Note: All inter-company transactions, balances, income and expenses are eliminated upon consolidation.

TABLE 5

LUCKY CEMENT CORPORATION AND SUBSIDIARIES

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

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

Note: All inter-company transactions, balances, income and expenses are eliminated upon consolidation.

TABLE 6

LUCKY CEMENT CORPORATION AND SUBSIDIARIES

**NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)**

Investor Company	Investee Company	Address	Main Businesses and Products	Original Investment Amount (Note 3)		Balance as of December 31, 2019			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized	Note
				December 31, 2019	December 31, 2018	Number of Shares	Percentage of Ownership	Carrying Value			
Lucky Cement Corp.	Dasheng Enterprise	14F., No.237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Real estate sales and lease	\$ 2,167,473	\$ 2,167,473	157,295,283	99.99	\$ 2,294,648	\$ (40,085)	\$ (40,084)	Note 2
	Luckicon Ready-mixed Co.	No. 191, Sec. 1, Meishi Rd., Yangmei Dist., Taoyuan City 326, Taiwan (R.O.C.)	Ready-mixed concrete manufacture and trades	99,998	99,998	21,999,868	99.99	286,548	27,739	27,763	
	Just Bright Ltd.	Tropic Isle Building, PO Box 438, Road Town, Tortola, British Virgin Islands	Investment business	-	1,566	50,000	100.00	-	166	166	
	Lucky Cement Corp., Japan	Aichi, Japan hekinan Yu Jin-Pu-cho 12 gu	Cement trading	82,300	82,300	6,800	100.00	24,578	729	729	
	Luckyship Marine Co.	13F., No. 237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Shipping agent	88,615	88,615	8,499,994	99.99	43,864	(8,889)	(8,887)	
Luckicon Ready-mixed Co.	Fuyu Development Company	13F., No. 237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Mine gravel	12,571	12,571	1,000,000	100.00	4,815	(4,806)	(4,806)	

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

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

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

TABLE 7

LUCKY CEMENT CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

No	Company Name	Counter Party	Nature of Relationship (Note)	Intercompany Transactions			
				Financial Statements Item Amount	Amount	Terms	%of Consolidated Net Revenue or Total Assets
0	Lucky Cement Corp.	Luckicon Ready-mixed Co.	1	Notes receivable	\$ 58,913	About 90 days	0.81
		"	1	Accounts receivable	64,786	About 90 days	0.89
		"	1	Other receivables	117	About 90 days	-
		"	1	Contract liabilities	8,201	About 90 days	0.11
		"	1	Sales	641,814	About 90 days	17.20
		"	1	Rental income	1,525	30 days	0.04
		Fuyu Development Company	1	Other receivables	6	About 90 days	-
		"	1	Notes payable	13	About 90 days	-
		"	1	Other payables	257	About 90 days	-
		"	1	Purchase	2861	About 90 days	0.08
		"	1	Rental income	8,060	30 days	0.22
		"	1	Other gains	1,200	30 days	0.03
		Luckyship Marine Co.	1	Other receivables	12,000	Financing, the repayment period is one year	0.16
		"	1	Other receivables	21	About 90 days	-
		"	1	Other payables	2,524	About 90 days	0.03
		"	1	Operating cost	7,523	About 90 days	0.20
		"	1	Rental income	256	30 days	-
		"	1	Interest income	111	30 days	-
		Dasheng Enterprise	1	Refundable deposits	159,000	Returned upon completion according to the contract	2.18
		"	1	Notes receivable	7	About 90 days	-
		"	1	Other receivables	47,350	Financing, the repayment period is one year	0.65
		"	1	Other receivables	85	About 90 days	-
		"	1	Rental income	80	30 days	-
		"	1	Interest income	1,327	30 days	0.04
		Lucky Cement Corp., Japan	1	Interest income	11	30 days	-
1	Luckicon Ready-mixed Co.	Fuyu Development Company	1	Rental income	2,025	30 days	0.05
		Dasheng Enterprise	3	Notes receivable	449	About 90 days	0.01
		"	3	Accounts receivable	1,404	About 90 days	0.02
		"	3	Other receivables	20,000	Financing, the repayment period is one year	0.27
		"	3	Other receivables	22	About 90 days	-
		"	3	Sales	4,437	About 90 days	0.12
		"	3	Interest income	293	30 days	0.01

Note: No. 1 represents the transactions from Parent Company to subsidiary.
No. 3 represents the transactions between subsidiaries.