Lucky Cement Co. and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2020 and 2019 and Independent Auditors' Review Report

Deloitte.

勤業眾信

勤業眾信聯合會計師事務所
11073 台北市信義區松仁路100號20樓

Deloitte & Touche
20F, Taipei Nan Shan Plaza
No. 100, Songren Rd.,
Xinyi Dist., Taipei 11073, Taiwan

Tel :+886 (2) 2725-9988
Fax:+886 (2) 4051-6888
www.deloitte.com.tw

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
Lucky Cement Co.

Introduction

We have reviewed the accompanying consolidated balance sheets of Lucky Cement Co. and its subsidiaries (collectively referred to as the "Group") as of June 30, 2020 and 2019, the related consolidated statements of comprehensive income for the three months ended June 30, 2020 and 2019, the related consolidated statements of comprehensive income, changes in equity and cash flows for the six months ended June 30, 2020 and 2019, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. 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 International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might by identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 11 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of June 30, 2020 and 2019, the combined total assets of these non-significant subsidiaries were NT$80,988 thousand and NT$136,609 thousand, respectively, representing 1% and 2%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were NT$8,948 thousand and NT$11,483 thousand, respectively, representing 0% and 1%, respectively, of the consolidated total liabilities; for the three-month and the six-month periods ended June 30, 2020 and 2019, the amounts of combined comprehensive income of these subsidiaries were NT$209 thousand, NT$(3,588) thousand, NT$(2,262) thousand and NT$(3,704) thousand, respectively.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of June 30, 2020 and 2019, its consolidated financial performance for the three months ended June 30, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' reviews report are Hai-Yueh Huang and Chao-Mei Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 11, 2020

<u>Notice to Readers</u>

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

For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	June 30, 2020 (Reviewed)		December 31, 2019 (Audited)		June 30, 2019 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash (Note 6)	$ 298,872	4	$ 233,426	3	$ 187,304	3
Financial assets at fair value through profit or loss - current (Note 7)	15,297	-	15,562	-	15,597	-
Financial assets at fair value through other comprehensive income - current (Note 8)	38,604	1	22,038	-	69,750	1
Notes receivable (Notes 9, 24 and 32)	442,994	6	488,761	7	409,055	6
Notes receivable from related parties (Notes 9, 24, 31 and 33)	11,989	-	4,972	-	199	-
Accounts receivable (Notes 9 and 24)	538,088	7	412,120	6	349,724	5
Accounts receivable from related parties (Notes 9, 24 and 31)	8,624	-	7,450	-	10,493	-
Other receivables (Notes 9, 31 and 32)	1,034	-	88,101	1	12,805	-
Current income tax assets	17,522	-	17,607	-	20,322	-
Inventories (Notes 10 and 32)	3,491,003	46	3,516,072	48	3,647,512	49
Prepayments (Note 12)	184,370	3	164,806	2	178,648	3
Non-current assets held for sale (Note 13)	5,017	-	-	-	-	-
Other financial assets - current (Notes 14 and 32)	77,301	1	93,165	1	98,168	1
Other current assets (Note 15)	22,331	-	23,068	1	29,225	-
Total current assets	5,153,046	68	5,087,148	69	5,028,802	68
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	9,291	-	9,598	-	9,944	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	16,771	-	19,733	-	23,033	-
Property, plant and equipment (Notes 16 and 32)	1,639,440	22	1,711,806	24	1,785,480	24
Right-of-use assets (Note 17)	103,945	1	129,591	2	142,006	2
Deferred income tax assets (Note 4)	120,549	2	127,645	2	142,122	2
Refundable deposits	20,634	-	20,908	-	89,215	1
Other non-current assets (Notes 18 and 32)	499,243	7	222,448	3	214,805	3
Total non-current assets	2,409,873	32	2,241,729	31	2,406,605	32
TOTAL	$ 7,562,919	100	$ 7,328,877	100	$ 7,435,407	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 19 and 32)	$ 181,017	2	$ 232,700	3	$ 772,432	10
Short-term bills payable (Notes 19 and 32)	219,499	3	219,465	3	159,655	2
Contract liabilities (Note 24)	281,329	4	259,431	4	217,733	3
Notes payable (Note 20)	209,730	3	202,062	3	183,910	3
Notes payable to related parties (Notes 20 and 31)	41,054	1	34,656	-	55,953	1
Accounts payable (Note 20)	165,583	2	124,131	2	107,799	1
Accounts payable to related parties (Notes 20 and 31)	37,706	-	35,532	-	27,396	-
Other payables (Note 21)	212,149	3	142,714	2	113,854	2
Other payables to related parties (Note 31)	74,178	1	1,281	-	20,942	-
Current income tax liabilities	15,220	-	2,149	-	-	-
Lease liabilities - current (Note 17)	47,231	1	50,494	1	48,158	1
Current portion of long-term borrowings (Notes 19 and 32)	300,000	4	310,000	4	166,038	2
Other current liabilities	1,650	-	2,516	-	4,774	-
Total current liabilities	1,786,346	24	1,617,131	22	1,878,644	25
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 19 and 32)	1,100,000	15	1,170,000	16	1,070,000	14
Deferred tax liabilities (Note 4)	19,290	-	23,792	-	24,630	-
Lease liabilities - non-current (Note 17)	58,986	1	80,289	1	94,347	1
Other payables to related parties (Note 31)	45,800	1	45,800	1	45,800	1
Net defined benefit liabilities (Note 4)	39,055	-	40,128	1	44,854	1
Guarantee deposits received	29,438	-	30,800	-	30,451	1
Total non-current liabilities	1,292,569	17	1,390,809	19	1,310,082	18
Total liabilities	3,078,915	41	3,007,940	41	3,188,726	43
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 23)						
Share capital						
Common stock	4,047,380	53	4,047,380	55	4,047,380	55
Capital surplus	8	-	8	-	8	-
Retained earnings						
Legal reserve	170,899	2	166,309	3	166,309	2
Special reserve	14,135	-	17,256	-	17,256	-
Unappropriated earnings	252,141	4	85,901	1	(12,989)	-
Total retained earnings	437,175	6	269,466	4	170,576	2
Other equity	(636)	-	4,006	-	28,639	-
Total equity attributable to owners of the Corporation	4,483,927	59	4,320,860	59	4,246,603	57
NON-CONTROLLING INTERESTS	77	-	77	-	78	-
Total equity	4,484,004	59	4,320,937	59	4,246,681	57
TOTAL	$ 7,562,919	100	$ 7,328,877	100	$ 7,435,407	100

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

(With Deloitte & Touche review report dated August 11, 2020)

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Notes 24 and 31)								
Sales	$ 1,122,678	100	$ 901,685	100	$ 2,227,927	100	$ 1,736,084	100
Less: Discounts and allowances	(702)	-	(577)	-	(1,231)	-	(631)	-
Total operating revenues	1,121,976	100	901,108	100	2,226,696	100	1,735,453	100
OPERATING COSTS (Notes 10, 25 and 31)	911,603	81	830,997	93	1,833,466	82	1,638,679	94
GROSS PROFIT	210,373	19	70,111	7	393,230	18	96,774	6
OPERATING EXPENSES (Notes 25 and 31)								
Selling and marketing expenses	29,461	3	27,105	3	59,190	3	54,696	3
General and administrative expenses	32,605	3	25,129	3	67,949	3	50,098	3
Expected credit (gain) loss (Note 9)	(130)	-	3,275	-	7,602	-	7,859	-
Total operating expenses	61,936	6	55,509	6	134,741	6	112,653	6
OTHER OPERATING INCOME AND EXPENSES (Note 25)	-	-	-	-	80	-	4,120	-
PROFIT (LOSS) FROM OPERATIONS	148,437	13	14,602	1	258,569	12	(11,759)	-
NON-OPERATING INCOME AND EXPENSES (Notes 25 and 31)								
Interest income	400	-	536	-	833	-	1,047	-
Rental income	1,940	-	2,228	-	4,263	-	4,455	-
Other gains	1,494	-	1,979	-	5,195	-	2,633	-
Gain on disposal of financial assets	-	-	137	-	-	-	246	-
Foreign exchange gains (losses)	(230)	-	940	-	(646)	-	1,072	-
Fair value changes of financial assets	(7)	-	3,351	1	(442)	-	3,819	-
Other losses	(2,091)	-	(2,269)	-	(4,481)	-	(4,679)	-
Interest expense	(7,851)	-	(10,117)	(1)	(16,903)	(1)	(20,496)	(1)
Total non-operating income and expenses	(6,345)	-	(3,215)	-	(12,181)	(1)	(11,903)	(1)
PROFIT (LOSS) BEFORE INCOME TAX	142,092	13	11,387	1	246,388	11	(23,662)	(1)
INCOME TAX (EXPENSE) BENEFIT (Notes 4 and 26)	(7,281)	(1)	2,785	1	(17,968)	(1)	8,061	-
NET PROFIT (LOSS)	134,811	12	14,172	2	228,420	10	(15,601)	(1)

(Continued)

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	$ 5,386	-	$ 17,655	2	$ (4,477)	-	$ 33,612	2
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	(337)	-	916	-	(84)	-	922	-
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	264	-	114	-	(81)	-	750	-
Other comprehensive income (loss), net of income tax	5,313	-	18,685	2	(4,642)	-	35,284	2
TOTAL COMPREHENSIVE INCOME (LOSS)	$ 140,124	12	$ 32,857	4	$ 223,778	10	$ 19,683	1
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Shareholders of the Parent	$ 134,811	12	$ 14,172	2	$ 228,420	10	$ (15,601)	(1)
Non-controlling interests	-	-	-	-	-	-	-	-
	$ 134,811	12	$ 14,172	2	$ 228,420	10	$ (15,601)	(1)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Shareholders of the Parent	$ 140,124	12	$ 32,857	4	$ 223,778	10	$ 19,683	1
Non-controlling interests	-	-	-	-	-	-	-	-
	$ 140,124	12	$ 32,857	4	$ 223,778	10	$ 19,683	1
EARNINGS (LOSS) PER SHARE (Note 27)								
Basic	$ 0.33		$ 0.04		$ 0.56		$(0.04)	
Diluted	$ 0.33		$ 0.04		$ 0.56		$(0.04)	

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

(With Deloitte & Touche review report dated August 11, 2020) (Concluded)

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Shareholders of the Parent Company									
			Retained Earnings			Other Equity				
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2019	$ 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 loss for the six months ended June 30, 2019	-	-	-	-	(15,601)	-	-	(15,601)	-	(15,601)
Other comprehensive income for the six months ended June 30, 2019	-	-	-	-	-	922	34,362	35,284	-	35,284
Total comprehensive income (loss) for the six months ended June 30, 2019	-	-	-	-	(15,601)	922	34,362	19,683	-	19,683
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	3,524	-	(3,524)	-	-	-
BALANCE AT JUNE 30, 2019	$ 4,047,380	$ 8	$ 166,309	$ 17,256	$ (12,989)	$ 8,582	$ 20,057	$ 4,246,603	$ 78	$ 4,246,681
BALANCE AT JANUARY 1, 2020	$ 4,047,380	$ 8	$ 166,309	$ 17,256	$ 85,901	$ 7,450	$ (3,444)	$ 4,320,860	$ 77	$ 4,320,937
Appropriation of 2019 earnings										
Legal reserve	-	-	4,590	-	(4,590)	-	-	-	-	-
Special reserve	-	-	-	(3,121)	3,121	-	-	-	-	-
Cash dividends distributed by the Parent Company	-	-	-	-	(60,711)	-	-	(60,711)	-	(60,711)
Net profit for the six months ended June 30, 2020	-	-	-	-	228,420	-	-	228,420	-	228,420
Other comprehensive loss for the six months ended June 30, 2020	-	-	-	-	-	(84)	(4,558)	(4,642)	-	(4,642)
Total comprehensive income (loss) for the six months ended June 30, 2020	-	-	-	-	228,420	(84)	(4,558)	223,778	-	223,778
BALANCE AT JUNE 30, 2020	$ 4,047,380	$ 8	$ 170,899	$ 14,135	$ 252,141	$ 7,366	$ (8,002)	$ 4,483,927	$ 77	$ 4,484,004

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

(With Deloitte & Touche review report dated August 11, 2020)

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2020	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	$ 246,388	$ (23,662)
Adjustments for:		
Depreciation expense	100,523	133,292
Amortization expense	6,260	6,366
Expected credit loss	7,602	7,859
Net (gain) loss on fair value changes of financial assets at fair value through profit or loss	442	(3,819)
Interest expense	16,903	20,496
Interest income	(833)	(1,047)
Dividend income	(1,595)	-
Gain on disposal of property, plant and equipment	(80)	(4,120)
Gain on disposal of financial assets	-	(246)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	130	28,429
Notes receivable	45,767	(91,134)
Notes receivable from related parties	(7,017)	4,971
Accounts receivable	(133,850)	(95,079)
Accounts receivable from related parties	(1,174)	95
Other receivables	183	(2,238)
Inventories	25,069	(36,542)
Prepayments	(19,564)	2,625
Other current assets	737	734
Other non-current assets	273	-
Contract liabilities	21,898	18,927
Notes payable	7,668	35,564
Notes payable to related parties	6,398	12,358
Accounts payable	41,452	(7,060)
Accounts payable to related parties	2,174	3,856
Other payables	9,193	(4,589)
Other payables to related parties	2,850	(236)
Other current liabilities	(866)	1,006
Net defined benefit liabilities	(1,073)	(15,972)
Cash generated from (used in) operations	375,858	(9,166)
Interest received	1,335	1,001
Interest paid	(17,291)	(20,307)
Income tax paid (received)	(2,218)	728
Net cash generated from (used in) operating activities	357,684	(27,744)

(Continued)

LUCKY CEMENT CO. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2020	**2019**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	$ (23,298)	$ -
Proceeds from sale of financial assets at fair value through other comprehensive income (Note 28)	21,393	98,493
Proceeds from return of financial assets at fair value through other comprehensive income	5,125	-
Payments for property, plant and equipment (Note 28)	(7,548)	(18,125)
Proceeds from disposal of property, plant and equipment	80	4,120
Increase in refundable deposits	274	1,136
Decrease in other receivables	65,000	-
Decrease in other financial assets	15,864	10,064
Decrease (increase) in other non-current assets	(283,048)	715
Other dividends received	1,595	-
Net cash generated from (used in) investing activities	(204,563)	96,403
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(51,683)	(80,219)
Decrease in short-term bills payable	-	(60,000)
Repayment of the principal portion of lease liabilities	(24,566)	(26,060)
Proceeds from long-term borrowings	-	70,000
Repayments of long-term borrowings	(80,000)	(5,600)
Increase in guarantee deposits received	-	1,020
Decrease in guarantee deposits received	(1,362)	-
Increase in other payables to related parties	70,000	20,021
Net cash used in financing activities	(87,611)	(80,838)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(64)	681
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	65,446	(11,498)
CASH, BEGINNING OF PERIOD	233,426	198,802
CASH, END OF PERIOD	$ 298,872	$ 187,304

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

(With Deloitte & Touche review report dated August 11, 2020) (Concluded)

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

1. GENERAL INFORMATION

Lucky Cement Corporation (hereinafter referred to as the “Parent Company”, the Parent Company and entities controlled by the Parent Company hereinafter referred to as the “Group”) was established in 1974. The Parent Company’s shares were listed and have been trading on the Taiwan Stock Exchange since June 1990, and its main business is the manufacture and sale of Portland cement.

The accompanying consolidated financial statements are presented in the Parent Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Parent Company’s board of directors on August 11, 2020.

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

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable 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, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

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.

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. 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 dates of acquisitions up to the effective date of disposals, 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 Parent Company. 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 Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Note 11 and Note 35(7) for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2019.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

3) Non-current assets held for sale

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

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation of those assets would cease.

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 period in which the estimate is revised if the revisions affect only that period or in the period of the revision and future periods if the revisions affect both current and future periods.

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

	June 30, 2020	December 31, 2019	June 30, 2019
Cash on hand and revolving funds	$ 1,836	$ 1,528	$ 1,531
Checking accounts and demand deposits	288,714	224,498	151,883
Foreign currency demand deposits	8,322	7,400	33,890
	$ 298,872	$ 233,426	$ 187,304

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

	June 30, 2020	December 31, 2019	June 30, 2019
Bank deposits	0.001%-0.08%	0.01%-0.48%	0.05%-0.08%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2020	December 31, 2019	June 30, 2019
Current			
Financial assets mandatorily classified as at FVTPL - mutual funds	$ 15,297	$ 15,562	$ 15,597
Non-current			
Financial assets mandatorily classified as at FVTPL - mutual funds	$ 9,291	$ 9,598	$ 9,944

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2020	December 31, 2019	June 30, 2019
Current			
Investments in equity instruments	$ 32,634	$ 15,977	$ 63,602
Investments in debt instruments	5,970	6,061	6,148
	$ 38,604	$ 22,038	$ 69,750
Non-current			
Investments in equity instruments	$ 16,771	$ 19,733	$ 23,033

a. Investments in equity instruments at FVTOCI

	June 30, 2020	December 31, 2019	June 30, 2019
Current			
Domestic investments - common stock			
Formosa Plastics Corporation	$ 17,520	$ -	$ -
Far Eastern New Century Corporation	5,580	5,970	13,400
U-Ming Marine Transport Corporation	4,006	4,301	4,282
Winbond Electronics Corp.	1,738	2,545	1,979
Medigen Biotechnology Corporation	2,469	1,793	2,185
United Microelectronics Corporation	1,150	1,190	1,009
China Development Financial	128	131	128
First Financial Holding Co., Ltd.	20	21	20
Capital Securities Corp.	9	10	8
Hua Nan Financial Holdings Co., Ltd.	8	10	9
Taiwan Cement Corp	6	6	-
Global Lighting Technologies Inc. (F-Maolin)	-	-	40,582
	$ 32,634	$ 15,977	$ 63,602
Non-current			
Domestic investments - common stocks			
Jonfeng Mining Co., Ltd.	$ 10,698	$ 8,443	$ 12,294
WK Technology Fund	5,596	6,433	6,001
Global Securities Finance Corp.	477	4,857	4,738
	$ 16,771	$ 19,733	$ 23,033

For more information on the above-mentioned investments, please refer to Table 3 "Marketable Securities Held" in Note 35.

For other relevant information on financial assets measured at FVOCI, please refer to Note 23(5) and Note 30.

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

Capital reduction of $5,125 thousand and dividends of $1,595 thousand were recognized during the six months ended June 30, 2020.

b. Investments in debt instruments at FVTOCI

	June 30, 2020	December 31, 2019	June 30, 2019
Current			
Bond investments	$ 5,970	$ 6,061	$ 6,148

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

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

	June 30, 2020	December 31, 2019	June 30, 2019
Notes receivable			
At amortized cost			
Gross carrying amount	$ 442,994	$ 488,761	$ 409,055
Notes receivable from related parties			
At amortized cost			
Gross carrying amount	$ 11,989	$ 4,972	$ 199
Notes receivable - operating	$ 443,193	$ 493,733	$ 409,254
Notes receivable - non-operating (Note 33)	11,790	-	-
	$ 454,983	$ 493,733	$ 409,254
Trade receivables			
At amortized cost			
Gross carrying amount	$ 558,578	$ 424,728	$ 370,641
Less: Allowance for impairment loss	(20,490)	(12,608)	(20,917)
	$ 538,088	$ 412,120	$ 349,724
Trade receivables from related parties			
At amortized cost			
Gross carrying amount	$ 8,624	$ 7,450	$ 10,493
Other receivables			
Deposits	$ -	$ 65,162	$ -
Sale of securities (Note 28)	-	21,393	11,093
Others	1,034	1,546	1,712
	$ 1,034	$ 88,101	$ 12,805
Overdue receivables			
Overdue	$ 31,816	$ 32,096	$ 30,875
Less: Allowance for impairment loss - overdue	(31,816)	(32,096)	(30,875)
	$ -	$ -	$ -

The deposits as of December 31, 2019 were the deposits that the Group made for mining. These deposits had been transferred to the related party - Fuan Mining Co., Ltd. in March 2020, and the Group has received payment in April 2020.

a. Notes receivable

The average credit period of sales of goods was 90-150 days from the 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 measures the loss allowance for notes receivable at an amount equal to lifetime ECLs under IFRS 9. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts. 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 credit loss rate is based on the overdue days of the notes 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.

For information on the notes receivable pledged as collateral, please refer to Note 32.

b. Trade receivables

The average credit period of sales of goods was 90-150 days from the 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 measures the loss allowance for trade receivables at an amount equal to lifetime ECLs under 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 notes receivable, trade receivables and overdue receivables based on the Group's provision matrix.

June 30, 2020

	Not Past Due	Past Due within 30 Days	Past Due 31 to 60 Days	Past Due 61 to 180 Days	Past Due Over 180 Days	Identify Individually	Total
Expected credit loss rate	0%-0.95%	2.77%	4.63%	9.95%-68.60%	100%	100%	
Gross carrying amount	$ 976,229	$ 19,677	$ 4,764	$ 6,861	$ 7,698	$ 38,772	$ 1,054,001
Loss allowance (Lifetime ECLs)	(3,713)	(544)	(221)	(1,358)	(7,698)	(38,772)	(52,306)
Amortized cost	$ 972,516	$ 19,133	$ 4,543	$ 5,503	$ -	$ -	$ 1,001,695

December 31, 2019

	Not Past Due	Past Due within 30 Days	Past Due 31 to 60 Days	Past Due 61 to 180 Days	Past Due Over 180 Days	Identify Individually	Total
Expected credit loss rate	0%-0.95%	2.77%	4.63%	9.95%-68.60%	100%	100%	
Gross carrying amount	$ 886,699	$ 11,309	$ 8,979	$ 11,682	$ 286	$ 39,052	$ 958,007
Loss allowance (Lifetime ECLs)	(2,684)	(313)	(416)	(1,953)	(286)	(39,052)	(44,704)
Amortized cost	$ 884,015	$ 10,996	$ 8,563	$ 9,729	$ -	$ -	$ 913,303

June 30, 2019

	Not Past Due	Past Due within 30 Days	Past Due 31 to 60 Days	Past Due 61 to 180 Days	Past Due Over 180 Days	Identify Individually	Total
Expected credit loss rate	0%-4.13%	5.78%	7.18%	10.63%-100%	100%	100%	
Gross carrying amount	$ 761,583	$ 8,765	$ 8,681	$ 4,134	$ 269	$ 37,831	$ 821,263
Loss allowance (Lifetime ECLs)	(11,687)	(507)	(624)	(874)	(269)	(37,831)	(51,792)
Amortized cost	$ 749,896	$ 8,258	$ 8,057	$ 3,260	$ -	$ -	$ 769,471

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

	For the Six Months Ended June 30	
	2020	2019
Balance at January 1	$ 44,704	$ 43,985
Add: Net remeasurement of loss allowance	7,602	7,859
Less: Amounts written off	-	(52)
Balance at June 30	$ 52,306	$ 51,792

10. INVENTORIES

	June 30, 2020	December 31, 2019	June 30, 2019
Real estate under development and real estate to be developed	$ 3,137,522	$ 3,133,578	$ 3,141,858
Raw materials	181,439	141,493	172,442
Finished goods	99,650	107,472	165,687
Work in progress	34,095	91,310	120,325
Supplies and spare parts	27,713	33,218	38,748
Merchandise	10,584	9,001	8,452
	$ 3,491,003	$ 3,516,072	$ 3,647,512

The cost of inventories recognized as cost of goods sold for the three months ended and the six months ended June 30, 2020 was $911,603 thousand and $1,833,466 thousand, respectively. The cost of inventories recognized as cost of goods sold for the three months ended and the six months ended June 30, 2019 was $830,997 thousand and $1,638,679 thousand, respectively.

As of June 30, 2020, December 31, 2019 and June 30, 2019, the inventories expected to be recovered after more than 12 months were $3,137,522 thousand, $3,133,578 thousand and $3,141,858 thousand, respectively, which were mainly real estate under development.

For more information on the inventories pledged as collateral, please refer to Note 32.

11. SUBSIDIARIES

The main entities included in the preparation of the consolidated financial statements are as follows:

Investor Company Name	Subsidiary Name	Nature of Business	Percentage of Equity Held (%) June 30, 2020	December 31, 2019	June 30, 2019	Explanation
Lucky Cement Co.	Dasheng Enterprise Co., Ltd. (Dasheng Enterprise)	Sale and lease of national residences, commercial buildings, parking lots and industrial areas	99.99	99.99	99.99	a.
	Luckicon Ready-mixed Concrete Factory Co., Ltd. (Luckicon Ready-mixed Co.)	Production and sale of concrete	99.99	99.99	99.99	a.
	Lucky Cement Corp., Japan (Lucky Cement Japan,)	Trading of cement	100.00	100.00	100.00	
	Luckyship Marine Co., Ltd (Luckyship Co.)	Shipping agent	99.99	99.99	99.99	
	Just Bright Ltd.	Investment business	100.00	100.00	100.00	b.
Luckicon Ready-mixed Co.	Fuyu Development Co., Ltd.	On land clay and stone quarrying	100.00	100.00	100.00	

Notes:

a. Significant subsidiaries include Dasheng Enterprise and Luckicon Ready-mixed Co.

b. The Parent Company resolved in the board of directors’ meeting on December 27, 2019 to discontinue the operations of its subsidiary, Just Bright Ltd., and the cancellation procedures are expected to be completed on May 1, 2021.

For the six months ended June 30, 2020 and 2019, except for the Luckicon Ready-mixed Co. and Dasheng Enterprise, the financial statements of the rest of the non-significant subsidiaries which had been included in the consolidated financial statements were not reviewed. As of June 30, 2020 and 2019, the total assets of these non-significant subsidiaries were $80,988 thousand and $136,609 thousand, accounting for 1% and 2% of the consolidated total assets, respectively; and the total liabilities of these subsidiaries were $8,948 thousand and $11,483 thousand, respectively, accounting for 0% and 1% of the consolidated total liabilities, respectively. For the three-month and the six-month periods ended June 30, 2020 and 2019, the amounts of combined comprehensive income of these subsidiaries were NT$209 thousand, NT$(3,588) thousand, NT$(2,262) thousand and NT$(3,704) thousand, respectively.

12. PREPAYMENTS

	June 30, 2020	December 31, 2019	June 30, 2019
Office supplies	$ 101,544	$ 105,474	$ 104,523
Prepaid expenses	75,181	54,366	64,572
Prepaid purchase materials	6,088	4,837	8,807
Other	1,557	129	746
	$ 184,370	$ 164,806	$ 178,648

13. NON-CURRENT ASSETS AS HELD FOR SALE

	June 30, 2020	December 31, 2019	June 30, 2019
Freehold land held for sale	$ 5,017	$ -	$ -

The Parent Company had proposed to dispose the idle land at Puxin factory on March 24, 2020, and signed the contract with non-related parties on April 24, 2020. The proceeds from the contract totaled $21,618 thousand. The Parent Company reclassified the idle land from property, plant and equipment to non-current assets held for sale. Since the net proceeds of the disposal was higher than the carrying amount of the related net assets, no impairment loss should be recognized.

The title aforementioned non-current assets held for sale has been transferred, however, the delivery procedure has not been completed as of June 30, 2020. The payments will be allocated to the Parent Company from the trust account once the delivery procedure is completed, and the gains on disposals of the assets will be recognized.

14. OTHER FINANCIAL ASSETS

	June 30, 2020	December 31, 2019	June 30, 2019
Restricted assets	$ 77,301	$ 93,165	$ 98,168

The restricted assets are savings and certificates of deposit that are provided for bank loan guarantees; market interest rate ranges for other financial assets on the end of the reporting period are as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Restricted assets	0.02%-1.60%	0.04%-2.65%	0.05%-2.60%

For information on other financial assets pledged as collateral, please refer to Note 32.

15. OTHER CURRENT ASSETS

	June 30, 2020	December 31, 2019	June 30, 2019
Offset against business tax payable	$ 22,325	$ 23,067	$ 23,212
Others	6	1	6,013
	$ 22,331	$ 23,068	$ 29,225

16. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2020	December 31, 2019	June 30, 2019
Land	$ 1,079,085	$ 1,084,102	$ 1,084,102
Buildings	351,042	380,898	408,259
Machinery and equipment	112,864	135,918	161,763
Electrical equipment	15,040	18,017	21,969
Transportation equipment	75,140	85,955	102,328
Other equipment	6,269	6,916	7,059
	$ 1,639,440	$ 1,711,806	$ 1,785,480

	Land	Buildings	Machinery and Equipment	Electrical Equipment	Transportation Equipment	Other Equipment	Total
Cost							
Balance at January 1, 2019	$ 1,084,102	$ 2,291,624	$ 6,095,913	$ 1,196,322	$ 918,627	$ 496,420	$ 12,083,008
Additions	-	-	9,062	-	3,557	3,240	15,859
Disposals	-	-	-	-	(40,777)	(639)	(41,416)
Net exchange difference	-	3,277	423	-	9	20	3,729
Balance at June 30, 2019	1,084,102	2,294,901	6,105,398	1,196,322	881,416	499,041	12,061,180
Accumulated depreciation and impairment							
Balance at January 1, 2019	-	1,852,828	5,892,324	1,170,392	800,718	490,665	10,206,927
Depreciation expenses	-	30,668	51,038	3,961	19,136	1,930	106,733
Disposals	-	-	-	-	(40,777)	(639)	(41,416)
Net exchange difference	-	3,146	273	-	11	26	3,456
Balance at June 30, 2019	-	1,886,642	5,943,635	1,174,353	779,088	491,982	10,275,700
Carrying amounts at June 30, 2019	$ 1,084,102	$ 408,259	$ 161,763	$ 21,969	$ 102,328	$ 7,059	$ 1,785,480

(Continued)

	Land	Buildings	Machinery and Equipment	Electrical Equipment	Transportation Equipment	Other Equipment	Total
Cost							
Balance at January 1, 2020	$ 1,084,102	$ 2,294,349	$ 6,107,551	$ 1,196,322	$ 858,385	$ 499,954	$ 12,040,663
Additions	-	-	1,021	-	5,562	965	7,548
Disposals	-	-	(157)	-	(3,603)	(170)	(3,930)
Reclassification	(5,017)	-	-	-	-	-	(5,017)
Net exchange difference	-	(284)	(37)	-	(1)	(1)	(323)
Balance at June 30, 2020	1,079,085	2,294,065	6,108,378	1,196,322	860,343	500,748	12,038,941
Accumulated depreciation and impairment							
Balance at January 1, 2020	-	1,913,451	5,971,633	1,178,305	772,430	493,038	10,328,857
Depreciation expenses	-	29,842	24,069	2,977	16,377	1,612	74,877
Disposals	-	-	(157)	-	(3,603)	(170)	(3,930)
Net exchange difference	-	(270)	(31)	-	(1)	(1)	(303)
Balance at June 30, 2020	-	1,943,023	5,995,514	1,181,282	785,203	494,479	10,399,501
Carrying amounts at December 31, 2019 and January 1, 2020	$ 1,084,102	$ 380,898	$ 135,918	$ 18,017	$ 85,955	$ 6,916	$ 1,711,806
Carrying amounts at June 30, 2020	$ 1,079,085	$ 351,042	$ 112,864	$ 15,040	$ 75,140	$ 6,269	$ 1,639,440

(Concluded)

The Group assessed that there was no indication of impairment for property, plant and equipment for the six months ended June 30, 2020 and 2019.

Part of the Parent Company's land on which they have land use rights is reserved for use of the aborigines and is temporarily registered in the name of a third person. The trustee has issued an affidavit and mortgaged the land to the Parent Company.

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

The above-mentioned property, plant and equipment were reclassified as non-current assets held for sale, please refer to Note 13 for the details.

For the information on property, plant and equipment mortgaged, please refer to Note 32.

17. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2020	December 31, 2019	June 30, 2019
Carrying amounts			
Land	$ 27,842	$ 35,847	$ 41,475
Buildings	74,993	91,684	97,522
Transportation equipment	1,110	2,060	3,009
	$ 103,945	$ 129,591	$ 142,006

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Depreciation charge for right-of-use assets				
Land	$ 4,003	$ 3,995	$ 8,005	$ 7,990
Buildings	8,345	8,809	16,691	17,619
Transportation equipment	475	475	950	950
	$ 12,823	$ 13,279	$ 25,646	$ 26,559

Except for the aforementioned recognized depreciation, the Group did not have any significant subleases or impairment of right-of-use assets during the six months ended June 30, 2020 and 2019.

b. Lease liabilities

	June 30, 2020	December 31, 2019	June 30, 2019
Carrying amounts			
Current	$ 47,231	$ 50,494	$ 48,158
Non-current	$ 58,986	$ 80,289	$ 94,347

Range of discount rate for lease liabilities was as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Land	1.55%	1.55%	1.55%
Buildings	1.55%	1.55%	1.55%
Transportation equipment	1.55%	1.55%	1.55%

c. Material lease activities and terms (the Group is lessee)

The Group leased several plots of land including land for factory and warehouse use under a lease term of 1 to 6 years. Luckicon Ready-Mixed Co. leased the ready-mixed concrete factory and the related equipment of Keelung factory. Luckicon Ready-Mixed Co. has the right to tear down and retrieve the add-ons and improvements on the leased equipment at the end of the lease contract, however, no damage should be made to the original equipment provided by the lessor. Luckicon Ready-Mixed agreed that the lessor has bargain purchase options of the add-ons and improvements on the equipment.

d. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	**2019**	**2020**	**2019**
Expenses relating to short-term leases	$ 405	$ -	$ 810	$ -
Expenses relating to low-value asset leases	75	1,752	152	2,165
Interest relating to leases liabilities	402	586	850	1,169
Repayment of principal of leases	12,276	13,598	24,566	26,060
Total cash outflow for leases	$ 13,158	$ 15,936	$ 26,378	$ 29,394

18. OTHER NON-CURRENT ASSETS

	June 30, 2020	December 31, 2019	June 30, 2019
Restricted assets	$ 132,610	$ 132,588	$ 132,588
Long-term prepaid expenses	71,167	70,770	61,171
Net limestone mining rights	18,778	18,779	18,780
Prepayments for equipment (Note 33)	276,370	-	2,266
Net defined benefit assets (Note 4)	318	311	-
Overdue receivables (Note 9)	-	-	-
	$ 499,243	$ 222,448	$ 214,805

Restricted assets refer to bank time deposits that are pledged as security for mining rights, and the market interest rate ranges at the end of the reporting periods are as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Restricted assets	0.40%-1.00%	0.13%-1.065%	0.13%-1.59%

For information on other non-current assets pledged as collateral, please refer to Note 32.

19. BORROWINGS

a. Short-term borrowings

	June 30, 2020	December 31, 2019	June 30, 2019
Secured borrowings (Note 32)			
Bank loans	$ 181,017	$ 200,000	$ 523,332
Unsecured borrowings			
Line of credit borrowings	-	32,700	249,100
	$ 181,017	$ 232,700	$ 772,432

The interest rates of the bank loans are as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Secured borrowings	1.18%-1.64%	1.60%	1.30%-1.60%
Unsecured borrowings	-	1.47%-1.70%	1.30%-1.70%

b. Short-term bills payable

	June 30, 2020	December 31, 2019	June 30, 2019
Commercial paper	$ 220,000	$ 220,000	$ 160,000
Less: Unamortized discounts on bills payable	(501)	(535)	(345)
	$ 219,499	$ 219,465	$ 159,655

Outstand short-term bills payable were as follows:

June 30, 2020

Guarantee/Promissory Institution	Par Value	Discounted Amount	Carrying Amount	Interest Rate
Commercial paper				
Ta Ching Bills Finance Corporation	$ 110,000	$ 284	$ 109,716	1.358%-1.70%
Grand Bills Finance Corporation	110,000	217	109,783	1.298%-1.70%
	$ 220,000	$ 501	$ 219,499	

December 31, 2019

Guarantee/Promissory Institution	Par Value	Discounted Amount	Carrying Amount	Interest Rate
Commercial paper				
Ta Ching Bills Finance Corporation	$ 110,000	$ 302	$ 109,698	1.458%-1.70%
Grand Bills Finance Corporation	110,000	233	109,767	1.64%-1.73%
	$ 220,000	$ 535	$ 219,465	

June 30, 2019

Guarantee/Promissory Institution	Par Value	Discounted Amount	Carrying Amount	Interest Rate
Commercial paper				
Ta Ching Bills Finance Corporation	$ 50,000	$ 30	$ 49,970	1.458%
Grand Bills Finance Corporation	110,000	315	109,685	1.29%-1.73%
	$ 160,000	$ 345	$ 159,655	

The above refer to commercial promissory notes guaranteed by the bank, and the term of each note does not exceed 180 days.

c. Long-term borrowings

	June 30, 2020	December 31, 2019	June 30, 2019
Secured borrowings (Note 32)			
Bank loans	$ 1,250,000	$ 1,250,000	$ 1,006,038
Unsecured borrowings			
Loans from bank	150,000	230,000	230,000
Less: Current portions	(300,000)	(310,000)	(166,038)
	$ 1,100,000	$ 1,170,000	$ 1,070,000

	Method of Repayment	June 30, 2020	December 31, 2019	June 30, 2019
Secured borrowings				
Taiwan Cooperative Bank	The term of the loan is April 12, 2018 to April 12, 2023, with a grace period of 2 years. After the grace period, the principal is to be repaid in installments of $40,000 thousand every quarter (in the months January, April, July and October) for a total of 11 quarters (while the remaining $60,000 thousand to be paid on the maturity date).	$ 500,000	$ 500,000	$ 500,000
Bank of Taiwan	The term of the loan is November 12, 2019 to November 12, 2022. $40,000 thousand of the principal should be repaid in February 2021, while the remaining amount should be paid in installments of $30,000 thousand every quarter (in the months February, May, August and November) for a total of 7 quarters.	250,000	250,000	-
O-Bank	The term of the loan is November 21, 2017 to November 21, 2022, and a one-time full repayment of the principal should be made on the maturity date.	250,000	250,000	250,000
O-Bank	The term of the loan is December 28, 2017 to December 28, 2022, and a one-time full repayment of the principal should be made on the maturity date.	250,000	250,000	250,000
Mega Bank	The term of the loan is November 17, 2015 to November 17, 2019, and the principal should be repaid in installments once every quarter for a total of 16 quarters.	-	-	4,725
Mega Bank	The term of the loan is February 15, 2016 to February 15, 2020, and the principal should be repaid in installments once every quarter for a total of 16 quarters; the last installment payment of the principal has been made in advance in November 2019.	-	-	1,313
Unsecured borrowings				
O-Bank	The term of the loan is April 23, 2018 to April 23, 2020, and a one-time repayment of the principal should be made in full on the maturity date. The new loan agreement has been signed in March 2020 to repay the old agreement. The term of the loan is March 23, 2020 to March 23, 2022.	80,000	80,000	80,000
KGI Bank	The term of the loan is June 28, 2018 to June 9, 2020, and a one-time repayment of the principal should be made in full on the maturity date.	-	80,000	80,000
The Export-Import Bank of the Republic of China	The term of the loan is June 14, 2019 to July 14, 2020, and a one-time repayment of the principal should be made in full on the maturity date.	70,000	70,000	70,000
		1,400,000	1,480,000	1,236,038
Less: Current portions		(300,000)	(310,000)	(166,038)
Long-term borrowings		$ 1,100,000	$ 1,170,000	$ 1,070,000

The annual interest rate ranges of long-term borrowings were 1.55%-1.72%, 1.40%-1.92% and 1.39%-2.20% as of June 30, 2020, December 31, 2019 and June 30, 2019, respectively.

20. NOTES PAYABLE AND TRADE PAYABLES

	June 30, 2020	December 31, 2019	June 30, 2019
Notes payable			
From operating activities			
Non-related parties	$ 197,940	$ 202,062	$ 183,910
Related parties	$ 41,054	$ 34,656	$ 55,953
From non-operating activities			
Non-related parties	$ 11,790	$ -	$ -
Trade payables			
From operating activities			
Non-related parties	$ 165,583	$ 124,131	$ 107,799
Related parties	$ 37,706	$ 35,532	$ 27,396

The average credit period for purchases is 3 months, and the Group has financial risk management policies in place to ensure that all payables are repaid within the pre-agreed credit period.

21. OTHER PAYABLES

	June 30, 2020	December 31, 2019	June 30, 2019
Payables for salaries and bonuses	$ 62,789	$ 48,604	$ 40,120
Payables for dividends	60,711	-	-
Payables for taxes	33,498	41,599	19,113
Payable for utilities expense	20,845	15,536	19,864
Others	34,306	36,975	34,757
	$ 212,149	$ 142,714	$ 113,854

22. RETIREMENT BENEFIT PLANS

Related pension expenses of the Group’s defined benefit plan were based on the actuarially determined pension cost rate for the three months and six months ended June 30, 2020 and 2019. An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plan is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Operating costs	$ 306	$ 413	$ 719	$ 845
Selling and marketing expenses	23	69	89	140
General and administrative expenses	14	116	113	232
	$ 343	$ 598	$ 921	$ 1,217

23. EQUITY

a. Share capital

Ordinary shares

	June 30, 2020	December 31, 2019	June 30, 2019
Number of shares authorized (in thousands)	498,646	498,646	498,646
Shares authorized	$ 4,986,460	$ 4,986,460	$ 4,986,460
Number of shares issued and fully paid (in thousands)	404,738	404,738	404,738
Shares issued	$ 4,047,380	$ 4,047,380	$ 4,047,380

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

b. Capital surplus

	June 30, 2020	December 31, 2019	June 30, 2019
May be used to offset a deficit only			
Changes in percentage of ownership interests in subsidiaries	$ 8	$ 8	$ 8

c. Retained earnings and dividends policy

The Parent Company has passed an amendment to the Company's Articles of Incorporation (the "Articles") in the shareholders' meeting on June 12, 2019, which stipulates that the Parent Company should distribute earnings or offset losses after each half of the fiscal year or at the end of the fiscal year, and submit the proposal for the earnings distribution or loss offset together with the business report and financial statements to the audit committee for review, which should be resolved by in the board of directors' meeting.

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 comply with 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.

When the Parent Company distributes earnings or offsets deficit according the Articles, it should be based on the financial statements which have been audited or reviewed by an accountant.

Under the earnings distribution policy as set forth in the Parent Company's Articles, where the Parent Company made a profit in a fiscal year, other than paying for the corporate income tax and offsetting losses of previous years, 10% of the profit should first be set aside as legal reserve and the amount of deduction of shareholders' equity that occurred in the current year should be set aside as special reserve, then 40% - 80% of the remaining profit together with the accumulated undistributed retained earnings of the previous year should 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. If the amount of dividends per share calculated based on the upper limit of 80% is lesser than NT$0.1 per share, the profit can be retained and not distributed as dividends. For the policies on employees' compensation and the remuneration of directors and supervisors under the Parent Company's articles, refer to Note 25(g) Employees' compensation and remuneration of directors and supervisors. The earnings distribution ratio and ratio of share dividends to cash dividends is subject to the board of directors' assessment of the year's actual profit and funding situation, taking into consideration investment funding needs and the dilutive effect on earnings per share, before deciding on an appropriate distribution of cash dividends or share dividends. However, the amount of share dividends should not exceed 20% of the total issued shares. In the case of accumulated retained earnings or retained earnings in the current year but for which the profit after tax is insufficient for setting aside as deduction to shareholders' equity, an amount equivalent to the retained earnings for the previous year should be set aside as special reserve, and should be deducted before the earnings distribution. For subsequent reversals of the deductions of shareholders' equity, the amount reversed may be distributed as dividends. Any proposals regarding the distribution of dividends should be resolved and passed in the shareholders' meeting in the following year, and accounted for in that year.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company. Thereafter, whenever equity deduction is turned, the turned amount shall be allocated as surplus.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Parent Company resolved the offset of losses in the shareholders' meeting on June 12, 2019 and decided not to distribute dividends.

The Parent Company resolved the offset of losses in the board of directors' meeting on November 12, 2019 and decided not to distribute dividends.

The appropriation of earnings for 2019 that was approved in the board of directors meeting on March 24, 2020 and the shareholders' meeting on June 18, 2020, was as follows:

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

d. Special reserve

	For the Six Months Ended June 30	
	2020	**2019**
Balance at January 1	$ 17,256	$ 17,376
Reversals:		
Reversal of the debits to other equity items	(3,121)	(120)
Balance at June 30	$ 14,135	$ 17,256

Upon initial application of IFRSs, the amount of the recognized accumulated exchange differences transferred to retained earnings amounted to $14,135 thousand, and an equivalent amount has been appropriated as special reserve.

When offsetting the losses for 2019, the Parent Company recognized the negative value in the decrease in other equity at the end of the reporting period, and reversed $3,121 thousand from the special reserve.

When offsetting the losses for 2018, the Parent Company recognized the negative value in the decrease in other equity at the end of the reporting period, and reversed $120 thousand from the special reserve.

e. Other equity items

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

	For the Six Months Ended June 30	
	2020	**2019**
Balance at January 1	$ 7,450	$ 7,660
Exchange differences on translating the financial statements of foreign operations	(84)	922
Balance at June 30	$ 7,366	$ 8,582

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

	For the Six Months Ended June 30	
	2020	**2019**
Balance at January 1	$ (3,444)	$ (10,781)
Unrealized gain/(loss) on financial assets at FVTOCI	(4,558)	34,362
Cumulative unrealized gain/(loss) of equity instruments transferred to retained earnings due to disposal	-	(3,524)
Balance at June 30	$ (8,002)	$ 20,057

24. REVENUE

a. Disaggregation of revenue

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Cement	$ 551,988	$ 462,660	$ 1,113,960	$ 936,281
Stone	183,447	144,648	362,642	282,724
Cement products	228,120	162,736	444,813	285,437
Others	158,421	131,064	305,281	231,011
	$ 1,121,976	$ 901,108	$ 2,226,696	$ 1,735,453

b. Contract balances

	June 30, 2020	December 31, 2019	June 30, 2019	January 1, 2019
Notes receivable (Note 9)	$ 442,994	$ 488,761	$ 409,055	$ 317,921
Notes receivable from related parties (Note 9)	199	4,972	199	5,170
Trade receivables (Note 9)	538,088	412,120	349,724	262,504
Trade receivables from related parties (Note 9)	8,624	7,450	10,493	11,140
Total receivables	$ 989,905	$ 913,303	$ 769,471	$ 596,735
Contract liabilities				
Receivables	$ 281,329	$ 259,431	$ 217,733	$ 198,806

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

Revenue amounts recognized in the current period from the satisfaction of performance obligations of contract liabilities at the beginning of the period are as follows:

	June 30	
	2020	2019
Contract liabilities at the beginning of the period		
Sales of goods	$ 259,431	$ 198,806

c. Customer contracts not yet fully complete

The timing of expected revenue recognition of performance obligations not yet fully satisfied is as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Sales of goods			
Fulfillment in July to September 2019	$ -	$ -	$ 217,733
Fulfillment in January to March 2020	$ -	$ 259,431	$ -
Fulfillment in July to September 2020	$ 281,329	$ -	$ -

25. NET PROFIT

a. Other operating income and expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Gain on disposal of property, plant and equipment	$ -	$ -	$ 80	$ 4,120

b. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Bank deposits	$ 322	$ 456	$ 676	$ 888
Investments in debt instruments at FVTOCI	78	80	157	159
	$ 400	$ 536	$ 833	$ 1,047

c. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Dividends	$ 38	$ -	$ 1,595	$ -
Others	1,456	1,979	3,600	2,633
	$ 1,494	$ 1,979	$ 5,195	$ 2,633

d. Interest expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Interest on bank loans/loans from related parties	$ 7,449	$ 9,531	$ 16,053	$ 19,327
Interest to lease liabilities	402	586	850	1,169
	$ 7,851	$ 10,117	$ 16,903	$ 20,496

e. Depreciation, depletion and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Property, plant and equipment	$ 34,965	$ 50,595	$ 74,877	$ 106,733
Right-of-use assets	12,823	13,279	25,646	26,559
Long-term prepaid expenses	3,217	2,897	6,259	6,365
Limestone mining rights	1	1	1	1
	$ 51,006	$ 66,772	$ 106,783	$ 139,658
An analysis of depreciation by function				
Operating costs	$ 35,036	$ 50,203	$ 74,935	$ 107,502
Operating expenses	11,381	12,179	22,725	22,569
Non-operating expenses	1,371	1,492	2,863	3,221
	$ 47,788	$ 63,874	$ 100,523	$ 133,292
An analysis of amortization by function				
Operating costs	$ 1,510	$ 1,493	$ 2,613	$ 3,503
Operating expenses	1,707	1,404	3,646	2,862
	$ 3,217	$ 2,897	$ 6,259	$ 6,365
An analysis of depletion by function				
Operating costs	$ 1	$ 1	$ 1	$ 1

f. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Post-employment benefits				
Defined contribution plan	$ 3,277	$ 2,450	$ 9,380	$ 6,163
Defined benefit plans (Note 22)	343	598	921	1,217
	3,620	3,048	10,301	7,380
Other employee benefits	104,500	90,633	203,532	175,861
Total employee benefits expense	$ 108,120	$ 93,681	$ 213,833	$ 183,241
An analysis of employee benefits expense by function				
Operating costs	$ 72,048	$ 67,628	$ 141,179	$ 131,194
Operating expenses	36,072	26,053	72,654	52,047
	$ 108,120	$ 93,681	$ 213,833	$ 183,241

g. Employees' compensation and remuneration of directors and supervisors

According to the Parent Company's Articles, the Parent Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 3% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. For the six months ended June 30, 2019, the Parent Company did not estimate the employee's compensation and remuneration of directors due to the loss before income tax. For the six months ended June 30, 2020, the employees' compensation and the remuneration of directors are as follows:

Accrual rate

	For the Six Months Ended June 30, 2020
Employees' compensation	3%
Remuneration of directors	5%

Amount

	For the Three Months Ended June 30, 2020	**For the Six Months Ended June 30, 2020**
Employees' compensation	$ 4,329	$ 7,581
Remuneration of directors	7,214	12,634

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

The appropriations of employees' compensation and remuneration of directors and supervisors for 2019 that were resolved by the board of directors on March 24, 2020 are as shown below:

Amount

	For the Year Ended December 31, 2019
	Cash
Employees' compensation	$ 1,542
Remuneration of directors	2,570

As the Parent Company incurred a net loss before income tax for 2018, no employees' compensation and remuneration of directors were estimated.

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 that were resolved by the Parent Company's board of directors on March 24, 2020.

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

h. Gain on disposal of financial assets

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
At FVTPL	$ -	$ 137	$ -	$ 246

i. Gains or losses on foreign currency exchange

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Foreign exchange gains	$ 253	$ 2,518	$ 324	$ 3,207
Foreign exchange losses	(483)	(1,578)	(970)	(2,135)
	$ (230)	$ 940	$ (646)	$ 1,072

26. INCOME TAXES

a. Income tax recognized in profit or loss

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Current tax				
In respect of the current year	$ 8,762	$ -	$ 14,403	$ -
Income tax on unappropriated earnings	(347)	-	885	-
Adjustments for prior year	86	-	86	-
	8,501	-	15,374	-
Deferred tax				
In respect of the current year	(1,220)	(2,785)	2,594	(8,061)
Income tax expense (benefit) recognized in profit or loss	$ 7,281	$ (2,785)	$ 17,968	$ (8,061)

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

b. Income tax assessments

The tax returns of Luckicon Ready-Mixed Co, Dasheng Enterprise, Luckyship Co. and Fuyu Development Co. through 2018 have been assessed by the tax authorities.

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

27. EARNINGS (LOSS) PER SHARE

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

Net Profit (Loss)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	**2019**	**2020**	**2019**
Profit (loss) for the year attributable to owners of the Parent Company	$ 134,811	$ 14,172	$ 228,420	$ (15,601)
Earnings (loss) used in the computation of earnings per share	$ 134,811	$ 14,172	$ 228,420	$ (15,601)

Weighted Average Number of Ordinary Shares Outstanding (In Thousands of Shares) is as Follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	**2019**	**2020**	**2019**
Weighted average number of ordinary shares used in the computation of basic earnings (loss) per share	404,738	404,738	404,738	404,738
Effect of potentially dilutive ordinary shares				
Employees' compensation	783	-	907	-
Weighted average number of ordinary shares used in the computation of diluted earnings (loss) per share	405,521	404,738	405,645	404,738

If the Parent Company offered to settle the compensation or bonuses paid to employees in cash or shares, the Group assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

28. CASH FLOW INFORMATION

Partial Cash Transactions

The Group entered into the following partial cash investing activities which were not reflected in the consolidated statements of cash flows for the six months ended June 30, 2020 and 2019:

	For the Six Months Ended June 30	
	2020	2019
Proceeds from sale of financial assets at fair value through other comprehensive income	$ -	$ 109,586
Change in sale of securities (recognized as other receivables)	21,393	(11,093)
Cash received	$ 21,393	$ 98,493
Acquisition of property, plant and equipment	$ 7,548	$ 15,859
Net change in prepayment for equipment	-	2,266
Cash paid	$ 7,548	$ 18,125

Changes in Liabilities Arising from Financing Activities

For the six months ended June 30, 2020

	Balance at January 1, 2020	Cash Flows	Non-cash Changes: Discount Amortization	Others	Balance at June 30, 2020
Short-term borrowings	$ 232,700	$ (51,683)	$ -	$ -	$ 181,017
Short-term bills payable	219,465	-	34	-	219,499
Long-term borrowings	1,480,000	(80,000)	-	-	1,400,000
Other payables to related parties	47,081	70,047	-	2,850	119,978
Guarantee deposits received	30,800	(1,362)	-	-	29,438
Lease liabilities	130,783	(24,566)	-	-	106,217
	$ 2,140,829	$ (87,564)	$ 34	$ 2,850	$ 2,056,149

For the six months ended June 30, 2019

	Balance at January 1, 2019	Cash Flows	Non-cash Changes: Discount Amortization	Others	Balance at June 30, 2019
Short-term borrowings	$ 852,651	$ (80,219)	$ -	$ -	$ 772,432
Short-term bills payable	219,736	(60,000)	(81)	-	159,655
Long-term borrowings	1,171,638	64,400	-	-	1,236,038
Other payables to related parties	46,957	20,021	-	(236)	66,742
Guarantee deposits received	29,431	1,020	-	-	30,451
Lease liabilities	168,565	(26,060)	-	-	142,505
	$ 2,488,978	$ (80,838)	$ (81)	$ (236)	$ 2,407,823

29. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

30. FINANCIAL INSTRUMENTS

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

There is no significant difference between the carrying amounts and fair values of the financial assets and financial liabilities which are not measured at fair value.

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

1) Fair value hierarchy

June 30, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual Funds	$ 15,297	$ -	$ 9,291	$ 24,588
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	$ 32,634	$ -	$ -	$ 32,634
Unlisted shares	-	-	16,771	16,771
Investments in debt instruments				
Corporate bonds	5,970	-	-	5,970
	$ 38,604	$ -	$ 16,771	$ 55,375

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual Funds	$ 15,562	$ -	$ 9,598	$ 25,160
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	$ 15,977	$ -	$ -	$ 15,977
Unlisted shares	-	-	19,733	19,733
Investments in debt instruments				
Corporate bonds	6,061	-	-	6,061
	$ 22,038	$ -	$ 19,733	$ 41,771

June 30, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual Funds	$ 15,597	$ -	$ 9,944	$ 25,541
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	$ 63,602	$ -	$ -	$ 63,602
Unlisted shares	-	-	23,033	23,033
Investments in debt instruments				
Corporate bonds	6,148	-	-	6,148
	$ 69,750	$ -	$ 23,033	$ 92,783

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

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

For the six months ended June 30, 2020

	Financial Assets at FVTPL	Financial Assets at FVTOCI	
	Mutual Funds	Equity Instruments	
Balance at January 1, 2020	$ 9,598	$ 19,733	$ 29,331
Purchases	-	4,371	4,371
Return of shares after capital reduction	-	(5,125)	(5,125)
Recognized in profit or loss (included in other gains or losses)	(307)	-	(307)
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	-	(2,208)	(2,208)
Balance at June 30, 2020	$ 9,291	$ 16,771	$ 26,062

For the six months ended June 30, 2019

	Financial Assets at FVTPL	Financial Assets at FVTOCI	
	Mutual Funds	Equity Instruments	
Balance at January 1, 2019	$ 6,535	$ 19,015	$ 25,550
Recognized in profit or loss (included in other gains or losses)	3,409	-	3,409
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	-	4,018	4,018
Balance at June 30, 2019	$ 9,944	$ 23,033	$ 32,977

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

The asset approach or comparable listed companies approach were used to calculate the fair values of investment targets of domestic unlisted equity investments.

The comparable listed companies approach takes into account the transaction prices of shares of listed companies in an active market, and the value multiplier implicit in the price, at the same time taking into consideration the liquidity discount, when deciding the value of the target company.

The asset approach assesses the total market value of individual assets and liabilities covered by the valuation target, and takes into consideration the discount for lack of control and liquidity discount to reflect the overall value of the business or enterprise.

c. Categories of financial instruments

	June 30, 2020	December 31, 2019	June 30, 2019
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	$ 24,588	$ 25,160	$ 25,541
Financial assets at amortized cost (1)	1,532,146	1,481,491	1,200,336
Financial assets at FVTOCI			
Equity instruments	49,405	35,710	86,635
Debt instruments	5,970	6,061	6,148
<u>Financial liabilities</u>			
Amortized cost (2)	2,459,156	2,458,938	2,637,859

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

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

d. Financial risk management objectives and policies

The Group’s major financial instruments include trade receivables, trade payables and 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 and 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 (a) below) and interest rates (see (b) below).

There were no changes to the Group’s exposure to market risk with respect to financial instruments or the manner in which these risks were managed or measured.

a) Foreign currency risk

For the carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period, please refer to Note 34.

Sensitivity analysis

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

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates a decrease in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 5% against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	USD Impact		RMB Impact		JPY Impact	
	For the Six Months Ended June 30		For the Six Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019	2020	2019
Profit or loss	$ 2,903	$ (337)	$ (341)	$ (360)	$ -	$ (1,443)

The above is mainly attributable to the exposure on outstanding cash in banks, receivables, other financial assets and payables in USD, RMB and JPY that were not hedged at the end of the reporting period.

b) Interest rate risk

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

	June 30, 2020	December 31, 2019	June 30, 2019
Cash flow interest rate risk			
Financial assets	$ 425,900	$ 386,965	$ 371,241
Financial liabilities	1,800,516	1,932,165	1,625,692

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments on the balance sheet date. A 25 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and also represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2020 would decrease/increase by $1,718 thousand, and pre-tax loss for the six months ended June 30, 2019 would increase/decrease by $1,568 thousand, which was mainly a result of variable-rate borrowings, demand deposits and restricted assets.

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 reporting period, 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 carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of transacting only with creditworthy counterparties, and obtains sufficient collateral when necessary to reduce the risk of financial loss resulting from default of payments. The group transacts with a large number of unrelated customers and thus, credit risk is not highly concentrated.

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

	June 30, 2020		December 31, 2019		June 30, 2019	
	Carrying Amount	**Largest Credit Risk Exposure Amount**	**Carrying Amount**	**Largest Credit Risk Exposure Amount**	**Carrying Amount**	**Largest Credit Risk Exposure Amount**
Off-balance sheet commitments and guarantee						
Endorsements and guarantees for subsidiary	$ -	$ 703,755	$ -	$ 703,800	$ -	$ 749,430

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of the end of June 30, 2020, December 31, 2019 and June 30, 2019, the Group had available unutilized long-term and short-term bank loan facilities of $1,616,488 thousand, $1,892,447 thousand and $1,380,474 thousand, respectively.

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

June 30, 2020

	Weighted-average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities		$ 22,948	$ 362,139	$ 137,014	$ 3,992	$ 62,500
Lease liabilities	1.55	9,710	4,040	36,226	59,894	-
Variable interest rate liabilities	1.61	239,954	266,746	343,863	1,020,000	-
		$ 272,612	$ 632,925	$ 517,103	$ 1,083,886	$ 62,500

December 31, 2019

	Weighted-average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities		$ 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	-
		$ 270,534	$ 309,843	$ 696,088	$ 1,252,003	$ 64,000

June 30, 2019

	Weighted-average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing liabilities		$ 274,531	$ 207,948	$ 18,319	$ 4,565	$ 84,300
Lease liabilities	1.55	2,170	12,156	35,066	96,662	-
Variable interest rate liabilities	1.77	30,000	-	525,692	1,070,000	-
Fixed interest rate liabilities	1.48	-	469,100	73,332	-	-
		$ 306,701	$ 689,204	$ 652,409	$ 1,171,227	$ 84,300

31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Parent Company and its subsidiaries, which are related parties of the Parent Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

a. Related parties

Related Party Name	Related Party Category
Other related party	
Yungsheng Development Industrial Co., Ltd. (Yungsheng Development Co.)	The chairman of the company is the same as the chairman of the Parent Company
LIANG-CHUAN Cultural and Educational Foundation (LIANG-CHUAN Foundation)	The chairman of the foundation is the same as the chairman of the Parent Company
Fudong Freight Co., Ltd. (Fudong Freight Co.)	The director of the company is one of the Parent Company chairman’s first-degree relatives
Pacifica Marine Biotech Co., Ltd.	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

(Continued)

Related Party Name	Related Party Category
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 key management of the company is the spouse of the Parent Company chairman's first-degree relatives
Main management	
Chen Yun-Ju	Executive deputy general manager

(Concluded)

b. Business transactions

Line Item	Related Party Category/Name	For the Three Months Ended June 30 2020	For the Three Months Ended June 30 2019	For the Six Months Ended June 30 2020	For the Six Months Ended June 30 2019
Sales	Other related parties	$ 23,159	$ 19,516	$ 42,887	$ 34,891
Purchases of goods	Fuan Mining Co.	$ 81,993	$ 69,628	$ 153,251	$ 122,309
	Other related parties	15,600	11,989	28,880	23,172
		$ 97,593	$ 81,617	$ 182,131	$ 145,481
Operating costs - transportation expenses	Other related parties	$ 9,360	$ 2,735	$ 14,274	$ 5,816
Operating costs - manufacturing expenses	Other related parties	$ -	$ -	$ 152	$ -
Operating expense	Other related parties	$ 22	$ 135	$ 1,486	$ 1,743

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

c. Receivables from related parties

Line Items	Related Party Category	June 30, 2020	December 31, 2019	June 30, 2019
Notes receivable	Chen Yun-Ju	$ 11,790	$ -	$ -
	Fudong Freight Co.	199	199	199
	Yungsheng Development Co.	-	4,773	-
		$ 11,989	$ 4,972	$ 199

Line Items	Related Party Category	June 30, 2020	December 31, 2019	June 30, 2019
Trade receivables	Fuan Mining Co.	$ 8,096	$ 7,342	$ 6,046
	Yungsheng Development Co.	528	108	4,447
		$ 8,624	$ 7,450	$ 10,493
Other receivables	Other related parties	$ 148	$ 155	$ 678

The outstanding trade receivables from related parties are unsecured. As of June 30, 2020 and 2019 and December 31, 2019, no impairment losses were recognized for trade receivables from related parties.

Regarding the notes receivable from related parties as of June 30, 2020, please refer to Note 33 for more information.

d. Payables to related parties

Line Items	Related Party Category/Name	June 30, 2020	December 31, 2019	June 30, 2019
Notes payable	Fuan Mining Co.	$ 29,704	$ 28,810	$ 51,974
	Fudong Freight Co.	11,350	5,846	3,952
	Other related parties	-	-	27
		$ 41,054	$ 34,656	$ 55,953
Trade payables	Fuan Mining Co.	$ 29,070	$ 26,000	$ 21,135
	Fudong Freight Co.	8,636	9,532	6,261
		$ 37,706	$ 35,532	$ 27,396
Other payables	Other related parties	$ 4,131	$ 1,281	$ 921

The outstanding trade payables to related parties are unsecured.

e. Loan from related parties

Line Items	Related Party Name	June 30, 2020	December 31, 2019	June 30, 2019
Other payables to related parties (current)	Fuan Mining Co.	$ 70,047	$ -	$ 20,021
Other payables to related parties (non-current)	Cheng Haibin	$ 45,800	$ 45,800	$ 45,800

Interest expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Other related parties	$ 95	$ 45	$ 95	$ 45

The interest rate of the current loan from Fuan Mining Co. has no difference to the market interest rate. The other payables to related parties (non-current) are interest-free loans from the shareholder. The above loans from the related party are unsecured.

f. Lease arrangements - the Group is lessor

Lease arrangements - the Group is lessor under operating leases

The balance of operating lease receivables (recognized as other receivables) was as follows:

Related Party Category	June 30, 2020	December 31, 2019	June 30, 2019
Other related parties	$ -	$ -	$ 103

Future lease payment receivables are as follows:

Related Party Category/Name	June 30, 2020	December 31, 2019	June 30, 2019
Fudong Freight Co.	$ 2,274	$ 2,274	$ 2,274
Other related parties	66	132	198
	$ 2,340	$ 2,406	$ 2,472

Lease income was as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
Related Party Category/Name	2020	2019	2020	2019
Fudong Freight Co.	$ 568	$ 568	$ 1,137	$ 1,137
Other related parties	33	33	66	66
	$ 601	$ 601	$ 1,203	$ 1,203

The determination of rental amounts and collection methods is similar to those of general lease arrangements.

g. Compensation of key management personnel

The remuneration of directors and key executives was as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	**2019**	**2020**	**2019**
Short-term employee benefits	$ 12,830	$ 3,974	$ 24,179	$ 8,580
Post-employment benefits	125	93	251	185
	$ 12,955	$ 4,067	$ 24,430	$ 8,765

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	June 30, 2020	December 31, 2019	June 30, 2019
Notes receivable	$ -	$ -	$ 63,698
Real estate under development (recognized as inventories)	3,077,620	3,073,626	3,081,956
Property, plant and equipment	775,166	782,986	791,117
Restricted assets (recognized as other financial assets and other non-current assets)	209,911	225,753	230,756
	$ 4,062,697	$ 4,082,365	$ 4,167,527

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

On March 20, 2020, the board of directors' meeting of Luckicon Ready-mixed Co. resolved to acquire a total of 24 lots of land with serial number 470 and others located in Sanjiaopu, Shulin District of New Taipei City from non-related parties. The contract price of the land totaled $590,129 thousand and will be repaid based on the contract schedule. The last payment is expected to be made on December 20, 2020. As of the end of June 30, 2020, $262,401 thousand had already been paid and accounted for as prepayments for equipment, please refer to Note 18.

On May 5, 2020, Luckicon Ready-mixed Co. signed an agreement with key management personnel of the Parent Company and the aforementioned non-related parties. According to the agreement, the Parent Company's key management personnel acquired part of the land in the amount of $19,651 thousand and the Parent Company's key management personnel would issue a promissory note to Luckicon Ready-mixed Co. for payments made on behalf of the Parent Company's key management personnel based on the contract schedule. The reason behind the signing of the agreement was attributed to the agricultural use of such land whereby Luckicon Ready-mixed Co. could not obtain the ownership. As of June 30, 2020, outstanding notes receivable amounted to $11,790 thousand, and accounted for as notes receivable - related parties, please refer to Notes 9 and 31.

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 the foreign currencies and the respective functional currencies were as follows:

(In Thousands of New Taiwan Dollars and Foreign Currencies)

June 30, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 25	29.63 (USD:NTD)	$ 748
RMB	1,629	4.191 (RMB NTD)	6,827
JPY	26	0.2751 (JPY:NTD)	7
Financial liabilities			
Monetary items			
USD	1,985	29.63 (USD:NTD)	58,817

December 31, 2019

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

June 30, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 224	31.06 (USD:NTD)	$ 6,744
RMB	1,591	4.521 (RMB NTD)	7,193
JPY	100,013	0.2886 (JPY:NTD)	28,864

Foreign exchange gains or losses (realized or unrealized) of the Group in the three months and in the six months ended June 30, 2020 and 2019 were a loss of $230 thousand and a gain of $940 thousand, and a loss of $646 thousand and a gain of $1,072 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

35. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (Table 2)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (Table 4)

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

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 5)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 6)

9) Trading in derivative instruments: None

10) Intercompany relationships and significant intercompany transactions (Table 8)

b. Information on investees (Table 7)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: None

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None

c) The amount of property transactions and the amount of the resultant gains or losses: None

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds: None

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

36. SEGMENT INFORMATION

The Group defined its reportable segments as follows:

Cement segment: Producing and selling products related to cement.

Other segments: Other operating activities not belonging to the cement segment.

a. Segment revenue and operating results

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

	Segment Revenue		Segment Profit/Loss	
	For the Six Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Cement segment	$ 2,203,712	$ 1,700,149	$ 278,331	$ (6,154)
Other segments	22,984	35,304	(19,762)	(5,605)
Total from operations	$ 2,226,696	$ 1,735,453	258,569	(11,759)
Interest income			833	1,047
Rental income			4,263	4,455
Other gains			5,195	2,633
Gain on disposal of financial assets			-	246
Foreign exchange gains (losses)			(646)	1,072
Fair value changes of financial assets			(442)	3,819
Other losses			(4,481)	(4,679)
Interest expense			(16,903)	(20,496)
Profit (loss) before income tax			$ 246,388	$ (23,662)

The segment revenue reported above was all generated from transactions with external customers. There were no inter-segment sales in the six months ended June 30, 2020 and 2019.

Segment profit represents the profit before tax earned by each segment without allocation of interest income, rental income, other gains, gain on disposal financial assets, foreign exchange gains/(losses), fair value changes of financial assets, other losses, and interest expense.

b. Total assets and liabilities of segments

	June 30, 2020	December 31, 2019	June 30, 2019
Segment assets			
Continuing operating segment			
Cement segment	$ 4,316,504	$ 4,081,748	$ 4,126,799
Other segments	3,246,415	3,247,129	3,308,608
Total assets	$ 7,562,919	$ 7,328,877	$ 7,435,407
Segment liabilities			
Continuing operating segment			
Cement segment	$ 2,337,047	$ 2,337,236	$ 2,550,585
Other segments	741,868	670,704	638,141
Total liabilities	$ 3,078,915	$ 3,007,940	$ 3,188,726

LUCKY CEMENT CO. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Maximum Balance in Current Period	Related Party	Ending Balance (Note 4)	Actual Amount Borrowed (Note 5)	Interest Rate (%)	Nature of Financing (Note 1)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 3)
													Item	Value		
0	Lucky Cement Co.	Dasheng Enterprise	Other receivables from related parties	$ 200,000	Yes	$ 200,000	$ 12,600	1.8297	b.	$ -	Operating turnover	$ -	-	-	$ 448,393	$ 1,793,571
		Luckyship Co.	Other receivables from related parties	30,000	Yes	30,000	12,000	1.8297	b.	-	Operating turnover	-	-	-	448,393	1,793,571
		Lucky Cement Japan	Other receivables from related parties	30,000	Yes	30,000	-	1.8297	b.	-	Operating turnover	-	-	-	448,393	1,793,571
						$ 260,000										
1	Luckicon Ready-mixed Co.	Dasheng Enterprise	Other receivables from related parties	20,000	Yes	$ 20,000	-	-	b.	-	Operating turnover	-	-	-	57,305	114,611

Note 1: The nature of financing is numbered as follows:

a. Has a business relationship with the counterparty.
b. Counterparty has short-term financing needs.

Note 2: For financing provided to subsidiaries which Lucky Cement Co. has shareholdings greater than 50%, the financing limit is 10% of the borrower’s net value at the end of the period; for financing provided to subsidiaries which Lucky Cement Co. has shareholdings greater than or equal to 20% but less than 50%, the financing limit is 5% of the borrower’s net value at the end of the period; while the financing limit for the remaining companies is 2% of the net value at the end of the period; the financing limit of Luckicon Ready-mixed Co. is 20% of its net value at the end of the period.

Note 3: The maximum financing allowed is limited to 40% of the net value of the lender at the end of the period.

Note 4: The maximum balance for the period and ending balance were approved by the board of directors.

Note 5: Eliminated during preparation of the consolidated financial statements.

TABLE 2

LUCKY CEMENT CO. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(In Thousands of New Taiwan Dollars, Unless Otherwise Noted)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Lucky Cement Co.	Dasheng Enterprise	Subsidiary	$ 1,793,571	$ 620,000	$ 620,000	$ 620,000	$ 120,000 (Note 3)	13.78	$ 2,241,964	Y	-	-	
		Luckicon Ready-mixed Co.	Subsidiary	1,793,571	70,000	70,000	30,000	-	1.56	2,241,964	Y	-	-	
		Luckyship Co.	Subsidiary	1,793,571	45,000	-	-	-	-	2,241,964	Y	-	-	
		Lucky Cement Japan,	Subsidiary	1,793,571	14,005	13,755	-	-	0.31	2,241,964	Y	-	-	
						$ 703,755								

Note 1: The limit on endorsement/guarantee given by Lucky Cement Co. for a single company shall not exceed 10% of the net value, except for subsidiaries where the limit is 40% of their net value.

Note 2: The limit on endorsement approved in the shareholders’ meeting is 50% of the net value.

Note 3: The certificate of deposit of NT$60,000 thousand which had been provided as collateral was recognized as other financial assets - restricted assets.

TABLE 3

LUCKY CEMENT CO. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2020
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value (Notes 1 and 2)	
Lucky Cement Co.	Mutual fund							
	O-Bank No. 1 Real Estate Investment Trust	-	Financial assets at FVTPL - current	100,000	$ 938	-	$ 938	
	Taishin Short Duration Emerging High Yield Bond Fund	-	Financial assets at FVTPL - current	500,000	4,989	-	4,989	
	Non-listed common stock							
	Jonfeng Mining Co., Ltd.	-	Financial assets at FVTOCI - non-current	1,494,708	10,358	-	10,358	
	WK Technology Fund	-	〃	1,156,000	5,596	-	5,596	
	Global Securities Finance Corp.	-	〃	32,636	477	-	477	
	Listed common stock							
	Formosa Plastics Corporation	-	Financial assets at FVTOCI - current	200,000	17,520	-	17,520	
	Far Eastern New Century Corporation	-	〃	200,000	5,580	-	5,580	
	U-Ming Marine Transport Corporation	-	〃	128,000	4,006	-	4,006	
	Winbond Electronics Corp.	-	〃	130,181	1,738	-	1,738	
	Medigen Biotechnology Corporation	-	〃	28,628	2,448	-	2,448	
	United Microelectronics Corporation	-	〃	72,351	1,150	-	1,150	
	China Development Financial	-	〃	13,496	128	-	128	
	First Financial Holding Co., Ltd.	-	〃	891	20	-	20	
	Capital Securities Corp.	-	〃	875	9	-	9	
	Hua Nan Financial Holdings Co., Ltd.	-	〃	423	8	-	8	
	Taiwan Cement Corp	-	〃	141	6	-	6	
Luckyship Co.	Non-listed common stock							
	Jonfeng Mining Co., Ltd.	-	Financial assets at FVTOCI - non-current	49,007	340	-	340	
	Listed common stock							
	Medigen Biotechnology Corporation	-	Financial assets at FVTOCI - current	242	21	-	21	
Luckicon Ready-mixed Co.	Mutual fund							
	Mega Danish Covered Mortgage Bond Index Fund	-	〃	500,000	4,945	-	4,945	
	Shin Kong Emerging ASEAN Bond Fund	-	〃	500,015	4,425	-	4,425	
	TSG Phnom Penh Real Estate Development Fund	-	Financial assets at FVTPL - non-current	500	9,291	-	9,291	
	Corporate bond							
	The Cathay United Jenai EMC USD Fixed Interest Allocation Bond	-	Financial assets at FVTOCI - current	-	5,970	-	5,970	

(Continued)

Note 1: Financial assets at FVTPL: Fair value is based on the net asset value of funds on June 30, 2020.

Note 2: The fair values of financial assets at FVTOCI are based on the stock closing price on June 30, 2020, while the fair values of corporate bonds are based on the market price on June 30, 2020. The fair values of non-listed stock are estimated using the fair value evaluation method.

Note 3: Please refer to Table 7 for information on investments in subsidiaries.

(Concluded)

LUCKY CEMENT CO. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
Luckicon Ready-Mixed Co.	24 lots of land of land serial no. 470 etc. located in Sanjiaopu Shulin District of New Taipei City	March 20, 2020 (Note 1)	$ 590,129 (Note 2)	Will be paid based on the contract schedule. As of the end of June 30, 2020, $262,401 thousand has been paid.	Natural person who is not a related party of the Group	N/A	-	-	-	$ -	Negotiated based on the appraisal report and later resolved in the board of directors' meeting.	Factory use	N/A

Note 1: It is the board resolution date of Luckicon Ready-Mixed Co.

Note 2: Please refer to Note 33.

LUCKY CEMENT CO. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable			Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance		% to Total	
Lucky Cement Co.	Luckicon Ready-mixed Co.	Subsidiary	Sale	$ (378,976)	(17.02)	About 90 days	Similar to general transactions	Similar to general transactions	Accounts receivable	$ 59,557	5.95	Note
									Notes receivable	144,676	14.44	
	Fuan Mining Co., Ltd.	Other related parties	Purchase	153,251	16.78	About 90 days	Agreed	Similar to general transactions	Accounts receivable	29,070	6.40	
									Notes receivable	29,704	6.54	

Note: Eliminated from the consolidated financial statements.

LUCKY CEMENT CO. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Lucky Cement Co.	Luckicon Ready-mixed Co.	Subsidiary	$ 204,233	4.62	$ -	-	$ 93,618	$ -

Note: Eliminated from the consolidated financial statements.

LUCKY CEMENT CO. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Address	Main Businesses and Products	Original Investment Amount (Note 3)		As of June 30, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2020	December 31, 2019	Number of Shares	Percentage of Ownership (%)	Carrying Value			
Lucky Cement Co.	Dasheng Enterprise	14F., No. 237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Sale and lease of real estate	$ 2,167,473	$ 2,167,473	157,295,283	99.99	$ 2,285,831	$ (8,817)	$ (8,817)	Note 1
	Luckicon Ready-mixed Co.	No. 191, Sec. 1, Meishi Rd., Yangmei Dist., Taoyuan City 326, Taiwan (R.O.C.)	Manufacturing and trading of ready-mixed concrete	99,998	99,998	21,999,868	99.99	340,453	54,664	53,987	Note 1
	Just Bright Ltd.	Tropic Isle Building, PO Box 438, Road Town, Tortola, British Virgin Islands	Investment business	-	-	50,000	-	-	-	-	Notes 2 and 4
	Lucky Cement Japan,	Aichi, Japan hekinan Yu Jin-Pu-cho 12 gu	Cement trading	82,300	82,300	6,800	100.00	25,018	524	524	Note 2
	Luckyship 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	41,017	(2,786)	(2,786)	Note 2
Luckicon Ready-mixed Co.	Fuyu Development	13F., No. 237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	On land clay and stone quarrying	12,571	12,571	1,000,000	100.00	6,784	1,969	1,969	Note 1

Note 1: The amounts were calculated based on the reviewed financial statements.

Note 2: The amounts were calculated based on the financial statements that were not reviewed.

Note 3: The original investment amount includes the previous year's capital reduction amount for the offset of losses.

Note 4: The Parent Company resolved to cease operations of its subsidiary, Just Bright Ltd., in the board of directors’ meeting on December 27, 2019, and the cancellation procedures are expected to be completed on May 1, 2021.

LUCKY CEMENT CO. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2020
(In Thousands of New Taiwan Dollars)

No	Company Name	Counterparty	Nature of Relationship (Note)	Intercompany Transactions			
				Financial Statement Item	Amount	Terms	%of Consolidated Net Revenue or Total Assets
0	Lucky Cement Co.	Luckicon Ready-mixed Co.	a.	Accounts receivable	$ 59,557	About 90 days	0.79
		〃	a.	Notes receivable	144,676	About 90 days	1.91
		〃	a.	Other receivables	155	About 90 days	-
		〃	a.	Acquisition of transportation equipment	680	About 90 days	0.01
		〃	a.	Other payables	714	About 90 days	0.01
		〃	a.	Contract liabilities	10,011	About 90 days	0.13
		〃	a.	Sales	378,976	About 90 days	17.02
		〃	a.	Rental income	762	30 days	0.03
		Fuyu Development Co., Ltd.	a.	Other receivables	2	30 days	-
		〃	a.	Other payables	91	About 90 days	-
		〃	a.	Notes payable	115	About 90 days	-
		〃	a.	Operating cost	549	About 90 days	0.02
		〃	a.	Rental income	4,030	30 days	0.18
		〃	a.	Other gains	600	30 days	0.03
		Luckyship Co.	a.	Other receivables	12,000	Financing, the repayment period is one year	0.16
		〃	a.	Other receivables	22	About 90 days	-
		〃	a.	Notes payable	1,551	About 90 days	0.02
		〃	a.	Other payables	4,465	About 90 days	0.06
		〃	a.	Operating cost	14,741	About 90 days	0.66
		〃	a.	Interest income	110	30 days	-
		〃	a.	Rental income	128	30 days	0.01
		Dasheng Enterprise	a.	Refundable deposits	159,000	Returned upon completion according to the contract	2.10
		〃	a.	Other receivables	12,600	Financing, the repayment period is one year	0.17
		〃	a.	Other receivables	19	About 90 days	-
		〃	a.	Rental income	40	30 days	-
		〃	a.	Interest income	400	30 days	0.02
1	Luckicon Ready-mixed Co.	Dasheng Enterprise	c.	Sales	149	About 90 days	0.01
		〃	c.	Interest income	74	30 days	-

Note: The flow of transactions is as follows:

a. From the parent to the subsidiary.
b. From the subsidiary to the parent.
c. From the subsidiary to the subsidiary.

LUCKY CEMENT CO. AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
JUNE 30, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Changheng Investment Co.	52,631,034	13.00
Changjun Water Resources Co.	29,418,008	7.26
Jinli Investment Co.	25,230,451	6.23
RI KON construction Co.	22,658,066	5.59
Yungsheng Development Co.	22,514,509	5.56
Lucky Construction Co., Ltd.	22,091,152	5.45

Note 1: The information of shareholders in the above table is calculated by the Taiwan Depository and Clearing Corporation based on the ordinary and special shares (including treasury shares) of the Parent Company held by major shareholders holding at least 5% of the shares on the last business day of the current quarter which have been physically registered and settled. The number of shares recorded in the Parent Company's consolidated financial statements may be different from that physically registered and settled due to differences in the basis of preparation and calculation.

Note 2: If the shares of the major shareholders in the above table are held by trustees, the shareholdings should be separately disclosed by the trust accounts opened by the trustee. As for shareholders' handling of insider shareholding declarations with more than 10% of their shares in accordance with the Securities Exchange Act, their shareholdings include their own shareholdings plus those shares held under trust accounts with the right to utilize the trust assets, etc. For more information on insider shareholding declarations, please refer to the market observation post system website of the TWSE.