Lucky Cement Co.

Financial Statements for the Years Ended December 31, 2020 and 2019 and Independent Auditors' 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' REPORT

The Board of Directors and Stockholders
Lucky Cement Co.

Opinion

We have audited the accompanying financial statements of Lucky Cement Co. (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019 and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the financial statements for the year ended December 31, 2020 are as follows:

Occurrence of Sales Revenue from Key Customers

The Company's sales revenue mainly comes from sales of cement, stone materials and other cement products. The sales revenue from the key customers, which exceeded the performance materiality for audit purposes, amounted to NT$634,069 thousand or 19% of the total sales revenue in 2020. Therefore, we deem occurrence of sales as a significant risk and key audit matter.

Please refer to Note 4 (11) of the financial statements for accounting policies on revenue recognition; Note 22 (1) for the disclosure related to the operating revenue.

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

1. We obtained an understanding of the internal control system of the sale of goods and assessed the design and effectiveness of the implementation of the internal control.

2. We obtained the summary of sales to the key customers for the year; we tested the completeness of the summary, selected samples from the summary, and examined supporting vouchers, shipping documents, delivery receipts, invoices, etc. and verified the occurrence of sales.

3. We inspected the sales ledger for any significant sales returns and allowances recorded after the balance sheet date and verified that the returns and allowances were related to sales after the balance sheet date.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2021

Notice to Readers

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

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

LUCKY CEMENT CO.

BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Notes 4 and 6)	$ 256,364	4	$ 165,724	3
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 28)	6,290	-	980	-
Financial assets at fair value through other comprehensive income - current (Notes 4, 8 and 28)	28,213	1	15,962	-
Financial assets at amortized cost - current (Notes 4, 9 and 30)	72,155	1	90,165	1
Notes receivable (Notes 4, 10 and 22)	487,705	7	413,731	6
Notes receivable from related parties (Notes 4, 10, 22 and 29)	26,948	-	59,119	1
Accounts receivable (Notes 4, 10 and 22)	74,085	1	92,559	2
Accounts receivable from related parties (Notes 4, 10, 22 and 29)	18,868	-	64,786	1
Other receivables (Notes 4 and 10)	13,670	-	87,240	1
Other receivables from related parties (Notes 4 and 29)	61,398	1	59,595	1
Current tax assets (Note 24)	-	-	17,519	-
Inventories (Notes 4 and 11)	381,467	6	365,885	6
Prepayments (Note 12)	147,367	2	146,520	2
Total current assets	1,574,530	23	1,579,785	24
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	14,703	-	19,465	-
Financial assets at amortized cost - non-current (Notes 4, 9 and 30)	164,062	3	106,908	2
Investments accounted for using the equity method (Notes 4 and 13)	2,980,403	44	2,649,638	41
Property, plant and equipment (Notes 4, 14, 29 and 30)	1,586,499	24	1,628,604	25
Right-of-use assets (Notes 4 and 15)	73,400	1	115,920	2
Deferred tax assets (Notes 4 and 24)	96,040	1	102,042	2
Refundable deposits (Note 29)	175,506	3	174,728	3
Other non-current assets (Note 16)	76,914	1	88,469	1
Total non-current assets	5,167,527	77	4,885,774	76
TOTAL	$ 6,742,057	100	$ 6,465,559	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 30)	$ 150,000	2	$ 226,700	3
Short-term bills payable (Notes 17 and 30)	99,941	1	99,820	2
Contract liabilities (Note 22)	342,967	5	267,633	4
Notes payable (Note 18)	115,973	2	128,089	2
Notes payable to related parties (Notes 18 and 29)	32,635	1	30,823	-
Accounts payable (Note 18)	142,921	2	70,584	1
Accounts payable to related parties (Notes 18 and 29)	20,006	-	32,138	-
Other payables (Note 19)	169,913	3	105,252	2
Other payables to related parties (Note 29)	9,290	-	4,060	-
Current income tax liabilities (Note 24)	20,722	-	1,201	-
Lease liabilities - current (Notes 4 and 15)	33,548	1	42,993	1
Current portion of long-term borrowings (Notes 17 and 30)	290,000	4	310,000	5
Other current liabilities	361	-	464	-
Total current liabilities	1,428,277	21	1,319,757	20
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 17 and 30)	540,000	8	670,000	10
Deferred tax liabilities (Notes 4 and 24)	20,663	-	23,792	-
Lease liabilities - non-current (Notes 4 and 15)	40,475	1	74,069	1
Net defined benefit liabilities (Notes 4 and 20)	23,294	-	26,481	1
Guarantee deposits received	32,503	1	30,600	1
Total non-current liabilities	656,935	10	824,942	13
Total liabilities	2,085,212	31	2,144,699	33
EQUITY (Note 21)				
Share capital				
Common stock	4,047,380	60	4,047,380	63
Capital surplus	9	-	8	-
Retained earnings				
Legal reserve	170,899	3	166,309	3
Special reserve	14,135	-	17,256	-
Unappropriated earnings	419,967	6	85,901	1
Total retained earnings	605,001	9	269,466	4
Other equity	4,455	-	4,006	-
Total equity	4,656,845	69	4,320,860	67
TOTAL	$ 6,742,057	100	$ 6,465,559	100

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

LUCKY CEMENT CO.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 22 and 29)				
Sales	$ 3,283,042	100	$ 2,931,465	100
Less: Discounts and allowances	(893)	-	(218)	-
Total operating revenue	3,282,149	100	2,931,247	100
OPERATING COSTS (Notes 11, 23 and 29)	2,758,001	84	2,686,386	92
GROSS PROFIT	524,148	16	244,861	8
OPERATING EXPENSES (Notes 10, 23 and 29)				
Selling and marketing expenses	101,652	3	99,093	3
General and administrative expenses	107,879	3	78,048	3
Reversal of expected credit loss	-	-	(214)	-
Total operating expenses	209,531	6	176,927	6
OTHER OPERATING INCOME AND EXPENSES (Note 23)	80	-	4,120	-
PROFIT FROM OPERATIONS	314,697	10	72,054	2
NON-OPERATING INCOME AND EXPENSES (Notes 4, 8, 14, 23 and 29)				
Interest income	2,041	-	2,932	-
Rental income	18,256	1	18,886	1
Other income	10,392	-	9,437	-
Gain on disposal of non-current assets held for sale	15,724	-	-	-
Foreign exchange gain	2,227	-	1,896	-
Fair value changes of financial assets	330	-	124	-
Other losses	(8,823)	-	(9,209)	-
Interest expense	(19,921)	(1)	(28,524)	(1)
Share of profit (loss) of subsidiaries	81,622	3	(20,313)	(1)
Total non-operating income and expenses	101,848	3	(24,771)	(1)
PROFIT BEFORE INCOME TAX	416,545	13	47,283	1
INCOME TAX EXPENSE (Notes 4 and 24)	(24,276)	(1)	(1,378)	-
NET PROFIT FOR THE YEAR	392,269	12	45,905	1

(Continued)

LUCKY CEMENT CO.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	$ 2,114	-	$ 18,855	1
Remeasurement of a defined benefit plan (Note 20)	3,172	-	8,232	-
Share of the other comprehensive income/(loss) of subsidiaries accounted for using the equity method	(909)	-	20,350	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	25	-	(210)	-
Share of the other comprehensive income/(loss) of subsidiaries accounted for using the equity method	24	-	808	-
Other comprehensive income, net of income tax	4,426	-	48,035	2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 396,695	12	$ 93,940	3
EARNINGS PER SHARE (Note 25)				
Basic	$ 0.97		$ 0.11	
Diluted	$ 0.97		$ 0.11	

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

LUCKY CEMENT CO.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

			Retained Earnings			Other Equity		
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2019	$ 4,047,380	$ 8	$ 166,309	$ 17,376	$ (1,032)	$ 7,660	$ (10,781)	$ 4,226,920
Appropriation of 2018 earnings								
Special reserve	-	-	-	(120)	120	-	-	-
Net profit for the year ended December 31, 2019	-	-	-	-	45,905	-	-	45,905
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	5,442	(210)	42,803	48,035
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	51,347	(210)	42,803	93,940
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 21)	-	-	-	-	35,466	-	(35,466)	-
BALANCE AT DECEMBER 31, 2019	4,047,380	8	166,309	17,256	85,901	7,450	(3,444)	4,320,860
Appropriation of 2019 earnings								
Legal reserve	-	-	4,590	-	(4,590)	-	-	-
Cash dividends to shareholders - NT$0.15 per share	-	-	-	-	(60,711)	-	-	(60,711)
Special reserve	-	-	-	(3,121)	3,121	-	-	-
Net profit for the year ended December 31, 2020	-	-	-	-	392,269	-	-	392,269
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	2,380	25	2,021	4,426
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	394,649	25	2,021	396,695
Difference between consideration and carrying amount of subsidiaries acquired (Note 13)	-	1	-	-	-	-	-	1
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 21)	-	-	-	-	1,597	-	(1,597)	-
BALANCE AT DECEMBER 31, 2020	$ 4,047,380	$ 9	$ 170,899	$ 14,135	$ 419,967	$ 7,475	$ (3,020)	$ 4,656,845

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

LUCKY CEMENT CO.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 416,545	$ 47,283
Adjustments for:		
Depreciation expense	175,604	218,882
Amortization and depletion expense	12,460	11,750
Expected credit loss recognized on trade receivables	-	(214)
Net gain on fair value changes of financial assets at fair value through profit or loss	(330)	(124)
Interest expense	19,921	28,524
Interest income	(2,041)	(2,932)
Dividend income	(3,720)	(5,169)
Gain on disposal of property, plant and equipment	(80)	(4,120)
Share of (profit) loss of subsidiaries accounted for using the equity method	(81,622)	20,313
Gain on disposal of non-current assets held for sale	(15,724)	-
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(4,980)	-
Notes receivable	(73,974)	(161,680)
Notes receivable from related parties	32,171	(19,767)
Accounts receivable	18,474	(4,605)
Accounts receivable from related parties	45,918	(27,817)
Other receivables	(65)	170
Other receivables from related parties	(7)	62
Inventories	(15,582)	100,082
Prepayments	(847)	21,095
Contract liabilities	75,334	68,300
Notes payable	(12,116)	29,841
Notes payable to related parties	1,812	(12,874)
Accounts payable	72,337	(10,505)
Accounts payable to related parties	(12,132)	8,481
Other payables	34,134	12,668
Other payables to related parties	5,230	2,513
Other current liabilities	(103)	(47)
Net defined benefit liabilities	(15)	(14,233)
Cash generated from operations	686,602	305,877
Interest received	2,724	2,947
Interest paid	(20,151)	(28,499)
Income tax refunded (paid)	15,637	(179)
Net cash generated from operating activities	684,812	280,146

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LUCKY CEMENT CO.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	$ (39,081)	$ (56,924)
Proceeds from sale of financial assets at fair value through other comprehensive income	37,158	143,479
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	5,125	-
Purchase of financial assets at amortized cost	(39,144)	-
Proceeds from sale of financial assets at amortized cost	-	15,066
Proceeds from sale of non-current assets held for sale	20,741	-
Payments for property, plant and equipment	(46,361)	(17,968)
Proceeds from disposal of property, plant and equipment	80	4,120
Decrease in other receivables	65,000	-
Increase in other receivables from related parties	(1,800)	-
Decrease in other receivables from related parties	-	10,650
Increase in refundable deposits	(778)	-
Decrease in refundable deposits	-	876
Increase in other non-current assets	(17,775)	(13,186)
Other dividends received	3,099	58,076
Proceeds from capital reduction of subsidiaries	-	1,593
Net cash (used in) generated from investing activities	(13,736)	145,782
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	(76,700)	(621,500)
Decrease in short-term bills payable	-	(60,000)
Proceeds from long-term borrowings	200,000	320,000
Repayments of long-term borrowings	(350,000)	-
Increase in guarantee deposits received	1,903	1,368
Repayment of the principal portion of lease liabilities	(44,926)	(42,609)
Cash dividends paid	(60,711)	-
Acquisition of subsidiary	(250,002)	-
Net cash used in financing activities	(580,436)	(402,741)
NET INCREASE IN CASH	90,640	23,187
CASH AT THE BEGINNING OF YEAR	165,724	142,537
CASH AT THE END OF YEAR	$ 256,364	$ 165,724

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

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

1. GENERAL INFORMATION

Lucky Cement Co. (the "Company") was established in 1974; its main business is production and sale of Portland cement. The Company listed its shares on the Taiwan Stock Exchange in June 1990.

The financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 26, 2021.

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 material impact on the Company's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendment to IFRS 16 "Covid-19 - Related Rent Concessions"	June 1, 2020

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

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

New IFRSs	Effective Date Announced by IASB (Note 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 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 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 4)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 5)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 6)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 7)

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 will be 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" will be 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" will be 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 annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 5: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 6: 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 7: 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 financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing the Company's financial statements, the Company accounts for its investments in subsidiaries by using the equity method. In order for the amounts of the net profit and other comprehensive income and equity for the year in the Company's financial statements to be the same as the amounts attributable to the parent company in its consolidated financial statements, adjustments arising from the differences in the accounting treatment between the parent company only basis and the consolidated basis were made to the investments accounted for by the equity method, the share of other comprehensive income of subsidiaries and the related equity items, as appropriate, in the parent company only financial statements.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within twelve months after the reporting period; and

3) Cash unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

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

d. Foreign currencies

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

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

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

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

For the purpose of presenting financial statements, the financial statements of the Company's foreign operations that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, supplies and spare parts, finished goods and work-in-process and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investment in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiary as well as the distribution of earnings received. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

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

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

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

h. Impairment of property, plant and equipment and right-of-use assets

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

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

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

i. 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. Such assets classified as held for sale are not depreciated.

j. Financial instruments

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

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

1) Financial assets

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

   a) Measurement category

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

      i. Financial asset at FVTPL

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

         Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 28.

      ii. Financial assets at amortized cost

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

         i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

         ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

         ii) Financial asset that is not credit-impaired on purchase or origination but has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 181 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The Company recognizes an impairment loss or reversal of impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

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

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

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

k. Revenue recognition

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

Revenue from sale of goods

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

l. Leasing

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

1) The Company as lessor

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Company as lessee

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

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

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

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

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

m. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

The net defined benefit liability represents the actual deficit in the Company's defined benefit plans.

n. Taxation

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

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of tax jurisdiction.

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

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

2) Deferred tax

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

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

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

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

3) Current tax and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

The Company did not have critical accounting judgments and key sources of estimation uncertainty that need to be reported.

6. CASH

	December 31	
	2020	**2019**
Cash on hand and revolving funds	$ 1,114	$ 1,139
Checking accounts and demand deposits	255,105	163,644
Foreign currency demand deposits	145	941
	$ 256,364	$ 165,724

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

	December 31	
	2020	**2019**
Bank deposits	0.001%-0.35%	0.001%-0.33%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	**2019**
Current		
Financial assets mandatorily classified as at FVTPL - mutual funds	$ 6,290	$ 980

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	December 31	
	2020	**2019**
Current		
Domestic investments-common stock		
Taiwan Cement Corp.	$ 8,646	$ 6
Far Eastern New Century Corporation	5,790	5,970
U-Ming Marine Transport Corporation	4,723	4,301
Winbond Electronics Corp.	3,782	2,545
United Microelectronics Corp.	3,411	1,190
Medigen Biotechnology Corp.	1,695	1,778
China Development Financial Holding	126	131
First Financial Holding Co., Ltd.	20	21
Capital Securities Corp.	12	10
Hua Nan Financial Holdings Co., Ltd.	8	10
	$ 28,213	$ 15,962
Non-current		
Domestic investments-common stock		
Jonfeng Mining Co., Ltd.	$ 8,879	$ 8,175
WK Technology Fund	5,824	6,433
Global Securities Finance Corp.	-	4,857
	$ 14,703	$ 19,465

For information on the above investments, refer to Note 34 Schedule 3 “Market Securities Held”.

For other relevant information on financial assets measured at FVTOCI, refer to Note 21(5) and Note 28.

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

Dividends of $3,720 thousand and $5,169 thousand were recognized in 2020 and 2019, respectively.

The Company received return of capital of $5,125 thousand when the invested company reduced capital in 2020.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2020	2019
Current		
Time deposits with original maturities of more than 3 months	$ 7,155	$ 6,904
Restricted assets	65,000	83,261
	$ 72,155	$ 90,165
Non-current		
Restricted assets	$ 164,062	$ 106,908

a. The interest rates of time deposits with original maturities of more than 3 months were approximately 2.35% and 2.65% per annum as of December 31, 2020 and 2019, respectively.

b. The restricted assets - current are savings deposits and certificate of deposit that are provided as guarantees for bank loan; market interest rate ranges were approximately 0.04%-0.56% and 0.04%-0.81% per annum as of December 31, 2020 and 2019, respectively.

c. The restricted assets - non-current are certificate of deposit in the bank that is pledged as the security of mining right, which has market interest rate range of approximately 0.10%-0.82% and 0.13%-1.07% per annum as of December 31, 2020 and 2019, respectively.

d. Refer to Note 30 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2020	2019
Notes receivable		
At amortized cost		
Gross carrying amount	$ 487,705	$ 413,731
Notes receivable from related parties		
At amortized cost		
Gross carrying amount	$ 26,948	$ 59,119
Trade receivables		
At amortized cost		
Gross carrying amount	$ 74,354	$ 92,828
Less: Allowance for impairment loss	(269)	(269)
	$ 74,085	$ 92,559

(Continued)

	December 31	
	2020	2019
Trade receivables from related parties		
At amortized cost		
Gross carrying amount	$ 18,868	$ 64,786
Other receivables		
Non-related parties		
Sale of securities	$ 12,816	$ 21,393
Deposits	-	65,162
Other	854	685
	$ 13,670	$ 87,240

(Concluded)

a. Notes receivable

The average credit period of sales of goods is 90-150 days. No interest is charged on notes receivable. In order to minimize credit risk, the management of the Company 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 Company reviews the recoverable amount of each individual note receivable at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company applies the simplified approach under IFRS 9 to measure the loss allowance for notes receivable at an amount equal to lifetime ECLs. The expected credit losses on notes receivable are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, as well as the GDP forecasts and industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base. The expected created loss rate is based on the overdue days of the note receivable. However, the expected credit loss rate of the Company based on the provision matrix at the end of reporting period was zero because it did not recognize the expected credit losses of the notes receivable.

b. Trade receivables

The average credit period of sales of goods is 90-150 days. No interest is charged on trade receivables. In order to minimize credit risk, the management of the Company 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 Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts.

The Company applies the simplified approach under IFRS 9 to measure the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, as well as the GDP forecasts and industry outlook.

The Company's provision matrixes are prepared by reference to the customer's financial condition. The Group provides 100% loss allowance when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Since there are various customer segments, the Company uses provision matrixes based on customer segments and determines the expected credit loss rate by reference to past due days of accounts receivable.

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

The following table details the loss allowance of notes receivable, trade receivables, and overdue receivables based on the Company's provision matrix.

December 31, 2020

	Not Past Due	Past due within 30 Days	Past due 31 to 60 Days	Past due 61 to 180 Days	Past due Over 181 Days	Assessed Individually	Total
Expected credit loss rate	-	-	-	-	100%	100%	
Gross carrying amount	$ 561,790	$ -	$ -	$ -	$ 269	$ -	$ 562,059
Loss allowance (Lifetime ECLs)	-	-	-	-	(269)	-	(269)
Amortized cost	$ 561,790	$ -	$ -	$ -	$ -	$ -	$ 561,790

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 181 Days	Assessed Individually	Total
Expected credit loss rate	-	-	-	-	100%	100%	
Gross carrying amount	$ 506,290	$ -	$ -	$ -	$ 269	$ -	$ 506,559
Loss allowance (Lifetime ECLs)	-	-	-	-	(269)	-	(269)
Amortized cost	$ 506,290	$ -	$ -	$ -	$ -	$ -	$ 506,290

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

	For the Year Ended December 31	
	2020	**2019**
Balance at January 1	$ 269	$ 483
Less: Net remeasurement of loss allowance	-	(214)
Balance at December 31	$ 269	$ 269

c. Other receivables

Other receivables mainly include proceeds from sales of securities and guarantee deposits. The Company adopted a policy of only dealing with high credit ratings entities and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from its own historical trading records to rate its customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored.

The Company considers the current financial condition of debtors to determine the expected credit losses for debt instrument investments. As December 31, 2020 and 2019, the expected credit loss rate of other receivables was both 0%.

11. INVENTORIES

	December 31	
	2020	2019
Raw materials	$ 231,976	$ 134,698
Work in progress	29,975	91,310
Finished goods	87,339	107,472
Supplies and spare parts	32,177	32,405
	$ 381,467	$ 365,885

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was $2,758,001 thousand and $2,686,386 thousand, respectively.

12. PREPAYMENTS

	December 31	
	2020	2019
Office supplies	$ 105,243	$ 103,704
Prepaid expenses	33,147	37,871
Prepayments for purchases of materials	8,918	4,837
Other	59	108
	$ 147,367	$ 146,520

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2020	2019
Investment in subsidiary		
Domestic unlisted companies		
Dasheng Enterprise Co., Ltd. (“Dasheng Enterprise”)	$ 2,280,677	$ 2,294,648
Luckicon Ready-mixed Concrete Factory Co., Ltd. (“Luckicon Ready-mixed Co.”)	639,954	286,548
Lucky Cement Corp., Japan (“Lucky Cement Japan”)	24,851	24,578
Luckyship Marine Co., Ltd. (“Luckyship Co.”)	34,921	43,864
Just Bright Ltd.	-	-
	$ 2,980,403	$ 2,649,638

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

	December 31	
	2020	2019
Dasheng Enterprise	99.99%	99.99%
Luckicon Ready-mixed Co.	100.00%	99.99%
Lucky Cement Japan	100.00%	100.00%
Luckyship Co.	99.99%	99.99%
Just Bright Ltd.	100.00%	100.00%

In the years 2020 and 2019, the share of profit (loss) of subsidiaries and the share of other comprehensive income of subsidiaries for using equity method were recognized based on audited financial statements for the same periods.

Luckicon Ready-Mixed Co. increased its capital by $250,000 thousand on August 15, 2020, and the Company acquired the residual interests for $2 thousand from non-controlling interests in September 2020. After the capital increase, the Company's shareholding in Luckicon Ready-Mixed Co. increased from 99.99% to 100%. Luckicon Ready-Mixed Co. recognized the difference between the consideration and the adjusted carrying amount of non-controlling interests of $1 thousand under capital surplus.

In 2020 and 2019, the Company received cash dividends from the subsidiaries in the amounts of $0 and $52,907 thousand, respectively.

On December 27, 2019, the board of directors resolved to discontinue the operation of the subsidiary Just Bright Ltd.; the cancellation procedures are in progress.

Refer to Table 6 and Note 34 for more information on the investees.

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Electrical Equipment	Transportation Equipment	Other Equipment	Total
Cost							
Balance at January 1, 2020	$ 1,058,345	$ 2,188,452	$ 6,055,683	$ 1,196,322	$ 663,009	$ 489,372	$ 11,651,183
Additions	-	-	1,379	-	68,189	4,731	74,299
Reclassification	(5,017)	-	5,098	-	-	14,712	14,793
Disposals	-	-	-	-	(38,316)	(995)	(39,311)
Balance at December 31, 2020	$ 1,053,328	$ 2,188,452	$ 6,062,160	$ 1,196,322	$ 692,882	$ 507,820	$ 11,700,964
Accumulated depreciation and impairment							
Balance at January 1, 2020	$ -	$ 1,815,681	$ 5,930,396	$ 1,178,305	$ 615,734	$ 482,463	$ 10,022,579
Depreciation expense	-	52,240	44,450	5,213	24,849	4,445	131,197
Disposals	-	-	-	-	(38,316)	(995)	(39,311)
Balance at December 31, 2020	$ -	$ 1,867,921	$ 5,974,846	$ 1,183,518	$ 602,267	$ 485,913	$ 10,114,465
Carrying amount at December 31, 2020	$ 1,053,328	$ 320,531	$ 87,314	$ 12,804	$ 90,615	$ 21,907	$ 1,586,499
Cost							
Balance at January 1, 2019	$ 1,058,345	$ 2,188,452	$ 6,044,503	$ 1,196,322	$ 700,244	$ 485,832	$ 11,673,698
Additions	-	-	11,180	-	2,465	4,323	17,968
Disposals	-	-	-	-	(39,700)	(783)	(40,483)
Balance at December 31, 2019	$ 1,058,345	$ 2,188,452	$ 6,055,683	$ 1,196,322	$ 663,009	$ 489,372	$ 11,651,183
Accumulated depreciation and impairment							
Balance at January 1, 2019	$ -	$ 1,755,143	$ 5,852,736	$ 1,170,392	$ 629,277	$ 480,383	$ 9,887,931
Depreciation expense	-	60,538	77,660	7,913	26,157	2,863	175,131
Disposals	-	-	-	-	(39,700)	(783)	(40,483)
Balance at December 31, 2019	$ -	$ 1,815,681	$ 5,930,396	$ 1,178,305	$ 615,734	$ 482,463	$ 10,022,579
Carrying amount at December 31, 2019	$ 1,058,345	$ 372,771	$ 125,287	$ 18,017	$ 47,275	$ 6,909	$ 1,628,604

a. Refer to Note 14 (b) for assets reclassified to non-current assets held for sale; some additions to machinery and equipment and other equipment were reclassifications from long-term prepaid expenses.

b. The Company proposed to dispose of the idle land at the Puxin factory on March 24, 2020, and signed the contract with non-related parties on April 24, 2020. The land was reclassified as non-current assets held for sale. The Company completed the land transfer process with a net consideration of $20,741 thousand (contract price $21,618 thousand less related fees $877 thousand) and recognized disposal gain was $15,724 thousand.

c. A part of the Company's land use rights reserved for use by the aborigines is temporarily registered in the name of a third person. The trustee had issued an affidavit and mortgaged the land to the Company.

d. The Company's property, plant and equipment are depreciated on a straight-line method 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

e. For the years ended December 31, 2020 and 2019, the Company evaluated impairment and concluded that the assets had no impairment loss.

f. Property, plant and equipment used by the Company and pledged as collateral for bank borrowings are set out in Note 30.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amount		
Land	$ 21,060	$ 32,702
Buildings	52,182	81,159
Transportation equipment	158	2,059
	$ 73,400	$ 115,920

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ 1,887	$ 2,672
Depreciation charge for right-of-use assets		
Land	$ 13,529	$ 12,833
Buildings	28,977	29,017
Transportation equipment	1,901	1,901
	$ 44,407	$ 43,751

b. Lease liabilities

	December 31	
	2020	2019
Carrying amount		
Current	$ 33,548	$ 42,993
Non-current	$ 40,475	$ 74,069

Range of discount rate for lease liabilities was as follows:

	December 31	
	2020	2019
Land	1.55%-1.68%	1.55%
Buildings	1.55%	1.55%
Transportation equipment	1.55%	1.55%

c. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	$ 373	$ 476
Expenses relating to low-value asset leases	567	341
Interest on leases liabilities	1,408	1,999
Principal of lease liabilities	44,926	42,609
Total cash outflow for leases	$ 47,274	$ 45,425

The Company’s leases of certain buildings qualify as short-term leases and leases of certain office equipment qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

16. OTHER NON-CURRENT ASSETS

	December 31	
	2020	2019
Long-term prepaid expenses	$ 55,200	$ 69,690
Prepayment for equipment	2,940	-
Net limestone mining rights	18,774	18,779
	$ 76,914	$ 88,469

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	2019
Secured borrowings (Note 30)		
Bank loans	$ -	$ 200,000
Unsecured borrowings		
Line of credit borrowings	150,000	26,700
	$ 150,000	$ 226,700

The interest rates of the bank loans were as follows:

	December 31	
	2020	2019
Secured borrowings	-	1.60%
Unsecured borrowings	1.25%-1.30%	1.465%

b. Short-term bills payable

	December 31	
	2020	2019
Commercial paper	$ 100,000	$ 100,000
Less: Unamortized discounts on bills payable	(59)	(180)
	$ 99,941	$ 99,820

Outstanding short-term bills payable were as follows:

December 31, 2020

Guarantee/Promissory Institution	Par Value	Discount Amount	Carrying Amount	Interest Rate
Commercial paper				
Ta Ching Bills Finance Corporation	$ 50,000	$ 18	$ 49,982	1.10%
Grand Bills Finance Corporation	50,000	41	49,959	1.28%
	$ 100,000	$ 59	$ 99,941	

December 31, 2019

Guarantee/Promissory Institution	Par Value	Discount Amount	Carrying Amount	Interest Rate
Commercial paper				
Ta Ching Bills Finance Corporation	$ 50,000	$ 126	$ 49,874	1.46%
Grand Bills Finance Corporation	50,000	54	49,946	1.64%
	$ 100,000	$ 180	$ 99,820	

For information on assets pledged as collateral of the short-term bills payable, refer to Note 30.

c. Long-term borrowings

	December 31	
	2020	2019
Secured borrowings (Note 30)		
Bank loans	$ 550,000	$ 750,000
Unsecured borrowings		
Loans from bank	280,000	230,000
Less: Current portion	(290,000)	(310,000)
	$ 540,000	$ 670,000

	Details	December 31	
		2020	2019
Secured borrowings			
Taiwan Cooperative Bank	The loan period is from April 12, 2018 to April 12, 2023, with grace period of 2 years. The loan principal is payable over 11 quarters (ending Jan, Apr, Jul, Oct) with $40 million each quarter and the remaining $60 million payable on maturity date. The repayment started in July 2020.	$ 300,000	$ 500,000
Bank of Taiwan	The loan period is from November 12, 2019 to November 12, 2022. Repayment schedule for the principal is $40 million in February 2020 and the balance payable in 7 quarters (ending Feb, May, Aug, Nov) with $30 million each quarter.	250,000	250,000

(Continued)

Unsecured borrowings	Details	December 31 2020	December 31 2019
The Export-Import Bank of the Republic of China	The loan period is from December 7, 2020 to January 7, 2022; the principal will be repaid one time on maturity date.	$ 50,000	$ -
The Export-Import Bank of the Republic of China	The loan period is from December 14, 2020 to January 14, 2022; the principal will be repaid one time on maturity date.	50,000	-
The Export-Import Bank of the Republic of China	The loan period is from June 14, 2019 to July 14, 2020; the principal was paid one time on maturity date.	-	70,000
O-Bank	The original loan period was from April 23, 2018 to April 23, 2020; the principal was due on maturity date. New borrowing contract with loan period from March 23, 2020 to March 23, 2022 was signed for repayment of previous debt.	80,000	80,000
KGI Bank	Revolving loan; credit period is from September 7, 2020 to September 7, 2022.	50,000	-
KGI Bank	Revolving loan; credit period is from September 7, 2020 to September 7, 2022.	50,000	-
KGI Bank	The loan period is from March 9, 2018 to March 9, 2020; the principal was repaid one time on maturity date.	-	80,000
		830,000	980,000
Less: Current portions		(290,000)	(310,000)
Long-term borrowings		$ 540,000	$ 670,000

The annual interest rates of long-term borrowings were 1.24%-1.70% and 1.40%-1.92% as of December 31, 2020 and 2019, respectively.

18. NOTES PAYABLE AND TRADE PAYABLES

	December 31 2020	December 31 2019
Notes payable		
From operating activities		
Non-related parties	$ 115,973	$ 128,089
Related parties	$ 32,635	$ 30,823
Trade payables		
From operating activities		
Non-related parties	$ 142,921	$ 70,584
Related parties	$ 20,006	$ 32,138

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

19. OTHER PAYABLES

	December 31	
	2020	**2019**
Payables for salaries and bonuses	$ 74,124	$ 36,300
Payables for taxes	32,698	40,996
Payables for purchases of equipment	30,878	-
Payables for utilities expense	18,190	15,050
Others	14,023	12,906
	$ 169,913	$ 105,252

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amount of the Company's defined benefit plan is included in the balance sheets is as follows:

	December 31	
	2020	**2019**
Present value of funded defined benefit obligation	$ 215,305	$ 235,945
Fair value of plan assets	(192,011)	(209,464)
Net defined benefit liabilities	$ 23,294	$ 26,481

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2019	$ 247,654	$ (198,708)	$ 48,946
Service costs			
Current service costs	1,641	-	1,641
Net interest expense (income)	2,167	(1,746)	421
Recognized in profit or loss	3,808	(1,746)	2,062
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(8,055)	(8,055)
Actuarial (gain) loss			
Changes in financial assumptions	4,330	-	4,330
Experience adjustments	(4,507)	-	(4,507)
Recognized in other comprehensive income	(177)	(8,055)	(8,232)
Contributions from the employer	-	(16,295)	(16,295)
Benefit paid	(15,340)	15,340	-
Balance at December 31, 2019	$ 235,945	$ (209,464)	$ 26,481
Balance at January 1, 2020	$ 235,945	$ (209,464)	$ 26,481
Service costs			
Current service costs	1,435	-	1,435
Net interest expense (income)	1,461	(1,301)	160
Recognized in profit or loss	2,896	(1,301)	1,595
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,248)	(7,248)
Actuarial loss			
Changes in financial assumptions	3,857	-	3,857
Experience adjustments	219	-	219
Recognized in other comprehensive income	4,076	(7,248)	(3,172)
Contributions from the employer	-	(1,610)	(1,610)
Benefit paid	(27,612)	27,612	-
Balance at December 31, 2020	$ 215,305	$ (192,011)	$ 23,294

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

	For the Year Ended December 31	
	2020	2019
Operating costs	$ 1,284	$ 1,500
Selling and marketing expenses	156	240
General and administrative expenses	155	322
	$ 1,595	$ 2,062

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

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

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

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

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

	December 31	
	2020	**2019**
Discount rate	0.375%	0.625%
Expected rate of salary increase	1.250%	1.250%

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

	December 31	
	2020	**2019**
Discount rate		
0.25% increase	$ (3,857)	$ (4,330)
0.25% decrease	$ 3,963	$ 4,455
Expected rate of salary increase		
0.25% increase	$ 3,858	$ 4,345
0.25% decrease	$ (3,774)	$ (4,245)

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

	December 31	
	2020	**2019**
Expected contributions to the plans for the next year	$ 1,486	$ 1,712
Average duration of the defined benefit obligation	7.3 years	7.6 years

21. EQUITY

a. Share capital

Ordinary shares

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

A holder of issued ordinary share with a par value of $10 is entitled to exercise shareholders' voting rights and to receive distributed dividends.

b. Capital surplus

	December 31	
	2020	2019
May be used to offset a deficit, pay cash dividends or increase capital*		
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual acquisition (Note 13)	$ 1	$ -
May be used only to offset a deficit		
Changes in percentage of ownership interests in subsidiaries	8	8
	$ 9	$ 8

* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividend policy

The Company passed an amendment to its articles of incorporation ("Articles") on June 12, 2019, which stipulates that the Company shall consider distribution of earnings or appropriation of earnings to a reserve at the end of the first half of the fiscal year or at the end of the fiscal year. The business report and financial statements should be submitted to the audit committee for review, and to the board of directors for resolution.

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

According to the Articles, the Company should distribute earnings or make appropriation to a reserve based on financial statements audited or reviewed by an independent accountant.

The Company's Articles stipulate that in the allocation of annual earnings, the Company shall first appropriate 10% of earnings to legal reserve and then appropriate to special reserve amount to cover deduction items in the equity, payment of business tax and to make up for past annual loss. From the remaining amount after the above allocation plus 40%-80% of unappropriated earnings in the previous year, no distribution will be made if the amount is less than NT$0.1 per share but will be retained in the unappropriated earnings. The board of directors shall propose distribution of dividends and the shareholders in their meeting shall approve the proposal. Refer to Note 23 (h), employee benefits, for the revised policy on the remuneration of employees and directors.

The appropriation and distribution of earnings and capital surplus as cash dividend or stock dividend shall be subject to real profit and fund situation in the current year, with consideration of fund for investment and possible dilution of earnings per share. The allocation for stock dividend shall be limited to 20% of the issued stock. In case there is deduction item in equity, the deduction item shall be first offset with earnings or capital surplus before making the appropriation and allocation. When equity deduction item is reversed, the reversed amount shall be allocated to capital surplus. The allocation of capital surplus shall be accounted in the current year and passed in the general meeting of shareholders in the next year.

The Company shall appropriate to or reverse from special reserve pursuant to the provisions set forth in the Letter No. Jin-Kuang-Fa-Tzi No. 1010012865, Letter No. Jin-Kuang-Fa-Tzi No. 1010047490 and "Following the adoption of International Financial Reporting Standards, questions and answers on special reserve". When a deduction item in equity is reversed, the reversed amount may be allocated to capital surplus.

Legal reserve shall be appropriated until its balance reaches the gross amount of paid-in capital of the Company. Legal reserve shall be used to offset loss. If there is no loss, legal reserve in excess of 25% of the total paid-in capital may be transferred to capital or distributed in cash.

In their meeting on June 12, 2019, the Company's shareholders adopted a loss recovery plan for 2018 and there was no distribution of dividends.

On November 12, 2019, the Company's board of directors decided not to distribute dividends from the first half of 2019.

The appropriations of 2019 earnings have been resolved in the board of directors' meeting held on March 24, 2020 and approved in the shareholders' meeting held on June 18, 2020. The appropriation of earnings and dividend per share were as follows:

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

On November 11, 2020, the Company's board of directors adopted the results of operations for the first half of 2020 and decided not to distribute dividends.

The appropriation of earnings and dividend per share for 2020 that were approved in the board of directors' meeting on March 26, 2021 were as follows:

	Appropriation of Earnings	Dividend Per Share
Legal reserve	$ 39,625	
Cash dividends	283,317	$0.70

The above appropriation for cash dividends had been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 16, 2021.

d. Special reserve

	For the Year Ended December 31	
	2020	2019
Beginning at January 1	$ 17,256	$ 17,376
Reversals:		
Reversal of the debits to other equity items	(3,121)	(120)
Balance at December 31	$ 14,135	$ 17,256

Upon initial application of IFRS, the conversion adjustments of $14,135 thousand were transferred to retained earnings, and the same amount was appropriated to special reserve.

e. Other equity items

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 7,450	$ 7,660
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	25	(210)
Balance at December 31	$ 7,475	$ 7,450

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

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ (3,444)	$ (10,781)
Recognized for the year		
Unrealized gain (loss) - equity instruments	2,114	18,855
Share from subsidiaries accounted for using the equity method	(93)	23,948
Other comprehensive income recognized for the year	2,021	42,803
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	(1,597)	(35,466)
Balance at December 31	$ (3,020)	$ (3,444)

22. REVENUE

a. Segmentation of customer contract revenue

	For the Year Ended December 31	
	2020	2019
Cement	$ 2,211,093	$ 1,941,630
Stone materials	643,862	559,145
Others	427,194	430,472
	$ 3,282,149	$ 2,931,247

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

	December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable (Note 10)	$ 487,705	$ 413,731	$ 252,051
Notes receivable from related parties (Note 10)	$ 26,948	$ 59,119	$ 39,352
Trade receivables (Note 10)	$ 74,085	$ 92,559	$ 87,740
Trade receivables from related parties (Note 10)	$ 18,868	$ 64,786	$ 36,969
Contract liability			
Cement sales	$ 342,967	$ 267,633	$ 199,333

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

The amount of contract liability at the beginning of the year with performance obligation satisfied and revenue recognized in the current year was as follows:

	For the Year Ended December 31	
	2020	2019
Contract liability at the beginning of the year		
Cement sales	$ 267,633	$ 199,333

23. NET PROFIT

a. Other operating income and expenses

	For the Year Ended December 31	
	2020	2019
Gains on disposals of property, plant and equipment	$ 80	$ 4,120

b. Interest income

	For the Year Ended December 31	
	2020	2019
Bank deposits	$ 2,041	$ 2,932

c. Other income

	For the Year Ended December 31	
	2020	2019
Revenue from dividends	$ 3,720	$ 5,169
Others	6,672	4,268
	$ 10,392	$ 9,437

d. Other expenses

	For the Year Ended December 31	
	2020	2019
Depreciation of leased assets	$ 6,150	$ 6,207
Others	2,673	3,002
	$ 8,823	$ 9,209

e. Interest expense

	For the Year Ended December 31	
	2020	2019
Bank loan	$ 18,513	$ 26,525
Interest on lease liabilities	1,408	1,999
	$ 19,921	$ 28,524

f. Depreciation, amortization and depletion

	For the Year Ended December 31	
	2020	2019
Property, plant and equipment	$ 131,197	$ 175,131
Right-of-use assets	44,407	43,751
Long-term prepaid expenses	12,455	11,748
Limestone mining rights	5	2
	$ 188,064	$ 230,632
Depreciation by function		
Operating costs	$ 124,805	$ 168,142
Operating expenses	44,649	44,533
Non-operating expenses	6,150	6,207
	$ 175,604	$ 218,882

(Continued)

	For the Year Ended December 31	
	2020	2019
Amortization by function		
Operating costs	$ 6,236	$ 5,240
Operating expenses	6,219	6,508
	$ 12,455	$ 11,748
Depletion by function		
Operating costs	$ 5	$ 2

(Concluded)

g. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Post-employment benefits		
Defined contribution plan	$ 8,070	$ 7,766
Defined benefit plan	1,595	2,062
	9,665	9,828
Salary expenses	254,538	216,107
Labor and health insurance costs	22,448	22,973
Other employee benefits	15,256	14,177
Total employee benefits expense	$ 301,907	$ 263,085
An analysis of employee benefits expense by function		
Operating costs	$ 188,995	$ 182,123
Operating expenses	112,912	80,962
	$ 301,907	$ 263,085

h. Compensation of employees and remuneration of directors

The Company shall appropriate 3% and not less than 5% of the profit before and before deduction of compensation of employees and remuneration of directors in the current year. The compensation of employees and the remuneration of directors for the years ended December 31, 2020 and 2019 are estimated as follows:

Accrual rate

	For the Year Ended December 31	
	2020	2019
Compensation of employees	3%	3%
Remuneration of directors	5%	5%

Amount

	For the Year Ended December 31	
	2020	2019
	Cash	Cash
Compensation of employees	$ 13,583	$ 1,542
Remuneration of directors	22,638	2,570

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

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

Information on compensation of employees and remuneration of directors resolved by the Company's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2020	2019
Foreign exchange gains	$ 2,745	$ 3,665
Foreign exchange losses	(518)	(1,769)
	$ 2,227	$ 1,896

24. INCOME TAXES

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

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	$ 21,396	$ 1,380
Adjustments for prior year	7	(2)
	21,403	1,378
Deferred tax		
In respect of the current year	2,873	-
Income tax expense recognized in profit or loss	$ 24,276	$ 1,378

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2020	2019
Profit before tax	$ 416,545	$ 47,283
Income tax expense calculated at the statutory rate	$ 83,309	$ 9,457
Nondeductible expenses (nontaxable income) in determining taxable income	(20,218)	2,240
Land value increment tax	565	-
Unrecognized deductible temporary differences and loss carryforwards	(35,497)	(8,262)
Tax-exempt income	(3,890)	(3,435)
Basic tax payable difference	-	1,380
Adjustments for prior years' tax	7	(2)
Income tax expense recognized in profit or loss	$ 24,276	$ 1,378

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. Current tax assets and liabilities

	December 31	
	2020	2019
Current tax assets		
Tax refund receivable	$ -	$ 17,519
Current tax liabilities		
Income tax payable	$ 20,722	$ 1,201

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Pension limit exceeded	$ 13,174	$ (3)	$ 13,171
Investment loss under equity method	57,295	4,528	61,823
Unrealized inventory valuation loss	13,935	(196)	13,739
Impairment loss on financial assets at FVTOCI	4,700	-	4,700

(Continued)

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Gross profit from advance receipts with an issued bill of lading	$ 2,102	$ 505	$ 2,607
Unrealized foreign exchange loss	2	(2)	-
	91,208	4,832	96,040
Tax loss	10,834	(10,834)	-
	$ 102,042	$ (6,002)	$ 96,040
Deferred tax liabilities			
Temporary differences			
Accelerated depreciation of fixed assets	$ 23,792	$ (3,162)	$ 20,630
Unrealized foreign exchange gain	-	33	33
	$ 23,792	$ (3,129)	$ 20,663

(Concluded)

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Pension limit exceeded	$ 16,050	$ (2,876)	$ 13,174
Investment loss under equity method	43,100	14,195	57,295
Unrealized inventory valuation loss	15,547	(1,612)	13,935
Impairment loss on financial assets at FVTOCI	4,700	-	4,700
Gross profit from advance receipts with an issued bill of lading	387	1,715	2,102
Unrealized foreign exchange loss	(27)	29	2
	79,757	11,451	91,208
Tax loss	32,384	(21,550)	10,834
	$ 112,141	$ (10,099)	$ 102,042
Deferred tax liabilities			
Temporary differences			
Accelerated depreciation of fixed assets	$ 33,847	$ (10,055)	$ 23,792
Unrealized foreign exchange gain	44	(44)	-
	$ 33,891	$ (10,099)	$ 23,792

d. Income tax assessments

The income tax returns of the Company through 2018 have been assessed by the tax authorities and there is no significant difference between the reported amounts and the assessed amounts.

25. EARNINGS PER SHARE

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

Net Profit

	For the Year Ended December 31	
	2020	**2019**
Net profit for the year	$ 392,269	$ 45,905

Earnings Per Share

(In Thousands of Shares)

	For the Year Ended December 31	
	2020	**2019**
Weighted average number of ordinary shares used in the computation of basic earnings per share	404,738	404,738
Effect of potentially dilutive ordinary shares		
Compensation of employees	1,131	184
Weighted average number of ordinary shares used in the computation of diluted earnings per share	405,869	404,922

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are 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.

26. CASH FLOW INFORMATION

a. Partial cash transactions

The Company entered into the following partial cash investing activities for the years ended December 31, 2020 and 2019:

	For the Year Ended December 31	
	2020	**2019**
Partial cash generated from disposal of financial assets at FVTOCI		
Proceeds from sale of financial assets at fair value through other comprehensive income	$ 28,581	$ 164,872
Changes in receivable from sale of securities (reported as other receivables)	8,577	(21,393)
Cash received	$ 37,158	$ 143,479

(Continued)

	For the Year Ended December 31	
	2020	2019
Partial cash payments for purchase of PP&E		
Acquisition of property, plant and equipment	$ 74,299	$ 17,968
Net changes in prepayment for equipment	2,940	-
Net changes in payable for purchase of land (reported as notes payable)	(30,878)	-
Cash paid	$ 46,361	$ 17,968
Partial cash generated from dividends income		
Dividend income	$ 3,720	$ 5,393
Net changes in dividends receivable (reported as other receivables)	(621)	-
Cash received	$ 3,099	$ 5,393

(Concluded)

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2020

	Balance at January 1, 2020	Cash Flows	Non-cash Changes: New Lease	Non-cash Changes: Discount Amortization	Balance at December 31, 2020
Short-term borrowings	$ 226,700	$ (76,700)	$ -	$ -	$ 150,000
Short-term bills payable	99,820	-	-	121	99,941
Long-term borrowings	980,000	(150,000)	-	-	830,000
Guarantee deposits received	30,600	1,903	-	-	32,503
Lease liabilities	117,062	(44,926)	1,887	-	74,023
	$ 1,454,182	$ (269,723)	$ 1,887	$ 121	$ 1,186,467

For the year ended December 31, 2019

	Balance at January 1, 2019	Cash Flows	Non-cash Changes: New Lease	Non-cash Changes: Discount Amortization	Balance at December 31, 2019
Short-term borrowings	$ 848,200	$ (621,500)	$ -	$ -	$ 226,700
Short-term bills payable	159,912	(60,000)	-	(92)	99,820
Long-term borrowings	660,000	320,000	-	-	980,000
Guarantee deposits received	29,232	1,368	-	-	30,600
Lease liabilities	156,999	(42,609)	2,672	-	117,062
	$ 1,854,343	$ (402,741)	$ 2,672	$ (92)	$ 1,454,182

27. CAPITAL MANAGEMENT

The Company manages capital by optimizing the debt and equity balance to be able to continue as a going concern and able to pay dividends to shareholders.

28. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 6,290	$ -	$ -	$ 6,290
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	$ 28,213	$ -	$ -	$ 28,213
Unlisted shares	-	-	14,703	14,703
	$ 28,213	$ -	$ 14,703	$ 42,916

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 980	$ -	$ -	$ 980
Financial assets at FVTOCI				
Investments in equity instruments				
Listed shares and emerging market shares	$ 15,962	$ -	$ -	$ 15,962
Unlisted shares	-	-	19,465	19,465
	$ 15,962	$ -	$ 19,465	$ 35,427

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

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

	Financial Assets at FVTOCI - Equity Instruments	
	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 19,465	$ 18,702
Purchases	4,232	-
Return of shares after capital reduction	(5,125)	-
Sale/settlements	(326)	-
Recognized in other comprehensive income (included in unrealized valuation (loss) gain on financial assets at FVTOCI)	(3,543)	763
Balance at December 31	$ 14,703	$ 19,465

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

The asset approach and comparable listed companies approach were used to calculate the fair values of investments in domestic unlisted equity instruments.

The comparable listed companies approach takes into account the transaction prices of shares of listed companies in an active market, the value multiplier implicit in the price and the liquidity discount when evaluating the fair value of the target company.

The asset approach assesses the total market value of individual assets and individual liabilities of the valuation target and considers the reduction of non-controlling interests and a reduction in liquidity to reflect the overall value of the entity or business.

c. Categories of financial instruments

	December 31	
	2020	2019
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ 6,290	$ 980
Financial assets at amortized cost (1)	1,350,761	1,314,555
Financial assets at FVTOCI		
Equity instruments	42,916	35,427
Financial liabilities		
FVTPL		
Amortized cost (2)	1,496,360	1,633,340

1) The balances include financial assets at amortized cost, which comprise cash, financial assets at amortized cost, notes receivable and trade receivables, other receivables and refundable deposits.

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

d. Financial risk management objectives and policies

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

1) Market risk

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

The exposure to market risk of the financial instruments of the Company and the management and measurement of the exposure have not changed.

a) Foreign currency risk

For the carrying amounts of monetary assets denominated in foreign currencies on the balance sheet date, refer to Note 33.

Sensitivity analysis

The Company is mainly exposed to the USD and RMB.

The following table shows the sensitivity analysis of the Company when the exchange rate of the New Taiwan dollar to the relevant foreign currency increases and decreases by 5%. The 5% sensitivity rate is used for reporting currency risk to key management personnel of the Company; the management believes it is the reasonably acceptable range of fluctuation of foreign currency rate. The negative amounts on the table below indicate a decrease in pre-tax income when the New Taiwan dollar strengthens by 5% relative to the relevant currency.

	USD Impact		**RMB Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2020	**2019**	**2020**	**2019**
Profit or loss	$ (6)	$ (46)	$ (359)	$ (347)

The above analysis included cash in banks and financial assets at amortized cost denominated in USD and RMB which are outstanding at end of the reporting period.

b) Interest rate risk

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

	December 31	
	2020	**2019**
Cash flow interest rate risk		
Financial assets	$ 379,393	$ 342,062
Financial liabilities	1,079,941	1,306,520

Sensitivity analysis

The following sensitivity analysis shows the effect of a 25 basis points change in interest rates of non-derivative instruments at the balance sheet date. The 25 basis points is used in internal reports to key management personnel; it represents the reasonably possible change in interest rates acceptable to the management.

Had interest rates increased/decreased by 25 basis points, the profit before tax in 2020 and 2019 would have decreased/increased by $1,751 thousand and $2,411 thousand, respectively, with all other variables held constant; the non-derivative instruments include floating rate loan, demand deposit and restricted asset.

2) Credit risk

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

The policy of the Company is to only trade with counterparties with high reputation, and to require sufficient guarantee to reduce the financial loss from default.

The following table shows the maximum exposure to endorsement made by the Company:

	December 31			
	2020		2019	
	Carrying Amount	**Largest Exposed Amount**	**Carrying Amount**	**Largest Exposed Amount**
Off-balance sheet commitments and guarantee				
Endorsement for subsidiary	$ -	$ 1,003,815	$ -	$ 703,800

As of December 31, 2020 and 2019, receivable accounts that each has a balance that represents 5% or higher of total receivables, when accumulated account for 42.15% and 45.95%, respectively, of total receivables.

3) Liquidity risk

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

The Company relies on bank borrowings as a significant source of liquidity. The Company had available unutilized short-term bank loan facilities set out in (b) below.

a) Liquidity and interest rate risk table

The following table details the Company'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 Company is required to pay.

December 31, 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		$ 156,920	$ 226,591	$ 15,458	$ 750	$ 16,700
Lease liabilities	1.55-1.68	7,858	2,443	24,567	41,458	-
Variable interest rate liabilities	1.50	289,941	40,000	210,000	540,000	-
		$ 454,719	$ 269,034	$ 250,025	$ 582,208	$ 16,700

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		$ 142,446	$ 148,765	$ 14,582	$ 257	$ 18,200
Lease liabilities	1.55	8,233	3,036	33,065	75,246	-
Variable interest rate liabilities	1.79	49,946	49,874	536,700	670,000	-
		$ 200,625	$ 201,675	$ 584,347	$ 745,503	$ 18,200

b) Financing facilities

	December 31	
	2020	2019
Unsecured facilities		
Amount used	$ 491,543	$ 410,000
Amount unused	160,665	625,896
	$ 652,208	$ 1,035,896
Secured facilities		
Amount used	$ 650,000	$ 896,700
Amount unused	1,424,800	793,100
	$ 2,074,800	$ 1,689,800

29. TRANSACTIONS WITH RELATED PARTIES

a. Related party name and category

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

Related Party Name	Related Party Category
Subsidiary	
Dasheng Enterprise	Subsidiary of the Company
Luckicon Ready-mixed Co.	Subsidiary of the Company
Lucky Cement Japan	Subsidiary of the Company
Luckyship Co.	Subsidiary of the Company
Fuyu Development Co., Ltd.	Subsidiary of Luckicon Ready-mixed Co.
Other related party	
Yung-Sheng Development Enterprise Co., Ltd. (“Yung-Sheng Development”)	The chairman is also the chairman of the Company
Liang-Chuan Cultural and Educational Foundation (“Liang-Chuan Foundation”)	The chairman is also the chairman of the Company
Fudong Freight Co., Ltd. (“Fudong Freight”)	The chairman is first-degree relative of the chairman of the Company
East Life Biotech Co., Ltd. (“East Life Biotech”)	The chairman is also the Company the chairman of the Company
Jia Fu Entertainment Co., Ltd. (“Jia Fu Entertainment”)	The chairman is first-degree relative of the chairman of the Company
Wantong Product Insurance Brokerage Co., Ltd. (“Wantong Product Insurance”)	The chairman is first-degree relative of the chairman of the Company
Lucky Construction Co., Ltd. (“Lucky Construction”)	The chairman is first-degree relative of the chairman of the Company
Kuochuan Development Co., Ltd. (“Kuochuan Development”)	The chairman is first-degree relative of the chairman of the Company
Changheng Investment Co. (“Changheng Investment”)	The company is major shareholder of the Company
Jinli Investment Co., Ltd. (“Jinli Investment”)	The company is major shareholder of the Company
Fuan Mining Co., Ltd. (“Fuan Mining”)	A manger in the company is spouse of a first-degree relative of the chairman of the Company

b. Business transaction

Line Item	Related Party Name	For the Year Ended December 31 2020	2019
Sale of goods	Subsidiary	$ 605,122	$ 641,814
	Other related parties	905	7
		$ 606,027	$ 641,821
Purchases of goods	Fuan Mining	$ 297,363	$ 253,837
	Subsidiary	1,598	2,861
	Other related parties	41,671	39,682
		$ 340,632	$ 296,380

(Continued)

Line Item	Related Party Name	For the Year Ended December 31 2020	2019
Operating costs - transportation expenses	Subsidiary	$ 19,248	$ 7,523
	Other related parties	46,730	15,713
		$ 65,978	$ 23,236
Operating costs - manufacturing expenses	Other related parties	$ 307	$ -
Operating expenses	Other related parties	$ 2,698	$ 2,599
Non-operating income - other revenue	Other related parties	$ 1,200	$ 1,200

(Concluded)

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

c. Receivables from related parties

Line Item	Related Party Name	December 31 2020	2019
Notes receivable	Luckicon Ready-mixed Co.	$ 26,948	$ 58,913
	Subsidiary	-	7
	Other related parties	-	199
		$ 26,948	$ 59,119
Trade receivables	Luckicon Ready-mixed Co.	$ 18,868	$ 64,786
Other payables - current (excluding loan from related parties)	Subsidiary	$ 147	$ 130
	Other related parties	6	16
		$ 153	$ 146

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

d. Payables to related parties

Line Item	Related Party Name	December 31 2020	2019
Notes payable	Fuan Mining	$ 23,763	$ 28,810
	Other related parties	7,833	2,000
	Subsidiary	1,039	13
		$ 32,635	$ 30,823

(Continued)

Line Item	Related Party Name	December 31 2020	December 31 2019
Trade payables	Fuan Mining	$ 16,876	$ 26,000
	Other related parties	3,130	6,138
		$ 20,006	$ 32,138
Other payables	Subsidiary	$ 1,001	$ 2,779
	Other related parties	8,289	1,281
		$ 9,290	$ 4,060

(Concluded)

The outstanding trade payables to related parties are unsecured.

e. Contract liabilities

Related Party Name	December 31 2020	December 31 2019
Subsidiary	$ 9,872	$ 8,201

f. Refundable deposits

Related Party Name	December 31 2020	December 31 2019
Dasheng Enterprise	$ 159,000	$ 159,000

g. Acquisition of property, plant and equipment

Related Party Name	Purchase Price For the Year Ended December 31 2020	Purchase Price For the Year Ended December 31 2019
Subsidiary	$ 680	$ -

The Company purchased transportation equipment from its subsidiary, and the purchase price was negotiated.

h. Lease arrangements

Lease arrangements - the Company is lessor under operating leases

Future lease payments receivable are as follows:

Related Party Name	December 31 2020	December 31 2019
Fuyu Development	$ 8,136	$ 8,060
Fudong Freight	1,968	2,323
Subsidiary	1,891	1,861
Other related parties	144	132
	$ 12,139	$ 12,376

Lease income was as follows:

Related Party Name	For the Year Ended December 31 2020	2019
Fuyu Development	$ 8,060	$ 8,060
Fudong Freight	2,323	2,274
Subsidiary	1,861	1,861
Other related parties	132	132
	$ 12,376	$ 12,327

The rental amounts and collection methods are negotiated.

i. Loans from related parties (including interest receivable)

Line Item	Related Party Name	December 31 2020	2019
Other receivables related parties	Dasheng Enterprise	$ 61,236	$ 47,433
	Luckyship Co.	9	12,016
		$ 61,245	$ 59,449
Interest revenue	Subsidiary	$ 948	$ 1,449

The Company provides loans to its subsidiaries. The interest rate ranges were 1.68%-1.91% and 1.79%-1.88% in 2020 and 2019, respectively.

j. Endorsement guarantee

	Related Party Name	December 31 2020	2019
Endorsement guarantee for others	Subsidiary	$ 1,003,815	$ 703,800

k. Remunerations of key management personnel

Type of Remuneration	For the Year Ended December 31 2020	2019
Short-term employee benefits	$ 38,641	$ 16,752
Post-employment benefits	429	386
	$ 39,070	$ 17,138

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

30. ASSETS PLEDGED AS COLLATERAL

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

	December 31	
	2020	2019
Property, plant and equipment - long-term guarantee	$ 732,873	$ 745,001
Restricted assets (reported as financial assets at amortized cost - current)		
Short-term guarantee	65,000	83,261
Restricted assets (reported as financial assets at amortized cost - non-current)		
Mining rights guarantee	164,062	106,908
	$ 961,935	$ 935,170

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

a. As of December 31, 2020, the Company has signed a contract for purchase of transportation equipment; the unpaid amount is $270,705 thousand.

b. As of December 31, 2020 and 2019, unused letters of credit for purchases of raw materials amounted to approximately $61,543 thousand and $0, respectively.

32. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD: NONE

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

(In Thousands of New Taiwan Dollars and Foreign Currencies)

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 5	28.48 (USD:NTD)	$ 129
RMB	1,641	4.3770 (RMB:NTD)	7,181
JPY	26	0.2763 (JPY:NTD)	7
Non-monetary items - investments accounted for using equity method			
JPY	89,942	0.2763 (JPY:NTD)	24,851

December 31, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 31	29.98 (USD:NTD)	$ 925
RMB	1,610	4.3050(RMB:NTD)	6,930
JPY	26	0.276 (JPY:NTD)	7
Non-monetary items - investments accounted for using equity method			
JPY	89,051	0.276 (JPY:NTD)	24,578

Foreign exchange gains (realized and unrealized) of the Company in 2020 and 2019 were $2,227 thousand and $1,896 thousand, respectively. Because of the variety of foreign currency transactions, it is not practical to disclose exchange gains and losses by foreign currency.

34. ADDITIONAL DISCLOSURES

a. Information about significant transactions:

1) Financing provided to others: Please see Table 1 attached;

2) Endorsements/guarantees provided: Please see Table 2 attached;

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures): Please see Table 3 attached;

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: Please see Table 4 attached;

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: Please see Table 5 attached;

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None;

9) Trading in derivative instruments: None;

b. Information on investees: Please see Table 6 attached.

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 year, 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 year: None.

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

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year 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: Please see Table 7 attached.

LUCKY CEMENT CO.

FINANCINGS PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

No.	Financing Company	Counterparty	Financial Statement Account	Maximum Balance in Current Period	Related Party	Ending Balance (Note 4)	Amount Actually Drawn	Interest Rate	Nature for Financing (Note 1)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 3)
													Name	Value		
0	Lucky Cement Co.	Dasheng Enterprise	Other receivables from related parties	$ 200,000	Yes	$ 200,000	$ 61,150	1.6798%	b.	$ -	Operating turnover	$ -	-	-	$ 465,685	$ 1,862,738
		Luckyship Marine Co.	Other receivables from related parties	30,000	Yes	20,000	-	1.6798%	b.	-	Operating turnover	-	-	-	465,685	1,862,738
		Lucky Cement Corp., Japan	Other receivables from related parties	30,000	Yes	-	-	-	b.	-	Operating turnover	-	-	-	465,685	1,862,738
						$ 220,000										
1	Luckicon Ready-mixed Co.,	Dasheng Enterprise	Other receivables from related parties	20,000	Yes	$ -	-	-	b.	-	Operating turnover	-	-	-	128,115	256,229

Note 1: The nature of financing is as follows:

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

Note 2: Financing of Lucky Cement Co. to a more than 50% owned subsidiary should not be more than 10% of the net value of Lucky Cement Co. at end of year; For a subsidiary that is 20% to 50% owned, loan should not be more than 5% of the net value of Lucky Cement Co. at end of year; for less than 20% owned subsidiary, loan should not be more than 2% of the net value of Lucky Cement Co. at end of year. Financing of Luckicon Ready-mixed Co. should not be more than 20% of net value at end of year.

Note 3: The limit is 40% of net value of the financing company at end of the year.

Note 4: The amount is approved by the board of directors.

TABLE 2

LUCKY CEMENT CO.

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 1)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/ Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	Lucky Cement Co.	Dasheng Enterprise	Subsidiary	$ 1,862,738	$ 620,000	$ 620,000	$ 590,000	$ 120,000 (Note 3)	13.31%	$ 2,328,423	Y	-	-	
		Luckicon Ready-mixed Co.	Subsidiary	1,862,738	370,000	370,000	135,000	-	7.95%	2,328,423	Y	-	-	
		Luckyship Marine Co.	Subsidiary	1,862,738	45,000	-	-	-	-	2,328,423	Y	-	-	
		Lucky Cement Corp., Japan	Subsidiary	1,862,738	14,115	13,815	-	-	0.30%	2,328,423	Y	-	-	
						$ 1,003,815								

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

Note 2: The endorsement approved in the meeting of shareholders shall not exceed 50% of the net value of Lucky Cement Co.

Note 3: The certificate of deposit of NT$60,000,000 thousand is provided as collateral which is recognized as financial assets at amortized cost - restricted asset.

TABLE 3

LUCKY CEMENT CO.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2020				Note
				Shares/Units	Carrying Value	(%)	Fair Value (Notes 1 and 2)	
Lucky Cement Co.	Fund							
	FSITC Global Vedio Gaming & eSports Fund		Financial assets at FVTPL - current	500,000	$ 5,320	-	$ 5,320	
	O-Bank No.1 Real Estate Investment Trust	-	Financial assets at FVTPL - current	100,000	970	-	970	
	Non-listed common stock							
	Jonfeng Mining Co., Ltd	-	Financial assets at FVTOCI - noncurrent	1,494,708	8,879	10.58	8,879	
	WK Technology Fund	-	Financial assets at FVTOCI - noncurrent	1,156,000	5,824	2.22	5,824	
	Listed common stock							
	Taiwan Cement Corp.	-	Financial assets at FVTOCI - current	200,148	8,646	-	8,646	
	Far Eastern New Century Corporation	-	Financial assets at FVTOCI - current	200,000	5,790	-	5,790	
	U-Ming Marine Transport Corporation	-	Financial assets at FVTOCI - current	128,000	4,723	0.02	4,723	
	Winbond Electronics Corp.	-	Financial assets at FVTOCI - current	130,181	3,782	-	3,782	
	United Microelectronics Corporation	-	Financial assets at FVTOCI - current	72,351	3,411	-	3,411	
	Excelsior Medical Co., Ltd.	-	Financial assets at FVTOCI - current	28,628	1,695	0.02	1,695	
	China Development Financial	-	Financial assets at FVTOCI - current	13,496	126	-	126	
	First Financial Holding Co., Ltd.	-	Financial assets at FVTOCI - current	917	20	-	20	
	Capital Securities Corp.	-	Financial assets at FVTOCI - current	875	12	-	12	
	Hua Nan Financial Holdings Co., Ltd.	-	Financial assets at FVTOCI - current	446	8	-	8	
Luckyship Marine Co.	Non-listed common stock							
	Jonfeng Mining Co., Ltd.	-	Financial assets at FVTOCI - noncurrent	49,007	291	0.35	291	
Luckicon Ready-mixed Co.	Fund							
	Mega Danish Covered Mortgage Bond Index Fund	-	Financial assets at FVTPL - current	500,000	5,006	-	5,006	
	TSG Phnom Penh Real Estate Development Fund	-	Financial assets at FVTPL - noncurrent	500	8,734	6.10	8,734	
	Corporate bond							
	The Cathay United Jenai EMC USD Fixed Interest Allocation Bond	-	Financial assets at FVTOCI - current	-	5,913	-	5,913	

Note 1: Financial assets at FVTPL: Fair value is based on the net asset value of funds on December 31, 2020.

Note 2: Financial assets at FVTOCI: Fair value of listed stocks is based on stock closing price on December 31, 2020. Fair value of corporate bond is based on market price on December 31, 2020. Fair value of non-listed stocks is estimated by the fair value evaluation method.

TABLE 4

LUCKY CEMENT CO.

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

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 with land serial No. 470, etc. located in Sanjiaopu Shulin District of New Taipei City	March 20, 2020 (Note 1)	$ 590,129 (Note 2)	Paid	Natural person who is not a related party	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 date of the resolution of the board of Luckicon Ready-mixed Co.

Note 2: Refer to Note 14(b).

TABLE 5

LUCKY CEMENT CO.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Credit Period	Ending Balance	% to Total	
Lucky Cement Co.	Luckicon Ready-mixed Co.	Subsidiary	Sale	$ (605,122)	(18.44)	About 90 days	Quite	Quite	Accounts receivable $ 18,868	20.30	
									Notes receivable 26,948	5.24	
	Fuan Mining Co., Ltd.	Other related parties	Purchase	297,363	22.86	About 90 days	Agreed	Quite	Accounts payable (16,876)	(8.71)	
									Notes payable (23,763)	(15.99)	

LUCKY CEMENT CO.

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Address	Main Businesses and Products	Original Investment Amount (Note 3)		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized	Note
				December 31, 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.)	Real estate sales and lease	$ 2,167,473	$ 2,167,473	157,295,283	99.99	$ 2,280,677	$ (14,061)	$ (14,061)	
	Luckicon Ready-mixed Co.	No. 191, Sec. 1, Meishi Rd., Yangmei Dist., Taoyuan City 326, Taiwan (R.O.C.)	Ready-mixed concrete manufacture and trades	350,000	99,998	47,000,000	100.00	639,954	104,903	104,261 (Note 4)	
	Just Bright Ltd.	Tropic Isle Building, PO Box 438, Road Town, Tortola, British Virgin Islands	Investment business	-	-	50,000	-	-	-	-	Note 2
	Lucky Cement Corp., Japan	Aichi, Japan hekinan Yu Jin-Pu-cho 12 gu	Cement trading	82,300	82,300	6,800	100.00	24,851	248	248	
	Luckyship Marine Co.	13F., No. 237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Shipping agent	88,615	88,615	8,499,994	99.99	34,921	(8,824)	(8,826) (Note 5)	
Luckicon Ready-mixed Co.	Fuyu Development Company	13F., No. 237, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	Mine gravel	12,571	12,571	1,000,000	100.00	8,725	3,911	3,911	

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

Note 2: The Company’s board of directors resolved in its meeting on December 27, 2019 to discontinue the operations of its subsidiary, Just Bright Ltd.; the cancellation is in progress.

Note 3: The original investment amount shown is the amount prior to capital reduction to make up for the losses.

Note 4: The difference is upstream transactions unrealized gain of $642 thousand.

Note 5: The difference is downstream transactions realized loss of $2 thousand.

LUCKY CEMENT CO.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Changheng Investment Co.	52,631,034	13.00
East Life Biotech Co.	30,378,008	7.50
Jinli Investment Co.	25,230,451	6.23
RI KON Construction Co.	22,658,066	5.59
Yung-Sheng Development Enterprise Co.	22,514,509	5.56
Lucky Construction Co.	22,091,152	5.45

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.